



# HSBC Bank plc

(A company incorporated with limited liability in England with registered number 14259)  
as Issuer

## PROGRAMME FOR THE ISSUANCE OF NOTES AND WARRANTS

On 24 February 1999, HSBC Bank plc (the "**Issuer**") established a Programme for the Issuance of Notes and Warrants (the "**Programme**") which is described in this document under which notes (the "**Notes**") and warrants (the "**Warrants**") may be issued by the Issuer. This document (which expression shall include this document including each of Parts A to I and all documents incorporated by reference herein) has been prepared for the purpose of providing disclosure information with regard to the Notes and Warrants and has been approved by the United Kingdom Financial Services Authority (the "**FSA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus (the "**Base Prospectus**"). In relation to any Notes or Warrants, the Base Prospectus must be read as a whole and together also with the relevant final terms (the "**Final Terms**"). Any Notes or Warrants issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect any Notes or Warrants already in issue.

The Issuer may also issue certificates (the "**Certificates**") under the Programme which will be issued on or substantially on the terms and conditions of the Notes with references to Notes being deemed to refer to the Certificates of the relevant series and with such amendments as the Issuer shall determine and agree with the relevant Dealer(s) (as defined below). References in the Base Prospectus to Notes shall when the context so permits include references to Certificates.

Application has been made to admit Notes and Warrants issued under the Programme to listing on the Official List (the "**Official List**") of the FSA (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the "**FSMA**") (the "**UK Listing Authority**")), and to trading on the Regulated Market (the "**Regulated Market**") of the London Stock Exchange plc (the "**London Stock Exchange**"), which is a regulated market for the purposes of Directive 2004/39/EC. Such admission is expected to take effect on or about 19 June 2012. Any tranche of Notes or Warrants intended to be admitted to listing on the Official List of the UK Listing Authority and admitted to trading on the Regulated Market of the London Stock Exchange will be so admitted to listing and trading upon submission to the UK Listing Authority and the London Stock Exchange of the relevant Final Terms and any other information required by the UK Listing Authority and/or the London Stock Exchange, subject in each case to the issue of the relevant Notes or Warrants (as the case may be). Prior to official listing and admittance of Notes or Warrants (as the case may be) to trading, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day in London after the date of the transaction.

This Base Prospectus will be valid until 12 months from the date hereof.

Any person (an "**Investor**") intending to acquire or acquiring any securities from any person (an "**Offeror**") should be aware that, in the context of an offer to the public as defined in section 102B of the FSMA, the Issuer may be responsible to the Investor for the Base Prospectus under section 90 of FSMA only if the Issuer has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not authorised by the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Base Prospectus for the purposes of section 90 of FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Base Prospectus and/or who is responsible for its contents, it should take legal advice.

An Investor intending to acquire or acquiring any securities from an Offeror will do so, and offers and sales of the securities to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with Investors (other than the Dealers) in connection with the offer or sale of the securities and, accordingly, this Base Prospectus and any Final Terms will not contain such information and an Investor must obtain such information from the Offeror. **Information in relation to an offer to the public will be made available at the time such sub-offer is made, and such information will also be provided by the relevant Offeror.**

The Programme also permits Notes or Warrants to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system or will be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

Notes issued under the Programme may be rated. The rating assigned to an issue of Notes may not be the same as the Issuer's credit rating generally. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. The rating, if any, of a certain series of Notes to be issued under the Programme and/or details of credit ratings applicable to the Issuer generally may be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant tranche ("**Tranche**") of Notes will be (1) issued by a credit rating agency established in the European Economic Area ("**EEA**") and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), or (2) issued by a credit rating agency which is not established in the EEA but will be endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation, or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation, or (4) issued by a credit rating agency which is not established in the EEA and which is not certified under the CRA Regulation and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation, will be disclosed in the Final Terms of such Tranche.

This Base Prospectus includes details of the long-term and short-term credit ratings assigned to the Issuer by Standard & Poor's Credit Market Services Europe Limited ("**S&P**"), Moody's Investors Service Limited ("**Moody's**") and Fitch Ratings Limited ("**Fitch**"). Each of S&P, Moody's and Fitch are established in the EEA and are registered as Credit Rating Agencies under the CRA Regulation.

Notes may be issued in bearer form, registered form or uncertificated registered form. Warrants may be issued in book-entry form, registered form or uncertificated registered form. Notes and Warrants will be issued in series.

The Issuer may agree with the Dealer (as defined herein) that Notes or Warrants may be issued in a form or upon terms not contemplated by the terms and conditions of the Notes or the terms and conditions of the Warrants, as the case may be, in which case Final Terms and, if appropriate, a prospectus supplement will be made available which will describe the effect of the agreement reached in relation to such Notes or Warrants.

The Notes and Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), the state securities laws of any state of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, US persons as defined in Regulation S under the Securities Act except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Issuer has been assigned the following long-term credit ratings: AA- by S&P; Aa2 by Moody's; and AA by Fitch.

Programme Arranger and Dealer  
HSBC

19 June 2012

## IMPORTANT NOTICES

*The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer, which has taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*The Issuer accepts responsibility for the information (at pages D-127 to D-131) and confirms that such information has been accurately reproduced from information available from the information source specified herein. So far as the Issuer is aware and is able to ascertain from information available from such source, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer does not intend to provide post-issuance information.*

*Neither a dealer for an issue of Notes or a manager for an issue of Warrants (each a "Dealer") has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility or liability is accepted by any Dealer as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or the Notes or the Warrants or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer under the preceding paragraphs.*

*No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Dealer.*

*Neither this Base Prospectus nor any Final Terms nor any further information supplied in connection with the Programme or any Notes or any Warrants (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or as constituting an invitation or offer by the Issuer or the Dealer to any recipient of this Base Prospectus to subscribe for or purchase any Notes or any Warrants. Each investor contemplating subscribing for or purchasing any Notes or any Warrants should make its own independent investigation of the affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes or any Warrants constitutes an offer by or on behalf of the Issuer or the Dealer to subscribe for or purchase any Notes or any Warrants.*

*This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes or Warrants in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes or Warrants. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes or Warrants which are the subject of an offering/placement contemplated in this Base Prospectus as completed by Final Terms or a drawdown prospectus in relation to the offer of those Notes or Warrants may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, **provided that** any such prospectus has subsequently been completed by Final Terms or is a drawdown prospectus which specifies that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or Final Terms or drawdown prospectus, as applicable, and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes or Warrants in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. For the purposes of this paragraph only, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including, when implemented, the 2010 PD Amending Directive, to the extent of such implementation, in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.*

## Part A – Product Supplement for Notes Generally

*The distribution of this Base Prospectus and the offer, distribution or sale of Notes or Warrants may be restricted by law in certain jurisdictions. None of the Issuer or the Dealer represents that this document may be lawfully distributed, or that any Notes or Warrants may be lawfully offered, or assumes any responsibility for facilitating any such distribution or offering, in any such jurisdiction. In particular, action may be required to be taken to permit a public offering of any Notes or Warrants or a distribution of this Base Prospectus in any jurisdiction. Accordingly, no Notes or Warrants may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes or Warrants come must inform themselves about, and observe, any such restrictions.*

***For details of certain restrictions on the distribution of this Base Prospectus and the offer or sale of Notes and Warrants in the European Economic Area, France, Hong Kong, Italy, Japan, Singapore, Spain, Switzerland, The Netherlands, the United Kingdom, the United States and various other jurisdictions, see "Subscription and Sale of Notes" and "Purchase and Sale of Warrants" below.***

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### United States

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**") NOR ANY US STATE OR FOREIGN SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED OF THE NOTES OR THE WARRANTS OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS AND ANY ACCOMPANYING BASE PROSPECTUS SUPPLEMENTS AND FINAL TERMS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

*In addition, during the 40-day period beginning on the later of the date on which a series of Notes or Warrants is first offered pursuant to Regulation S under the Securities Act ("**Regulation S**") to persons other than distributors and the date of closing of such offering, such Notes or Warrants will only be issued or transferred to a person that is neither a US person nor holding such Notes for the account or benefit of a US person except pursuant to Regulation S under the Securities Act or an available exemption from the registration requirements of the Securities Act. Terms in the previous sentence have the meaning given to them in Regulation S.*

*Each Note and each Warrant will bear legends setting forth the applicable restrictions on sale, resale, pledge and other transfers described above. Any attempted sale, resale, pledge or other transfer of a Note or Warrant not made in accordance with the relevant legend will not be recognised by the Issuer, any paying agent, transfer agent or registrar and will be deemed null and void. See "Summary of Provisions Relating to the Notes While in Global Form" and "Subscription and Sale of Notes" herein.*

*The Warrants may not be exercised by or on behalf of a US person unless registered under the Securities Act or an exemption from such registration is available.*

*Transfers of the Warrants may be conditional upon delivery of certain certifications and are subject to significant restrictions as described under "Purchase and Sale of Warrants" including the right of the Issuer to refuse the recognition of transfers of the Warrants. Exercise of a Warrant will be conditional upon delivery of certain certifications as described under "Terms and Conditions of the Warrants - Exercise Procedure".*

*Notwithstanding any provision herein, every person (and each employee, representative or other agent of such person) may disclose to any and all other persons, without limitation of any kind, any information provided to him by or on behalf of the Issuer relating to the US tax treatment and US tax structure of transactions under the Programme and all materials of any kind (including opinions or other tax analyses) that are provided by or on behalf of the Issuer to that person relating to such US tax treatment and US tax structure.*

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## United Kingdom

*All applicable provisions of the FSMA must be complied with in respect of anything done in relation to any Notes or Warrants in, from or otherwise involving the United Kingdom. Any document received in connection with an issue of Notes or Warrants may only be distributed in circumstances in which the restriction in Section 21(1) of the FSMA does not apply.*

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## Hong Kong

*The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution, and if necessary obtain independent professional advice, in relation to any purchase of Notes and Warrants under the Programme.*

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*The treatment for taxation purposes of the acquisition, holding or disposal of, or other dealings with, Notes or Warrants may differ according to the jurisdiction in which the person acquiring, holding, disposing or dealing is subject to taxation. Any person intending to acquire, hold, dispose of or otherwise deal with a Note or Warrant should inform himself as to the treatment for taxation purposes applicable to him.*

*All references in this Base Prospectus to "Sterling", "GBP" and "£" refer to the lawful currency of the United Kingdom, all references to "US dollars", "USD" and "US\$" refer to the lawful currency of the United States of America, all references to "Japanese Yen", "JPY" and "¥" refer to the lawful currency of Japan and all references to "Euro", "euro", "EUR" and "€" refer to the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union (the "Treaty"). Any other currency referred to in any Final Terms will have the meaning specified in the relevant Final Terms.*

**In connection with the issue of any tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s) (as defined in the relevant Final Terms)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant tranche of Notes and 60 days after the date of the allotment of the relevant tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Managers) in accordance with all applicable laws and rules.**

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It is advisable that prospective investors considering acquiring any Notes or Warrants understand the risks of transactions involving the Notes or Warrants and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes or Warrants in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes or Warrants will have on their overall investment portfolio) and the information contained in this Base Prospectus and the relevant Final Terms. Prospective investors should consider carefully the risk factors set forth under "Risk Factors" in this Base Prospectus.

The Issuer disclaims any responsibility to advise investors of any matters arising under the law of the country in which they reside that may affect the purchase of, or holding of, or the receipt of payments or deliveries on the Notes and Warrants.



## HOW TO USE THIS DOCUMENT

Notes and Warrants may be issued by the Issuer under this Programme. The Notes and Warrants may include, among other things, Notes and Warrants whose return is linked to:

- one or more shares and other securities ("**Equity-Linked Notes and Warrants**");
- one or more indices, including indices managed by the Issuer ("**Index-Linked Notes and Warrants**");
- one or more preference shares (in the case of Notes only) ("**Preference Share-Linked Notes**");
- one or more commodities or commodities indices ("**Commodity/Commodity Index-Linked Notes**");
- interest rates ("**Interest Rate-Linked Notes and Warrants**");
- inflation rates ("**Inflation Rate-Linked Notes and Warrants**");
- currencies ("**Currency-Linked Notes and Warrants**"); and
- the credit of one or more entities (in the case of Notes only) ("**Credit-Linked Notes**").

Notes and Warrants may also be linked to more than one of these variables above.

Equity-Linked Notes and Warrants and Index-Linked Notes and Warrants may include Market Access Notes ("**MANs**") and Market Access Warrants ("**MAWs**").

All investors and prospective investors in Equity-Linked Notes and Warrants or Index-Linked Notes and Warrants should read the front cover and the sections headed "*Important Notices*", "*Part A - Information relating to the Programme Generally*", "*Part B - Information relating to the Notes Generally*" in the case of Equity- or Index-Linked Notes, "*Part C - Warrants*" in the case of Equity- or Index-Linked Warrants, and "*Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes*" together with the relevant Final Terms for the particular series of Equity- or Index-Linked Notes and Warrants and Preference Share-Linked Notes.

All investors and prospective investors in Market Access Notes and Market Access Warrants should read the front cover and the sections headed "*Important Notices*", "*Part A - Information relating to the Programme Generally*", "*Part B - Information relating to the Notes Generally*" in the case of Market Access Notes or "*Part C – Warrants*" in the case of Market Access Warrants, "*Part D - Product Supplement for Equity/Index-Linked Notes and Warrants*" and "*Part E - Product Supplement for Market Access Securities*", together with the relevant Country Supplement (if any) (as set out in the Annex to Part E) and the relevant Final Terms for the particular series of Market Access Notes and Market Access Warrants.

All investors and prospective investors in Commodity/Commodity Index-Linked Notes should read the front cover and the sections headed "*Important Notices*", "*Part A - Information relating to the Programme Generally*", "*Part B - Information relating to the Notes Generally*" and "*Part F - Product Supplement for Commodity/Commodity Index-Linked Notes*" together with the relevant Final Terms for the particular series of Commodity/Commodity Index-Linked Notes.

All investors and prospective investors in Interest Rate-Linked Notes and Warrants and Inflation Rate-Linked Notes and Warrants should read the front cover and the sections headed "*Important Notices*", "*Part A - Information relating to the Programme Generally*", "*Part B - Information relating to the Notes Generally*" in the case of Interest Rate- or Inflation Rate-Linked Notes or "*Part C Warrants*" in the case of Interest Rate- or Inflation Rate-Linked Warrants, and "*Part G - Product Supplement for Interest Rate-Linked Warrants and Inflation Rate-Linked Notes and Warrants*" together with the relevant Final Terms for the particular series of Interest Rate-Linked Notes or Warrants or Inflation Rate-Linked Notes or Warrants.

All investors and prospective investors in Currency-Linked Notes and Warrants should read the front cover and the sections headed "*Important Notices*", "*Part A - Information relating to the Programme*

## Part A – Product Supplement for Notes Generally

*Generally*", *"Part B - Information relating to the Notes Generally"* in the case of Currency-Linked Notes or *"Part C - Warrants"* in the case of Currency-Linked Warrants and *"Part H - Product Supplement for Currency-Linked Notes and Warrants"*, together with the relevant Final Terms for the particular series of Currency-Linked Notes or Currency-Linked Warrants.

All investors and prospective investors in Credit-Linked Notes should read the front cover and the sections headed *"Important Notices"*, *"Part A - Information Relating to the Programme Generally"*, *"Part B - Information relating to the Notes Generally"* and *"Part I - Product Supplement for Credit-Linked Notes"* together with the relevant Final Terms for the particular series of Credit-Linked Notes.

All investors and prospective investors in Warrants should read the front cover and the sections headed *"Important Notices"*, *"Part A - Information relating to the Programme Generally"* and *"Part C - Warrants"* together with the relevant Final Terms for the particular series of Warrants.

In this Base Prospectus, **"Conditions"** means, as applicable, the terms and conditions of the Notes and the terms and conditions of the Warrants, respectively.

Other than as expressly defined in any other section of this Base Prospectus, terms defined in the Conditions, the Summary of Provisions Relating to the Notes while in Global Form and the Summary of Provisions Relating to the Warrants while in Global Form have the same meanings in other all sections of this Base Prospectus.

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## CONTENTS

	Page
Part A - Information Relating to the Programme Generally .....	A-8
Summary .....	A-8
Risk Factors .....	A-12
Incorporation by Reference .....	A-104
Clearing and Settlement .....	A-105
Taxation.....	A-108
Certain ERISA Considerations .....	A-121
General Information .....	A-123
Part B - Information Relating to the Notes Generally .....	B-1
Terms and Conditions of the Notes .....	B-1
<i>Pro Forma</i> Final Terms for Notes .....	B-28
Summary of Provisions Relating to the Notes While in Global Form .....	B-48
Subscription and Sale of Notes.....	B-58
 <b>Part C - Warrants</b> .....	 C-1
Terms and Conditions of the Warrants .....	C-1
<i>Pro Forma</i> Final Terms for Warrants.....	C-18
Summary of Provisions Relating to the Warrants while in Global Form .....	C-29
Purchase and Sale of Warrants .....	C-36
<b>Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes</b> .....	D-1
Product Description .....	D-3
Additional Provisions Relating to Equity-Linked Notes, Cash Equity Notes and Index-Linked Notes and Preference Share-Linked Notes .....	D-12
<i>Pro Forma</i> Final Terms for Equity-Linked Notes, Cash Equity Notes and Index-Linked Notes .....	D-43
<i>Pro Forma</i> Final Terms for Preference Share-Linked Notes .....	D-68
Additional Provisions Relating to Equity-Linked Warrants and Index-Linked Warrants .....	D-88
<i>Pro Forma</i> Final Terms for Equity-Linked Warrants and Index-Linked Warrants.....	D-108
Index Disclaimers.....	D-121
Annex 1 To Part D - HSBC Managed Indices Ground Rules.....	D-126
Annex 2 To Part D – Information on the Preference Share Issuer and the Preference Shares .....	D-127
<b>Part E - Product Supplement for Market Access Securities</b> .....	E-1
Important Notices .....	E-3
Product Description – Market Access Notes and Market Access Warrants .....	E-8
Certain ERISA Considerations – Terms and Conditions.....	E-9
Market Access Notes – Terms and Conditions.....	E-11
Additional Provisions Relating to Market Access Notes.....	E-12
<i>Pro Forma</i> Final Terms for Market Access Notes .....	E-48
Market Access Warrants – Terms and Conditions .....	E-76
Additional Provisions Relating to Market Access Warrants .....	E-77
<i>Pro Forma</i> Final Terms for Market Access Warrants.....	E-113
Schedule to Part E - Country Supplements.....	E-137

<b>Part F - Product Supplement for Commodity/Commodity Index-Linked Notes</b> .....	F-1
Product Description .....	F-3
Additional Provisions Relating to Commodity/Commodity Index-Linked Notes.....	F-5
<i>Pro Forma</i> Final Terms for Commodity/Commodity Index-Linked Notes .....	F-14
Additional Provisions Relating to Commodity/Commodity Index-Linked Warrants .....	F-34
<i>Pro Forma</i> Final Terms for Commodity/Commodity Index-Linked Warrants .....	F-43
<b>Part G - Product Supplement for Interest Rate-Linked and Inflation Rate-Linked Notes and Warrants</b> .....	G-1
Product Description - Interest Rate-Linked Notes.....	G-3
Product Description - Inflation Rate-Linked Notes .....	G-10
Amendment to Condition 21(f) in respect of Inflation Rate-Linked Notes and Condition 18(c) in respect of Inflation Rate-Linked Warrants .....	G-11
<i>Pro Forma</i> Final Terms for Interest Rate-Linked and Inflation Rate-Linked Notes .....	G-14
<i>Pro Forma</i> Final Terms for Interest Rate-Linked and Inflation Rate-Linked Warrants.....	G-36
<b>Part H - Product Supplement for Currency-Linked Notes and Warrants</b> .....	H-1
Product Description .....	H-3
Additional Provisions Relating to Currency-Linked Notes .....	H-5
<i>Pro Forma</i> Final Terms for Currency-Linked Notes.....	H-7
Additional Provisions Relating to Currency-Linked Warrants.....	H-32
<i>Pro Forma</i> Final Terms for Currency-Linked Warrants .....	H-34
<b>Part I - Product Supplement for Credit-Linked Notes</b> .....	I-1
Important Notices .....	I-3
Product Description .....	I-4
Additional Terms and Conditions Relating to Credit-Linked Notes (Single name – Unleveraged).....	I-5
<i>Pro Forma</i> Final Terms for Credit-Linked Notes (Single name – Unleveraged).....	I-34
Additional Terms and Conditions Relating to Credit-Linked Notes (Single name – Leveraged) .....	I-59
<i>Pro Forma</i> Final Terms for Credit-Linked Notes (Single name – Leveraged) .....	I-92
Additional Terms and Conditions Relating to Credit-Linked Notes (Basket) .....	I-119
<i>Pro Forma</i> Final Terms for Credit-Linked Notes (Basket) .....	I-147
Additional Terms and Conditions Relating to Emerging Market Credit-Linked Notes .....	I-173
<i>Pro Forma</i> Final Terms for Emerging Market Credit-Linked Notes .....	I-182

PART A - INFORMATION RELATING TO THE PROGRAMME GENERALLY

SUMMARY

*This summary (the "Summary Note") must be read as an introduction to the Base Prospectus dated 19 June 2012 (as from time to time supplemented, the "Base Prospectus") relating to a Programme for the issuance of securities (the "Notes") and warrants (the "Warrants") established by HSBC Bank plc (the "Bank" or the "Issuer"). Any decision to invest in the Notes should be based on a consideration of the Base Prospectus, including any documents incorporated by reference, and this Summary Note as a whole. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area no civil liability will attach to the Issuer in any such Member State solely on the basis of this Summary Note, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.*

Words and expressions defined in the "Terms and Conditions of the Notes" and "Terms and Conditions of the Warrants" or elsewhere in the Base Prospectus have the same meanings in this Summary Note.

The Issuer is a public limited company registered in England and Wales under registration number 14259. The liability of its members is limited. It has its registered and head office at 8 Canada Square, London, E14 5HQ, United Kingdom; telephone number +44 20 7991 8888. The Issuer was constituted by Deed of Settlement on 15 August 1836, registered under the Companies Act 1862 as an unlimited company and re-registered under the Companies Acts 1948 to 1980 as a public limited company.

The Issuer is a wholly owned subsidiary of HSBC Holdings plc.

The directors of the Issuer are A A Flockhart (Chairman), B Robertson (Chief Executive), P Antika, P W Boyles, J D Garner, Dame Denise Holt, P J C Houzé, J W Leng, Dame Mary Marsh, S W Leathes, R E S Martin, A R D Monro-Davies, P M Shawyer, A P Simoes and J F Trueman. The members of the Executive Committee are B Robertson (Chairman), J P Armstrong, J Beunardeau (Alternate to M J Haythorne), P W Boyles, B A Fletcher, J D Garner, R J H Gray, J-L Guerrero, M J Haythorne, N Hinshelwood, F Morra, A S Ramsay, P J Reid, M D Sheridan and A P Simoes.

The articles of association of HSBC Bank plc are dated 20 October 2010.

The auditors of the Issuer are KPMG Audit Plc Chartered Accountants of 15 Canada Square, London, E14 5GL, United Kingdom.

The Bank and its subsidiaries form a UK-based group (the "Group") providing a comprehensive range of banking and related financial services. The Group divides its activities into four business segments: UK Retail Banking; Continental Europe Retail Banking; Global Banking and Markets and Private Banking. The Issuer is HSBC Holdings plc's principal operating subsidiary undertaking in Europe.

During 2011 the Group employed, on average, 80,013 persons.

As at 31 December 2011, the Group had total assets of £827,970 million, loans and advances to customers and banks of £332,617 million, total customer accounts and deposits by banks of £387,161 million and total equity of £31,604 million. For the year ended 31 December 2011, the Group's operating profit was £3,112 million on total operating income of £16,205 million. The Issuer had a total capital ratio of 14.4 per cent. and a tier 1 capital ratio of 10.0 per cent. as at 31 December 2011.

The articles of association of the Bank, as well as its historical financial information, reports and other documents are available for inspection at the registered office of the Bank.

There has been no material adverse change in the prospects of the Issuer since 31 December 2011.

## Summary of risk factors

There are a number of factors which could cause the Bank's actual results to differ, in some instances materially, from those anticipated. The factors set out below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties which face the Bank's businesses.

***Current economic and market conditions may adversely affect the Bank's results:*** The Bank's earnings are affected by global and local economic and market conditions. Following the global financial crisis in 2007, a difficult economic climate remains with continued pressures on household and corporate finances. These adverse economic conditions continue to create a challenging operating environment for the Bank.

***The Bank has exposure to the ongoing economic crisis in the eurozone:*** The sovereign debt crisis that erupted in 2010 extended through 2011. Concern regarding the financial position of several economies which spread from peripheral eurozone countries to include certain core eurozone countries, became increasingly widespread and severe. The Bank has substantial exposure to financial institutions and central banks in core European countries which may be affected by the ongoing crisis.

***Liquidity, or ready access to funds, is essential to the Bank's business:*** The Bank's ability to borrow on a secured or unsecured basis and the cost of so doing can be affected by a number of factors. If the Bank is unable to raise funds its liquidity position could be adversely affected and the Bank might be unable to meet deposit withdrawals or obligations under committed financing facilities, to fund new investments and to repay borrowings as they mature.

***The Bank is subject to political and economic risks in the countries in which it operates:*** The Bank operates through an international network of subsidiaries and is subject to the risk of loss from unfavourable political developments, currency fluctuations, social instability and changes in government policies.

***The Bank has significant exposure to counterparty risk both within the financial sector and to other risk concentrations:*** The Bank's ability to engage in routine transactions to fund its operations and manage its risks could be adversely affected by the actions and commercial soundness of other financial institutions. Financial institutions are necessarily interdependent because of trading, clearing, counterparty or other relationships.

***The Bank is subject to legal and compliance risks, which may have an adverse effect on the Bank:*** Legal and compliance risks arise from a variety of sources and require the Bank to deal appropriately with potential conflicts of interest, legal and regulatory requirements, ethical issues, anti-money laundering laws or regulations, privacy laws, information security policies, sales and trading practices and the conduct of its associated companies.

***Operational risks are inherent in the Bank's business:*** The Bank is exposed to many types of operational risks, including fraudulent or other criminal activities, breakdowns in processes or procedures, systems failure or non-availability and disruption of its business arising from events that are wholly or partially beyond its control. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the Financial Services Authority.

***The Bank is subject to tax-related risks in the countries in which it operates, which could have an adverse effect on its operating results:*** The Bank is subject to the substance and interpretation of tax laws in all countries in which it operates, the risk associated with changes in tax law or in the interpretation of tax law, the risk of changes in tax rates and the risk of consequences arising from failure to comply with procedures required by tax authorities.

***The Bank's operations are highly dependent on its information technology systems:*** The reliability and security of the Bank's information and technology infrastructure and the Bank's customer databases are crucial to maintaining the service availability of banking applications and processes and to protecting the HSBC brand. Critical system failure, prolonged loss of service or a material breach of security could cause long-term damage to the Bank's business and brand.

***The Bank faces a number of challenges in regulation and supervision:*** The Bank is subject to ongoing regulation and associated regulatory risks. In addition there are a number of regulatory changes which are

likely to have an effect on the activities of the Group; including those proposed under Basel III and/or the Capital Requirements Directive IV and those proposed by the UK Independent Commission on Banking ("ICB"). The proposals relating to capital and liquidity will result in increased capital and liquidity requirements and could have a material effect on the Group's future financial condition or results of its operations. The ICB proposals may affect the manner in which the Group conducts its activities and structures itself, with the potential to both increase the costs of doing business and curtail the types of business carried out, with the risk of decreased profitability as a result.

**Summary of provisions relating to the Notes and Warrants**

Notes and Warrants will be issued in Series which may comprise one or more Tranches issued on different issue dates.

The terms and conditions applicable to each Tranche are set out under "*Terms and Conditions of the Notes*" or "*Terms and Conditions of the Warrants*" as appropriate, as supplemented, modified or replaced by the relevant Final Terms.

The Issuer may, subject to compliance with relevant laws, issue Notes and Warrants denominated in any currency. There is no limit on the maximum amount of Notes and Warrants outstanding at any time. Notes will be in registered form or in uncertificated registered form, without interest coupons, or in bearer form, with or without interest coupons. Warrants will be in book-entry form represented by a global Warrant, in registered form or in uncertificated registered form.

The aggregate principal amount, interest rate or interest calculation, issue price, denomination, maturity date and other terms and conditions with respect to a Series of Notes, to the extent not contained in this Base Prospectus, will be set forth in the applicable Final Terms. Notes may be redeemable at par or at such other redemption amount as is set out in the relevant Final Terms or by the delivery of securities or other property. If so specified in the relevant Final Terms, Notes may be redeemed prior to their stated maturity at the option of the Issuer and/or the Noteholders in such circumstances and at such redemption amount as set out in the relevant Final Terms. The Issuer has the option to redeem Notes early for taxation reasons. Early redemption may reduce the return on investment provided by a Note compared to the return that would have been achieved had the Note been redeemed at maturity.

If the Calculation Agent determines that the Issuer's performance of obligations under any Notes and/or Warrants has become unlawful or impractical in whole or in part for any reason, the Issuer may redeem or cancel such Notes and/or Warrants and, subject to the relevant Final Terms, pay the holders of such Notes and/or Warrants an amount equal to the fair market value of such Notes and/or Warrants notwithstanding such illegality less the cost to the Issuer of unwinding any related hedging arrangements, all as determined by the Issuer and/or the Calculation Agent (as applicable) in its sole and absolute discretion.

The aggregate amount, type, style, issue price, currency, expiry date and other terms and conditions with respect to a Series of Warrants, to the extent not contained in this Base Prospectus, will be set forth in the applicable Final Terms. Warrants give the holder certain rights, including the right to receive a cash amount from the Issuer or the right to receive delivery of securities or other property against payment of a specified sum. Warrants create options exercisable by the Warrantholder, but there is no obligation upon such Warrantholder to exercise his Warrant or any obligation upon the Issuer to pay any amount in respect of unexercised Warrants.

Notes and Warrants issued under the Programme will be unsecured and unsubordinated obligations of the Issuer. Events of default applicable to the Notes are limited to non-payment (subject to a grace period) of principal or interest and winding-up of the Issuer. The Notes will not have the benefit of negative pledge or cross-default provisions (in respect of events of default). There are no events of default applicable to the Warrants.

Payments of principal and interest in respect of Notes will be made without deduction for or on account of United Kingdom withholding taxes, except as required by law. Warrantholders will be liable for and/or subject to any taxes, including withholding tax, payable in respect of the Warrants.

The Notes and Warrants permit the substitution of an affiliate of the Issuer as principal debtor in respect of the Notes and Warrants.

The terms and conditions of the Notes may be modified by resolution of Noteholders. Modifications to the terms and conditions of the Notes and the Warrants may be made without the consent of any Noteholders or any Warrantholders, as the case may be, where the Issuer determines that the modification is not materially prejudicial to the interests of the Noteholders or the Warrantholders, as the case may be, or to correct an inconsistency with the termsheet relating to the relevant Notes or Warrants.

Notes and Warrants issued pursuant to the Programme may include:

- (1) Equity-Linked Notes and Warrants, which include:
  - (a) Equity-Linked Notes and Cash Equity Notes;
  - (b) Index-Linked Notes; and
  - (c) Security Warrants, Security Basket Warrants, Index Warrants and Index Basket Warrants;
- (2) Preference Share-Linked Notes;
- (3) Market Access Notes and Warrants;
- (4) Commodity/Commodity Index-Linked Notes;
- (5) Interest Rate-Linked Notes and Warrants;
- (6) Inflation Rate-Linked Notes and Warrants;
- (7) Currency-Linked Notes and Warrants; and
- (8) Credit-Linked Notes.

In some cases, Notes and Warrants may carry the risk of a total or partial loss of principal.

There are legal restrictions on the offer, distribution or sale of Notes and Warrants in a number of jurisdictions including the United Kingdom and the United States. Persons into whose possession the Base Prospectus or any Notes or Warrants come must inform themselves about, and observe, any such restrictions.

Application has been made to admit Notes and Warrants issued under the Programme to the Official List of the UK Listing Authority and to trading on the Regulated Market of the London Stock Exchange. However, Notes and Warrants may also be unlisted or admitted to listing, trading and/or quotation by other stock exchanges, listing authorities and/or quotation systems as specified in the applicable Final Terms. Whether or not any Notes and Warrants are admitted to listing, trading or quotation, there may be no active trading market for the Notes or Warrants.

Unless otherwise specified in the applicable Final Terms, Notes and Warrants will be accepted for clearing through one or more clearing systems, including CREST, DTC, Euroclear Bank and/or Clearstream, Luxembourg. In relation to Notes and Warrants which are held through a clearing system, investors will have to rely on such clearing system's procedures for transfer, payment and communications with the Issuer, including the exercise of any Warrants.

In respect of Notes and Warrants issued under the Programme and unless otherwise specified in the relevant Final Terms, the Dealer will be HSBC Bank plc and the CREST Registrar will be Computershare Investor Services plc. The Calculation Agent will be HSBC Bank plc or HSBC France (as specified in the relevant Final Terms). The Principal Paying Agent, the Principal Warrant Agent and the Registrar will be HSBC Bank plc. In respect of Notes and Warrants issued in the United States under Rule 144A, the Registrar and Transfer Agent will be HSBC Bank USA, N.A.

Upon request, certain documents relating to the Programme, the Notes and the Warrants will be available, during usual business hours on any weekday, for inspection at the offices of the Issuer, the Paying Agents and the Warrant Agents.



## RISK FACTORS

*Prospective investors in the Notes or Warrants should read the entire Base Prospectus (including all information incorporated by reference herein). This section describes the most significant risks which the Issuer, as of the date of this Base Prospectus, considers to be the material risk factors of investing in the Notes or Warrants. Each investor should carefully consider whether the Notes or Warrants, as described herein, are suited to its particular circumstances before deciding to purchase any Notes or Warrants. Words and expressions defined in the Conditions below or elsewhere in this Base Prospectus have the same meanings in this section. Investing in the Notes or Warrants involves certain risks. Prospective investors should consider the following principal risks in respect of the Notes and Warrants, which should be read together with the risk factors relating to the Issuer incorporated by reference herein and cross-reference in paragraph (1) (Risk factors relating to the Issuer) below.*

### **(1) Risk factors relating to the Issuer**

The risk factors set out under the sections entitled "Challenges and uncertainties" on pages 27 to 30 and "Regulation and supervision" on pages 30 to 32 of the Annual Report and Accounts of the Issuer and its subsidiary undertakings for the year ended 2011 are incorporated herein by reference.

### **(2) Risks relating to the Notes and Warrants generally**

A wide range of Notes and Warrants may be issued under the Programme. The Issuer may issue Warrants linked to, or Notes with principal and/or interest determined by reference to, one or more variables such as an index or formula, changes in the prices of securities or commodities, movements in currency exchange rates, movements in interest rates, movements in levels of indices, the credit of one or more entities or other factors (each, a **"Relevant Factor"** and each underlying, commodity, currency or other asset being a **"Reference Asset"** or, if it is comprised in a basket of assets, a **"Reference Asset Component"**). A number of these Notes or Warrants may have features which contain particular risks for prospective investors. Set out below is a description of some of the risks that should be taken into consideration by prospective purchasers of Notes or Warrants.

#### ***The Notes and Warrants may not be ordinary debt securities***

The terms of certain of the Notes and Warrants may differ from those of ordinary debt securities because the Notes may not pay interest, the Warrants do not pay interest and, on maturity, depending on the performance of the Reference Asset or Relevant Factor, as applicable, may return less than the amount invested or nothing, or may return assets or securities of an issuer that is not affiliated with the Issuer, the value of which is less than the amount invested. The price of the Notes and Warrants may fall in value as rapidly as it may rise, and investors in the Notes and Warrants may potentially lose all of their investment. Investors in Warrants will sustain a total loss of their investment if the Warrants expire out of the money.

#### ***There may be no active trading market or secondary market liquidity for Notes or Warrants***

Any Series of Notes or Warrants issued under the Programme will be new securities which may not be widely distributed and for which there is no active trading market (even where, in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche which is already issued). If the Notes or Warrants are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions, commissions paid by the Issuer and the financial condition of the Issuer. Although application has been made for Notes and Warrants issued under the Programme to be admitted to the Official List of the UK Listing Authority and to trading on the Regulated Market of the London Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes or Warrants will be so admitted, that an active trading market will develop or that any listing or admission to trading will be maintained. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes or Warrants.

It is not possible to predict whether any trading market for the Notes or Warrants will develop or, if it does, the price at which Notes or Warrants will trade in the secondary market or whether such market will be liquid or illiquid. If any Notes or Warrants are not listed or traded on any exchange, pricing information for the Notes or Warrants may be more difficult to obtain and the liquidity of the Notes or

Warrants may be adversely affected. Also, to the extent that Notes are redeemed or purchased and cancelled or Warrants are exercised or purchased and cancelled, the number of Notes or Warrants outstanding will decrease, resulting in a lessening of the liquidity of the Notes or Warrants. A lessening of the liquidity of the Notes or Warrants may cause, in turn, an increase in the volatility associated with the price of the Notes or Warrants. To the extent that there is no liquid market in the Notes or Warrants, an investor may have to wait until redemption of such Notes or until it is able to exercise such Warrants in order to realise the value of its investment and, as such, an investor should proceed on the assumption that they may have to bear the economic risk of an investment in the Notes or Warrants until their maturity or exercise date.

The Issuer and any person directly or indirectly connected with the Issuer may, but is not obliged to, at any time purchase Notes or Warrants at any price in the open market or otherwise. Such Notes or Warrants may be held, reissued or, at the option of the Issuer, cancelled.

***No ownership rights***

An investment in Notes or Warrants relating to a Reference Asset or Reference Asset Component is not the same as an investment in the Reference Asset or any Reference Asset Component and does not (prior to settlement of any exchange of Notes for the Reference Asset, where applicable) confer any legal or beneficial interest whether by way of security or otherwise in the Reference Asset or any Reference Asset Component or any voting rights, rights to receive dividends or other rights that a holder of a Reference Asset or any Reference Asset Component may have. Accordingly, investors in such Notes and Warrants will be exposed to the credit risk of the Issuer as well as to such Reference Asset or Reference Asset Component.

The Notes are unsubordinated and unsecured obligations of the Issuer.

***Certain considerations regarding hedging***

Prospective purchasers intending to purchase Notes or Warrants to hedge against the market risk associated with investing in a Reference Asset should recognise the complexities of utilising Notes or Warrants in this manner. For example, the value of the Notes or Warrants may not exactly correlate with the value of the Reference Asset to which they relate. Due to fluctuating supply and demand for the Notes or Warrants, there is no assurance that their value will correlate with movements of the Reference Asset. For these reasons, among others, it may not be possible to purchase or liquidate assets in a portfolio at the prices used to calculate the value of any relevant Reference Asset.

***Potential conflicts of interest***

The Issuer or affiliates of the Issuer may from time to time advise the issuers of or obligors in respect of Reference Assets regarding transactions to be entered into by them, or engage in transactions involving Reference Assets or Reference Asset Components for their proprietary accounts and for other accounts under their management. Any such transactions may have a positive or negative effect on the value of such Reference Assets or Reference Asset Components and therefore on the value of any Notes or Warrants to which they relate. Certain affiliates of the Issuer will also be the counterparty to the hedge of the Issuer's obligations under an issue of Notes or Warrants or may be the Calculation Agent responsible for making determinations and calculations in connection with the Notes or Warrants. Accordingly, certain conflicts of interest may arise both among the Issuer or these affiliates and between the interests of the Issuer or these affiliates and the interests of holders of Notes or Warrants.

***Credit risk***

Notwithstanding any reference to any Notes or Warrants being principal protected, and regardless of whether or not a Note or Warrant is linked to a Reference Asset or Relevant Factor, purchasers or investors in the Notes or Warrants bear the risk that the Issuer is not able to meet its obligations created by the issuance of Notes or Warrants. Any rating of the Issuer reflects the independent opinion of the relevant rating agency and is not a guarantee of the Issuer's credit quality.

***Value of Baskets***

The value of a basket of Reference Assets and/or Relevant Factors to which any Notes or Warrants relate may be affected by the number of Reference Assets or Relevant Factors included in such basket.

Generally, the value of a basket that includes Reference Assets from a number of companies or obligors or other components or which gives relatively equal weight to each Reference Asset will be less affected by changes in the value of any particular Reference Asset included therein than a basket that includes fewer Reference Assets and/or Relevant Factors or that gives greater weight to some Reference Assets and/or Relevant Factors. In addition, if the Reference Assets and/or Relevant Factors included in a basket are all in or relate to a particular industry, the value of such a basket will be more affected by the economic, financial and other factors affecting that industry than if the Reference Assets or Relevant Factors included in the basket relate to various industries that are affected by different economic, financial or other factors or are affected by such factors in different ways.

***The volatility of the Reference Assets or Relevant Factors***

If the volatility of Reference Assets or Relevant Factors increases, the trading value of a Note or Warrant which relates to such Reference Asset or Relevant Factor is expected to increase; if the volatility decreases, the trading value of a Note or Warrant is expected to decrease.

***Taxation in relation to the Notes and Warrants***

Transactions involving Notes or Warrants may have tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes. Stamp duty, stamp duty reserve tax and/or similar transfer taxes may be payable on any transfer or agreement to transfer assets in cases where obligations of the Issuer under the Notes or Warrants are physically settled.

**Payments on the Notes and Warrants may be subject to U.S. withholding under FATCA**

The Issuer and other financial institutions through which payments on the Notes and Warrants are made may be required to withhold at a rate of up to 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of any Notes and Warrants which are issued (or materially modified) after 1 January 2013 or that are treated as equity for U.S. federal tax purposes whenever issued, pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "**FATCA**").

The Issuer is a foreign financial institution ("**FFI**") for the purposes of FATCA. If the Issuer becomes obliged to provide certain information on its account holders pursuant to a FATCA agreement with the U.S. Internal Revenue Service ("**IRS**") (i.e. the Issuer is a "**Participating FFI**") then withholding may be triggered if: (i) the Issuer has a positive "passthru payment percentage" (as determined under FATCA), and (ii) (a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer, (b) an investor does not consent, where necessary, to have its information disclosed to the IRS or (c) any FFI that is an investor, or through which payment on the Notes and Warrants is made, is not a Participating FFI. An investor that is withheld upon generally will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles such institution to a reduced rate of tax on the payment that was subject to withholding under these rules, provided the required information is furnished in a timely manner to the IRS. The United Kingdom has announced its intention to enter into intergovernmental reciprocal information gathering and sharing agreements with the IRS. It is possible that, in certain circumstances, withholding may be required under any legislation implementing such an intergovernmental approach to FATCA.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes and Warrants is not clear. If an amount in respect of FATCA or as required under an intergovernmental approach to FATCA were to be deducted or withheld from interest, principal or other payments on the Notes and Warrants, the Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder for any such withholding or deduction by the Issuer, a Paying Agent or any other party, to any person where such person (other than where such person is acting as an agent of the Issuer) is not entitled to receive payments free of such withholding. As a result, investors may, if FATCA is implemented as currently proposed by the IRS or in consequence of the implementation of an intergovernmental approach, receive less interest or principal than expected. If the Issuer becomes a Participating FFI, the determination of whether FATCA withholding may be imposed will depend on the status of each recipient of payments between the Issuer and investors. The Issuer does not expect in practice that payments made either by it or by its Paying Agents in relation to Notes and Warrants held in clearing systems will be subject to FATCA withholding as it is expected that the Paying Agents and the relevant

clearing systems will be Participating FFIs to the extent necessary to avoid being subject to FATCA withholding. However, it is possible that other parties may be required to withhold on payments on account of FATCA as set out above.

The discussion in relation to the FATCA rules above is based on proposed regulations and preliminary guidance.

***Fluctuations in the value of the Reference Asset***

Fluctuations in the price, value and/or level of Reference Assets and Relevant Factors will affect the value of Notes and Warrants. Also, due to the character of the particular markets on which Reference Assets may be traded, the absence of last sale information and the limited availability of quotations for such Reference Assets may make it difficult for many investors to obtain timely, accurate data for the price or yield of such Reference Assets. Purchasers of Notes or Warrants risk losing their entire investment if the value of the relevant underlying basis of reference does not move in the anticipated direction.

***Capital risks relating to Notes and Warrants***

Unless the relevant Series of Notes is principal protected, the repayment of any amount invested in Notes or Warrants and any return on investment is variable and not guaranteed. The performance of the investment depends on the value of a Reference Asset throughout the term of the Notes or Warrants. The value of the Reference Assets can alter sharply because it reflects the performance of the constituent underlying assets which make up an index or the performance of individual underlying assets and general stock and other market conditions.

The main risks involved in capital-at-risk products are as follows:

- (i) the investors' capital can fall below the amount initially invested; and
- (ii) the rate of return on the capital that investors receive depends on specific conditions being met and it is possible that no return may be provided to investors. Professionals may not be able to accurately judge whether there will be a return.

Unlike a savings account or similar investment with a low return and little or no capital risk, Notes and Warrants issued under the Programme may potentially have a greater return but there is a greater risk of loss of capital.

***Exchange rate risks and exchange controls***

The Issuer will pay amounts in respect of the Notes and Warrants in the Specified Currency (as referred to in the applicable Final Terms). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes or Warrants, (ii) the Investor's Currency equivalent value of the principal or amounts payable on the Notes and Warrants and (iii) the Investor's Currency equivalent market value of the Notes and Warrants.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest, principal or other payment than expected, or no interest or principal or other payment

***Clearing systems***

Because any Temporary or Permanent Global Note (as defined below), any Unrestricted Registered Note and any Regulation S Global Registered Note, the Global Warrants and any Unrestricted Global Registered Warrant and, if so provided in the applicable Final Terms, any Rule 144A Global Registered Note, any Restricted Global Registered Note, any Combined Global Registered Note, any Restricted Global Registered Warrant or any Combined Global Registered Warrant may be held by or on behalf of Euroclear and Clearstream, Luxembourg, and, in the case of a Rule 144A Global Registered Note, a

Restricted Global Registered Note or a Restricted Global Registered Warrant, unless otherwise provided in the applicable Final Terms, DTC, investors will have to rely on their procedures for transfer, payment and communication with the Issuer to receive payments under the Notes and Warrants, including in the case of Warrants for exercise of the Warrants.

Notes and Warrants under the Programme may be issued as Uncertificated Registered Notes or Uncertificated Registered Warrants. CREST will maintain records of the interests in such Notes and Warrants and Investors will be able to trade their interests only through CREST. Title to such Notes and Warrants will pass upon registration of the transfer in the Operator register of corporate securities. All transactions in relation to such Notes and Warrants (including any transfers) in the open market or otherwise must be effected through an account at the Operator subject to and in accordance with the rules and procedures for the time being of the Operator.

Bearer Notes issued under the Programme may be represented by one or more temporary global notes (each, a "**Temporary Global Note**") or permanent global notes (each, a "**Permanent Global Note**"). Such Bearer Notes which are intended to be issued in NGN form, as specified in the relevant Final Terms, will be delivered to a common safekeeper for Euroclear and/or Clearstream, Luxembourg (the "**Common Safekeeper**") or such Global Notes which are not intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited with a common depositary (as appropriate) for Euroclear and Clearstream, Luxembourg.

Registered Notes issued under the Programme may be in the form of a Rule 144A Global Registered Note, a Restricted Global Registered Note, an Unrestricted Global Registered Note, a Combined Global Registered Note or a Regulation S Global Registered Note. Such Registered Notes which are intended to be issued under the NSS, as specified in the relevant Final Terms, will be registered in the name of the Common Safekeeper (or its nominee) and deposited with such Common Safekeeper on or about the relevant issue date. Such Registered Notes which are not intended to be issued under the NSS, as specified in the relevant Final Terms, will be deposited with a common depositary (as appropriate) for Euroclear and Clearstream, Luxembourg and, in the case of a Rule 144A Global Registered Note or a Restricted Global Registered Note, unless otherwise provided in the applicable Final Terms, will be deposited with a custodian for and registered in the name of a nominee of DTC.

Except in the circumstances described in the relevant Bearer Note or Registered Note (the Bearer Notes together with the Registered Notes, the "**Global Notes**"), investors will not be entitled to receive definitive Notes. Euroclear, Clearstream, Luxembourg and DTC will maintain records of the interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their interests only through Euroclear, Clearstream, Luxembourg or DTC, as applicable. Warrants will be represented at all times by a Global Warrant deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Definitive Warrants will not be issued. Euroclear and Clearstream, Luxembourg will maintain records of the interests in the Global Warrants. While the Warrants are represented by a Global Warrant, investors will be able to trade their interests only through Euroclear and Clearstream, Luxembourg.

The Issuer shall discharge its payment obligations in respect of Uncertificated Registered Notes and Uncertificated Registered Warrants by payment (as shown in the records of the Operator) to the cash memorandum account of the relevant Noteholder or Warrantholder, as applicable.

A holder of an interest in a Global Note or Global Registered Warrant must rely on the procedures of Euroclear, Clearstream Luxembourg or DTC, as the case may be, to receive payments under the relevant Notes or Warrants. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, interests in the Global Notes, Global Warrants or Global Registered Warrants. Holders of interests in the Global Notes, Global Warrants or Global Registered Warrants will not have a direct right to vote in respect of the relevant Notes or Warrants. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream, Luxembourg or DTC, as the case may be, to appoint appropriate proxies.

#### ***Change of law***

The Conditions of the Notes and of the Conditions of the Warrants are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

### (3) Risks relating to the Notes

#### *General*

An investment in the Notes is speculative and entails substantial risks. Prospective Noteholders should understand that in some instances they could suffer a partial or complete loss of their investment subject, if applicable, to any minimum redemption amount specified in the relevant Final Terms. In the case of Notes linked to a Relevant Factor or Relevant Factors and/or a Reference Asset or Reference Assets, any investment return on a Note determined by reference to changes in the level of the Relevant Factor(s) and/or the value of the Reference Asset(s), is subject to fluctuation and may be less than would be received by investing in a conventional debt instrument. Changes in the level of the Relevant Factor(s) and/or the value of the Reference Asset(s) cannot be predicted. If so provided in the relevant Final Terms, the Notes may be subject to early redemption by reference to changes in the level of the Relevant Factor(s) and/or the value of the Reference Asset(s). On redemption, the Notes may be redeemed in such manner as the Final Terms provides or, in certain circumstances, may be exchanged for other securities.

#### *Effect of general economic conditions on the Notes*

The market for debt securities is influenced by economic and market conditions, interest rates, currency exchange rates and inflation rates in Europe and other countries and areas. There can be no assurance that events occurring elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes of that economic and market conditions will not have any other adverse effect.

#### *Effect of interest rates on the Notes*

Investors in Notes are exposed to the risk that subsequent changes in interest rates may adversely affect the value of the Notes. Investments in the Notes may involve interest rate risk with respect to the currency of denomination of the Reference Assets or Relevant Factors and/or the Notes. A variety of factors influence interest rates such as macro economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Notes at any time prior to valuation of the Reference Assets or Relevant Factors relating to the Notes.

#### *Effect of exchange rates on the Notes*

Even where payments in respect of the Notes are not expressly linked to a rate or rates of exchange between currencies, the value of the Notes could, in certain circumstances, be affected by such factors as fluctuations in the rates of exchange between any currency in which any payment in respect of the Notes is to be made and the currency of the Relevant Factor or in which the Reference Asset is traded, appreciation or depreciation of any such currencies and any existing or future governmental or other restrictions on the exchangeability of such currencies. There can be no assurance that rates of exchange between any relevant currencies which are current rates at the date of issue of any Notes will be representative of the relevant rates of exchange used in computing the value of the relevant Notes at any time thereafter.

#### *Notes linked to an index, formula or other underlying and multi-currency and Dual Currency Notes*

The Issuer may issue Notes with principal or interest determined by reference to one or more Relevant Factors or Reference Assets. In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated ("**Dual Currency Notes**"). Prospective investors should be aware that:

- (i) the market price of such Notes may be very volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

***Notes subject to optional redemption by the Issuer***

The inclusion of an option for the Issuer to redeem any Note prior to their maturity is likely to limit its market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem such Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

***Notes issued at a substantial discount or premium***

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***Notes may be redeemed prior to maturity***

Unless in the case of any particular Tranche of Notes the relevant Final Terms specify otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Tranche of Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes of such Tranche in accordance with the Conditions of the Notes. The amount payable by the Issuer in such circumstances may be less than the amount invested in the Notes or what would have been received under the Notes if the Notes had not been so redeemed. The Noteholders may not benefit from any appreciation in value of the Reference Asset(s) that may occur following such redemption.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specify that the Notes are redeemable at the Issuer's option in other circumstances, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

***Notes with multiple Denominations***

Where the Notes of a Series issued under the Programme are specified as having a denomination consisting of a minimum specified denomination plus a higher integral multiple of another smaller amount, it is possible that such Notes may be traded in the clearing systems in amounts in excess of the minimum specified denomination that are not integral multiples of the minimum specified denomination. In such a case, should definitive Notes be required to be issued, Noteholders who, as result of trading such amounts, hold a principal amount that is less than the minimum specified denomination may not receive a definitive Note in respect of such holdings and would need to purchase a principal amount of Notes such that their holding amounts to, or is an integral multiple of, the minimum specified denomination.

***Modification, waiver and substitution***

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

In addition, modification to the terms and conditions of the Notes or the Warrants may be made without the consent of any Noteholders or Warrantholders, as the case may be, where the Issuer determines that the modification is not materially prejudicial to the interests of the Noteholders or the Warrantholders, as the case may be, and also in circumstances where the terms and conditions are inconsistent with the termsheet relating to the relevant Notes and Warrants.

The Notes and the Warrants permit the substitution of an affiliate of the Issuer as principal debtor in respect of the Notes and the Warrants, subject to a guarantee of the Issuer.

***Fixed/Floating Rate Notes***

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

***Methodology***

The Calculation Agent will make all determinations and calculations required of it in accordance with the terms of the relevant Series. Any determination or calculation made by the Calculation Agent in relation to the relevant Series will, unless specified otherwise, be made in good faith in its sole and absolute discretion and will be conclusive and binding on all parties, except in the case of manifest error.

If market, regulatory, judicial or fiscal circumstances or, without limitation, any other circumstances arise that would, in the determination of the Calculation Agent, necessitate a modification or change to such methodology, then the Calculation Agent may make such changes as it considers appropriate to deal with the circumstances.

***Other factors***

Transactions involving the Notes may have tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes.

***Calculation Agent's discretion***

Calculation of the interest payments (if applicable) and/or redemption amount at scheduled maturity, as appropriate, may be by reference to certain specified screen rates, or if any such rate is not displayed at the relevant time a rate determined by the Calculation Agent in its sole and absolute discretion. The Notes may be redeemable prior to their scheduled maturity in certain circumstances at an amount determined by the Calculation Agent which may be less than their nominal amount.

***Fees***

In connection with the placement and distribution of any Notes, the Issuer may pay to distributors of the Notes (which may include affiliates of the Issuer) such commissions or fees as such parties may agree (including in the form of a discount to the purchase price of such Notes).



#### (4) Risks relating to the Warrants

##### *Certain factors affecting the value and trading price of Warrants*

The Cash Settlement Amount (in the case of cash-settled Warrants) or the difference in value of the Physical Settlement amount and the Strike Price (the "**Physical Settlement Value**") at any time prior to expiration is typically expected to be less than the trading price of such Warrants at that time. Any difference between the trading price and the Cash Settlement Amount or Physical Settlement Value will reflect, among other things, a "time value" for the Warrants. The "time value" of the Warrants will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the Reference Asset or Relevant Factor to which the Warrant relates. Warrants offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the Warrants varies with the price, value and/or level of the Reference Asset and the Relevant Factor, as well as by a number of other interrelated factors, including those specified herein.

Before acquiring, exercising or selling Warrants, Holders should carefully consider, among other things, (i) the trading price of the Warrants, (ii) the value and volatility of the Reference Asset and the Relevant Factor, (iii) the time remaining to expiration, (iv) in the case of cash-settled securities the probable range of Cash Settlement Amounts, (v) any change(s) in interim interest rates and dividend yields, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the Reference Asset and the Relevant Factor and (viii) any related transaction costs.

##### *Variation of settlement*

The Issuer may, if specified in the applicable Final Terms, vary the settlement in respect of a particular Series of Warrants and thereby at its sole and absolute discretion elect not to pay the relevant Holders the Cash Settlement Amount or to deliver or procure delivery of the Physical Settlement Amount to the relevant Holders, as the case may be, and, in lieu thereof, deliver or procure delivery of the Physical Settlement Amount or make payment of the Cash Settlement Amount on the Settlement Date to the relevant Holders.

##### *Limitations on exercise*

If so indicated in the applicable Final Terms, a Holder must tender a specified minimum number of Warrants and integral multiples of Warrants thereafter at any one time in order to exercise. Thus, Holders with fewer than the specified minimum number of Warrants or specified multiples thereof will either have to sell their Warrants or purchase additional Warrants, incurring transaction costs in each case, in order to realise their investment. Furthermore, Holders of such Warrants incur the risk that there may be differences between the trading price of such Warrants and the Cash Settlement Amount or the Physical Settlement Value (in the case of Physical Settlement Warrants) of such Warrants.

If specified in the applicable Final Terms, Warrants which are Physical Settlement Warrants may only be exercised in such amounts as will ensure that the number of relevant Reference Assets to be delivered is equal to an integral multiple of the minimum allowed trading amount of the relevant Reference Asset on the relevant stock exchange as from time to time specified by such stock exchange or other market in which the Reference Asset is traded (the "**Minimum Trading Amount**"). Where the exercise of a holding of Physical Settlement Warrants would not result in the purchase of a number of relevant Reference Assets equal to an integral multiple of the relevant Minimum Trading Amount, the Holder will receive the maximum number of relevant Reference Assets equivalent to the maximum integral multiple of the Minimum Trading Amount and may be entitled to a payment in lieu at the option of the Issuer, determined in the sole and absolute discretion of the Issuer, in respect of the remaining Reference Assets unless any such payment is of a *de minimis* amount, in which case, Holders shall not receive anything in respect of the remaining Warrants. Holders will, therefore, either have to sell their Warrants or purchase additional Warrants, incurring transaction costs in each case, in order to realise their investment.

##### *Time lag after exercise*

Unless otherwise specified in the Final Terms, in the case of any exercise of Warrants, there will be a time lag between the time a Holder gives instructions to exercise and the time the applicable Cash Settlement Amount or the deliverable Reference Assets relating to such exercise is determined. Any such delay between the time of exercise and the determination of the Cash Settlement Amount or the

deliverable Reference Assets, as the case may be, will be specified in the applicable Final Terms or Conditions of the Warrants. However, such delay could be significantly longer, particularly in the case of a delay in exercise of Warrants arising from any daily maximum exercise limitation, or following the imposition of any exchange controls, other similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies) or, if there is any Settlement Disruption Event on the Valuation Date (as such terms are defined in the Conditions of the Warrants). The applicable Settlement Price or the value of the deliverable Reference Assets may change significantly during any such period and such movement or movements could decrease the Settlement Price or the value of the deliverable Reference Assets in respect of the Warrants being exercised and, may result in such Settlement Price or the value of the deliverable Reference Assets being zero.

***The time remaining to the expiration of Warrants***

As the time remaining to the expiration of the Warrants decreases, the trading value of a Warrant is expected to decrease.

***Dividend rates***

If the dividend or other income rates on the Reference Assets increase, the trading value of a Put Warrant is expected to increase and the trading value of a Call Warrant is expected to decrease. Increased dividend rates may, however, positively affect the value of the Reference Assets and the trading value of a Put Warrant could then be expected to decrease and the trading value of a Call Warrant could then be expected to increase. If such dividend rates or other income decrease, the trading value of a Put Warrant is expected to decrease and the trading value of a Call Warrant is expected to increase. Decreased dividend or other income rates may, however, adversely affect the value of the relevant Reference Assets, and the trading value of a Put Warrant could then be expected to increase and the trading value of a Call Warrant could then be expected to decrease.

**(5) Risks relating to Equity/Index-Linked Notes and Warrants**

This section must be read in conjunction with the sections of this Base Prospectus entitled "*Risks relating to the Notes and Warrants generally*", "*Risks relating to the Notes*" and "*Risks relating to the Warrants*".

***Warrants*** - Similar risks and considerations as set out in this section "*Risks relating to Equity/Index-Linked Notes and Warrants*" apply to Equity/Index-Linked Warrants and amounts payable in relation thereto, and references herein to Equity/Index-Linked Notes shall be deemed to refer to Equity/Index-Linked Warrants where the context so permits.

***Information*** - No investigation has been made of the financial condition or creditworthiness of any issuer of any Reference Asset(s) or Reference Asset Components in connection with the issue of any Equity/Index-Linked Notes. Prospective investors in the Equity/Index-Linked Notes should obtain and evaluate the same information concerning the Reference Asset(s), each Reference Asset Component and each such issuer as they would if they were investing directly in the Reference Asset Components. In addition, prospective investors should understand that the historical performance of the Reference Asset(s) or any Reference Asset Component should not be viewed as predictive of future results.

***Certain factors affecting value of Notes*** - The value of Equity/Index-Linked Notes prior to maturity is expected to depend on a number of factors including the performance achieved by the Reference Asset(s) until that time, interest rates, volatility and time to maturity. The price at which a holder will be able to sell the Equity/Index-Linked Notes prior to maturity may be at a discount, which could be substantial, from the principal balance thereof, based upon one or more of the factors described below. The factors that will affect the trading value of the Equity/Index-Linked Notes interrelate in complex ways (for example, one factor may offset an increase in the trading value of the Equity/Index-Linked Notes caused by another factor). Factors that may be expected to impact the value of the Equity/Index-Linked Notes, assuming other conditions remain constant, include:

*Reference Asset value.* The value of the Equity/Index-Linked Notes will depend substantially on the value of the Reference Asset as such value is taken into account in determining, as the case may be, any amount of interest, the redemption amount, whether the Equity/Index-Linked Notes will be redeemed prior to scheduled maturity and/or in cash or by delivery of the Reference Asset. Fluctuations in the value of the Reference Asset may affect the value of the

Equity/Index-Linked Notes as may expectations of fluctuation in value during the remaining period to the Maturity Date or any earlier date for determining any price or value for the purposes of determination the basis for redemption of the Equity/Index-Linked Notes. Political, economic and other developments that affect the Reference Asset may also affect the value of the Reference Asset.

*Interest rates.* The value of the Equity/Index-Linked Notes may be affected by changes in interest rates. Rising interest rates may lower the value of the Reference Asset, and thus, the value of the Equity/Index-Linked Notes while falling interest rates may increase the value of the Reference Asset and thus, the value of the Equity/Index-Linked Notes. Changes in interest rates may also affect the economy of a country in which the Reference Asset is traded, and which (for the reasons discussed above) would affect the value of the Equity/Index-Linked Notes.

*Volatility of the Reference Asset.* If the size and frequency of market fluctuations in value of the Reference Asset increase or decrease, the trading value of the Equity/Index-Linked Notes may be adversely affected.

*Time remaining to maturity.* The Equity/Index-Linked Notes may trade at a value above that which would be expected based on the level of interest rates and the value of the Reference Asset. Any such difference will reflect a "time premium" resulting from expectations concerning the Reference Asset during the period prior to the stated maturity of the Equity/Index-Linked Notes. As the time remaining to the stated maturity of the Equity/Index-Linked Notes decreases, this time premium may decrease, adversely affecting the value of the Equity/Index-Linked Notes.

***Actions or omissions of the issuer of the securities, the sponsor of an index or other*** - In certain circumstances, the actions or omissions of the issuer of securities to which the Equity/Index-Linked Notes relate or for which the Equity/Index-Linked Notes are exchangeable, the sponsor of an index to which Equity/Index-Linked Notes are linked or others outside the control of the Issuer, may adversely affect the rights of the Noteholders and/or the value of the Equity/Index-Linked Notes, including actions that may give rise to an adjustment to, or early redemption of, the Equity/Index-Linked Notes.

***Hedging activities of the Issuer and affiliates*** - The Issuer or its affiliates may carry out hedging activities related to the Equity/Index-Linked Notes, including purchasing the Reference Asset(s) and/or Reference Asset Components, but will not be obliged to do so. Certain of the Issuer's affiliates may also purchase and sell the Reference Asset(s) and/or Reference Asset Components on a regular basis as part of their securities businesses. Any of these activities could potentially affect the value of the Reference Asset(s) and, accordingly, the value of the Equity/Index-Linked Notes.

***Disruption Event*** - If the Calculation Agent determines that a market disruption event has occurred, any consequential postponement of or any alternative provisions for valuation provided in any Equity/Index-Linked Notes may have an adverse effect on the value of such Notes.

***Extraordinary Events and Additional Disruption Events*** - Prospective investors should note that Extraordinary Events or Additional Disruption Events may occur in relation to the relevant Equity/Index-Linked Notes in certain circumstances described in Condition 21 of the Base Prospectus. If any Extraordinary Event or Additional Disruption Event occurs in relation to the relevant Equity/Index-Linked Notes, the Issuer may, at its sole and absolute discretion, declare one or more Valuation Dates and designate an Early Redemption Date and the Noteholders will receive an Early Redemption Amount based on the determinations made by the Calculation Agent.

Upon the occurrence of such an early redemption prior to the originally scheduled Maturity Date of the relevant Equity/Index-Linked Notes, Noteholders may suffer a loss of some or of all of their investment and will forego any future appreciation in the relevant Reference Asset(s) that may occur following such redemption.

***Specific risk factors relating to Index-Linked Notes***

In certain circumstances, certain adjustments may be made to the Index or Indices as more specifically described in Condition 21(f), which may result in a loss to the Noteholders. Those may include:

- (i) the replacement of the relevant Index by a successor index if the relevant Index is not calculated or announced by the relevant Index Sponsor or is replaced by a successor index;

- (ii) the modification of the relevant Index by the relevant Index Sponsor which may have a material effect on the Notes; and
- (iii) the cancellation of the relevant Index by the relevant Index Sponsor which may result in either (A) the termination of the relevant Notes upon payment of such amount as may be determined by the Calculation Agent to be the fair market value of the Notes immediately prior to such redemption or (B) the continuation of the Notes, in which case the Final Index Level in respect of the applicable Valuation Date will be determined by the Calculation Agent in its sole and absolute discretion.

***HSBC Managed Indices*** - With respect to Index-Linked Notes linked to the performance of one or more HSBC Managed Indices, investors should understand that in some instances such Notes may be automatically redeemed prior to their scheduled maturity and exercise, respectively, if the performance of the relevant HSBC Managed Indices triggers certain thresholds (as specified in the relevant Final Terms) on any valuation date (as specified in the relevant Final Terms).

***Calculation of HSBC Managed Indices / HSBC Bank plc as index sponsor*** - With respect to Index-Linked Notes which are linked to one or more HSBC Managed Indices, investors should understand that, although the Issuer is the sponsor of HSBC Managed Indices, such Indices are calculated independently and the Issuer as sponsor will make determinations of the level of the HSBC Managed Indices, and of any adjustments that need to be made to the HSBC Managed Indices, without considering the interests of investors in the Index-Linked Notes.

***Specific risk factors relating to Equity-Linked Notes***

***Value of the Reference Asset(s)***. Prospective purchasers or investors should be aware that an investment in Equity-Linked Notes involves valuation risk as regards the relevant Reference Asset(s). The value of Equity-Linked Notes will depend substantially on the value of the relevant Reference Asset(s) as such value may be taken into account in determining any interest payments made in respect of Equity-Linked Notes and/or the final redemption amount of such Equity-Linked Notes. Fluctuations in the value of the relevant Reference Asset(s) may affect the value of Equity-Linked Notes as may expectations of fluctuation in value during the remaining period to the date for determination of the final redemption amount. The value of the relevant Reference Asset(s) may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macro-economic factors and speculation. The historical performance of the relevant Reference Asset(s) will not be an indication of their future performance.

***FX Rates***. The value of the relevant Equity-Linked Notes may be affected by changes in foreign exchange rates. For example, an appreciating USD relative to local currency may lower the value of the relevant Equity-Linked Notes while a depreciating USD may increase the value of the relevant Equity-Linked Notes.

***Potential Adjustment Events*** - Prospective investors should note that a Potential Adjustment Event in relation to the relevant Equity-Linked Notes, may occur in certain circumstances described in Condition 21 of the Base Prospectus. If a Potential Adjustment Event occurs in relation to the relevant Equity-Linked Notes, the Calculation Agent will make a corresponding adjustment, if any, to the relevant formula for any interest payments and/or the Final Redemption Amount, the notional number of relevant Reference Asset(s) to which each Equity-Linked Notes relates and/or any other adjustment to the settlement and payment terms of the relevant Equity-Linked Notes as the Calculation Agent determines appropriate and determine the effective times thereof.

*Specific risks relating to Equity-Linked Notes where Securities are Units in a Fund*

*General* - Similar risks and considerations as set out in this section "*Risks relating to Equity/Index-Linked Notes and Warrants*" apply to Equity-Linked Notes where Securities are Units in a Fund ("**Fund-Linked Notes**"). In addition to Merger Events, Nationalisation, Insolvency and Delisting, prospective investors should note that Extraordinary Fund Events may occur in relation to the relevant Fund-Linked Notes described in Condition 21 of the Base Prospectus, which, among other things, may include:

- (i) breach by the relevant Fund of any applicable leverage restriction or any contractual restriction binding on or affecting the Fund or any of its assets;
- (ii) resignation, termination or replacement of the Fund Adviser;
- (iii) any change or modification of the Fund Documents that could reasonably be expected to affect the value of the Units or the rights or remedies of any holders thereof from those prevailing on the Issue Date;
- (iv) any breach of any strategy or investment guidelines stated in the Fund Documents that is reasonably likely to affect the value of the Units or the rights or remedies of any holders thereof;
- (v) cancellation, suspension or revocation of the registration or approval of the Units or the Fund by any governmental, legal or regulatory entity with authority over the Units or the Fund;
- (vi) any change in the legal, tax, accounting or regulatory treatments of the Fund or the Fund Adviser that is reasonably likely to have an adverse impact on the value of the Units or on any investor therein; or
- (vii) the relevant Fund becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged breach of applicable law for any activities relating to or resulting from the operation of the Fund.

Following the occurrence of an Extraordinary Fund Event, the Calculation Agent may make certain adjustments or substitutions for the Affected Units as the Calculation Agent may determine in its sole and absolute discretion, or the Calculation Agent may determine in its sole and absolute discretion that the relevant Notes shall be terminated upon payment to the Noteholders of such an amount as in the opinion of the Calculation Agent is fair in the circumstances, each of which may result in a loss to the Noteholders.

*ETFs* – Prospective investors in the Notes and/or Warrants which are linked to ETFs should note that there may be particular investment considerations and risk factors set out in the offering documentation relating to such ETFs and are advised to read and consider such offering documentation in making an investment decision to invest in such Notes and/or Warrants. Such information is not incorporated by reference and does not form part of this Base Prospectus.

**(6) Risks relating to Preference Share-Linked Notes**

This section must be read in conjunction with the sections of this Base Prospectus entitled "*Risks relating to the Notes and Warrants generally*", "*Risks relating to the Notes*" and "*Risks relating to Equity/Index-Linked Notes and Warrants*" to the extent they relate to Equity-Linked Notes.

**General** – On redemption Preference Share Linked Notes will be redeemed by payment of an amount determined by reference to the performance of the relevant preference shares, which depends on the performance of the relevant underlying asset(s) or basis of reference to which the preference shares are linked (the "**Preference Share Underlying**"). If the performance of the Preference Share Underlying is negative, the performance of the preference shares will be negative and thus the value of the Preference Share-Linked Notes will be adversely affected. Purchasers of Preference Share-Linked Notes risk losing all or a part of their investment if the value of the preference shares does not move in the anticipated direction **If the value of the Preference Shares becomes zero, the value of the Preference Share-Linked Notes will also become zero.**

### ***Preference Share Underlying***

The Preference Share Underlying may be a specified index or basket of indices, a specified share or basket of shares, a specified currency or basket of currencies, a specified debt instrument or basket of debt instruments, a specified commodity or basket of commodities, a specified fund share or unit or basket of fund shares or units or such other underlying instruments, bases of reference or factors as may be determined by the Preference Share Issuer and specified in the terms and conditions of the relevant series of Preference Shares.

***Credit Risk of Preference Share Issuer*** – Preference Share-Linked Notes are linked to the performance of the relevant preference shares issued by the Preference Share Issuer. Investors bear the Preference Share Issuer risk. The value of the Preference Share-Linked Notes is dependent not only on the value of the preference share, but also on the creditworthiness of the Preference Share Issuer, which may vary over the term of the Preference Share-Linked Notes. The Preference Share Issuer is not an operating company. Its sole business activity is the issue of redeemable preference shares. The Preference Share Issuer does not have any trading assets and does not generate any significant net income. As its funds are limited any misappropriation of funds or other fraudulent action by the Preference Share Issuer or person acting on its behalf would have a significant effect on the value of the preference shares and will affect the value of the Preference Share-Linked Notes.

### ***Potential conflicts of interest***

HSBC Bank plc is the Issuer and HSBC France is the Calculation Agent in respect of Preference Share-Linked Notes and also acts as calculation agent in respect of the Preference Shares (the "**Preference Share Calculation Agent**"). HSBC Bank plc and HSBC France are both members of the HSBC group of companies. As a result of this relationship, potential conflicts of interest may arise for HSBC Bank plc and HSBC France in acting in their respective capacities. Subject to any relevant regulatory obligations, the Issuer and the Preference Share Calculation Agent owe no duty or responsibility to any Noteholder to avoid any conflict or to act in the interests of any Noteholder. The Preference Share Issuer may also rely on other HSBC entities (including the Preference Share Calculation Agent) or other service providers to perform its operational requirements. In the event any relevant HSBC entities or other service providers fail to perform any obligations, this may adversely affect the value of the Preference Shares and potentially the amounts payable under the Notes.

In addition to providing calculation agency services to the Preference Share Issuer, HSBC France or any of its affiliates may perform further or alternative roles relating to the Preference Share Issuer and any series of Preference Shares including, but not limited to, being involved in arrangements relating to any Preference Share Underlying (for example as a calculation agent). Further, HSBC France or any of its affiliates (including HSBC Bank plc) may contract with the Preference Share Issuer and/or enter into transactions, including hedging transactions, which relate to the Preference Share Issuer, the Preference Shares or any Preference Share Underlying and as a result HSBC France may face a conflict between its obligations as Preference Share Calculation Agent and its and/or its affiliates' interests in other capacities.

## **(7) Risks relating to Market Access Securities**

This section must be read in conjunction with the sections of this Base Prospectus entitled "*Risks relating to the Notes and Warrants generally*", "*Risks relating to the Notes*", "*Risks relating to the Warrants*" and "*Risks relating to Equity/Index-Linked Notes and Warrants*".

**General** - Market Access Securities are Notes and Warrants linked to one or more specific securities, indices, funds or exchanged-traded funds ("**ETFs**") (each an "**Underlying**"). Market Access Securities may include among others, PALMS, GAZELS, E-Z Notes, LAMAS, SPICES and Saudi PALMS. MAWs may include, among others, LEPOS. An investment in Market Access Securities is speculative and entails substantially higher risks than associated with a similar investment in fixed or floating rate securities, including the risk of partial or total loss of their investment, subject, in respect of the MANs only, to a minimum amount of 0.03 per cent. of the principal amount of the MANs being payable if the MANs are redeemed at scheduled maturity.

If so provided in the relevant Final Terms, the Market Access Securities may be subject to early redemption, exercise or expiration, as applicable, by reference to changes in value of the Underlying(s). On redemption, exercise or expiration, as applicable, the Market Access Securities may be valued in such

manner as the Final Terms provides. Whenever MANs are redeemed, the value may be less than the nominal amount.

***Illiquidity of the Market Access Securities***

No assurance is given as to the availability of a secondary market in the Market Access Securities or investments referencing the Underlying(s). The Issuer and/or Dealer may purchase Market Access Securities in the secondary trading market but is under no obligation to do so and the price at which it may do so will depend upon, among other things, the liquidity and prevailing market price or level of each Underlying, each Underlying Currency and the Settlement Currency, and the risks referred to herein. If a secondary market does develop, there can be no assurance that a holder of Market Access Securities (a "MAS Holder") will be provided with liquidity of investment or that it will continue throughout the life of the Market Access Securities. Notwithstanding the foregoing, the Issuer may issue Market Access Securities which provide for certain circumstances where the Issuer and/or Dealer may buy-back such Market Access Securities from the MAS Holders.

***Risks relating to the Underlying(s)***

A MAS Holder will be subject to all the market risks of investment in the Underlying(s) as though such MAS Holder were in the position of a bank incorporated in the United Kingdom or relevant Affiliate of such bank holding each Underlying or interest in each Underlying, including without limitation the effects of market movements, execution and liquidity risk and the cost of settlement risk, each translated into the Settlement Currency at rates to be determined by the Calculation Agent.

***Settlement of any underlying hedge entered into by the Issuer***

Although the Market Access Securities are freely transferable and there may be provision for the Issuer to buy-back such Market Access Securities, a MAS Holder may not be able to sell such Market Access Securities to the Issuer pursuant to the buy-back provisions until the purchase or sale of any underlying hedge has settled.

***Indefinite postponement of the Maturity Date or Settlement Date***

The Underlying(s) may reference one or more Underlying Currencies, which may become subject to conversion and/or transfer restrictions. If such restrictions were to be imposed or changed, the effect may be the indefinite postponement of the Maturity Date (in the case of MANs) or Expiration Date (in the case of MAWs), suspension of the right of exercise (in the case of MAWs) and/or, in the case of the sale of Market Access Securities to the Issuer/Dealer, the settlement date thereof.

***Emerging market risk***

Due to the special risks associated with investing in emerging markets, Market Access Securities which are linked to Underlying(s) in an emerging market should be considered highly risky. Economies in emerging markets generally are heavily dependent upon international trade and, accordingly, may be affected adversely by trade barriers, foreign exchange controls (including taxes), managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies may also be affected adversely by their economic, financial, military and political conditions and the supply and demand for the Underlying(s) in the global markets. In addition, political instability including as a result of armed conflict or of acts of terrorism could have an adverse effect on an Underlying Company's operations or on the market value or level of the Underlying(s) and as a result on the value of the Market Access Securities.

***Country-specific risks relating to Market Access Securities***

*This section highlights some of the risks of an investment in Market Access Securities that are linked to Underlyings in a particular country. Prospective investors should note that if the Market Access Securities are linked to Underlyings in one or more of the following countries, the additional country-specific risk factors for each of the relevant countries will be relevant when considering whether to invest in such Market Access Securities.*

## *Australia*

The Market Access Securities reflect the risks of a direct investment in Australian equities, Australian debt or an index which references Australian equities, as the case may be, by an investor outside Australia ("**Foreign Investor outside Australia**") who is subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as apply to the Issuer and/or its Affiliates had the Issuer and/or its Affiliates held the securities. Some, but not all, of these risks are described in the sections below.

### *Market Access*

Foreign Investors outside Australia can generally invest directly in Australian equities. Foreign investment in Australia is regulated principally under Commonwealth legislation, including the Foreign Acquisitions and Takeovers Act 1975 of Australia ("**FATA**") and by the Australian Federal Government's Foreign Investment Policy ("**Policy**"). The following is a very general summary of the requirements of FATA and the Policy and does not purport to be exhaustive, nor to give legal advice. The Policy is set out at the Foreign Investment Review Board's ("**FIRB**") web site - [www.firb.gov.au](http://www.firb.gov.au) (Details of such website and its contents are provided for information only. The contents of the website are not incorporated in, nor form part of, this Base Prospectus). The Policy is amended from time to time and the web site should be consulted as the primary reference source for the Policy. The Policy is designed to assist Foreign Investors outside Australia in determining whether their proposals comply with the approach of the Australian Federal Government ("**Australian Government**") in specific industry sectors. The Policy has no legislative force, but adherence to its requirements is achieved in practice by a number of means, including by refusal to grant necessary ministerial or other approvals under other legislation and by the prospect of on-going resistance from the Australian Government to the relevant investor, including the likelihood that future applications under FATA might be refused. The Australian Federal Treasurer ("**Treasurer**") is ultimately responsible for all decisions relating to foreign investment and administration of the Policy. The Treasurer is advised and assisted by FIRB which administers FATA in accordance with the Policy.

Under FATA, the Treasurer may prohibit a proposed acquisition of shares in an Australian corporation, or interests in assets of an Australian business, where the result of the acquisition would be that a foreign person, together with their associates, would have an interest of at least 15 per cent. of the issued shares in the corporation or interests in assets of an Australian business, or two or more foreign persons (together with the associates of each of them) would in aggregate have an interest of at least 40 per cent. of the issued shares in the corporation or interests in assets of the Australian business. Furthermore, if such an acquisition has already occurred, the Treasurer may order the person who acquired the shares or interests in the assets to dispose of them to an approved person. The concepts of acquisition, interest, associate and foreign person are widely defined in FATA. Certain proposed investments by foreign persons require prior approval of the Treasurer and are required to be notified. Because FATA contains detailed tracing provisions, it is not possible to avoid the operation of the rules by interposing a group company or other entity in the transaction structure.

Under the FATA and Policy, there are special requirements with respect to US investors and investors with foreign government ownership, and with respect to investments in land-rich entities or entities in the media, banking, aviation and telecommunications sectors. Foreign ownership of shares in Australian companies may also be restricted under other Commonwealth or State legislation.

The investor in these Market Access Securities will be subjected to the effect of equivalent restrictions and controls to those imposed on Foreign Investors outside Australia generally, as determined by the Calculation Agent. These include potential delays or even non-receipt of funds on sale of the Market Access Securities, taxes and charges generally levied on Foreign Investors outside Australia in buying and selling equity and limitations on the importation and withdrawal of funds. Payments to MAS Holders calculated by reference to the price of a disposal of Australian Underlyings will not be due unless or until the proceeds of disposal would have been received by a Foreign Investor outside Australia.

If Foreign Investors outside Australia become unable to invest directly in or alternatively hold equities or Foreign Investors outside Australia are not allowed to sell or receive proceeds from the sale of such equities the Market Access Securities may, in the worst case, become worthless.



*Foreign currency risk*

Amounts payable in respect of the Market Access Securities are paid in the Settlement Currency as specified in the applicable Final Terms. Prospective investors in the Market Access Securities should understand that, where the Settlement Currency is US dollars, amounts payable under the Market Access Securities will be converted from the lawful currency of the Commonwealth of Australia (the "**Australian dollar**") into US dollars or may be calculated by reference to hedge positions that may be denominated in Australian dollars and will be converted into US dollars. Prospective investors in the Market Access Securities should also understand that amounts payable under the Market Access Securities may be converted from one currency into another currency. Therefore, the Market Access Securities are subject to the risks of any investment in foreign currencies, including the risk that the general level of foreign currency exchange rates may decline. The following is a list of some of the significant currency related risks associated with an investment in the Market Access Securities.

Historical performance of the Australian dollar and the US dollar does not indicate the future performance of such currencies. It is impossible to predict whether the value of either currency will fall or rise during the term of the Market Access Securities.

Trading levels of the Australian dollar and the US dollar will be influenced by political, economic, financial, market and other factors. It is impossible to predict what effect these factors will have on the value of either currency and thus, the return on the Market Access Securities.

The value of the Australian dollar and the US dollar is a result of the supply of, and demand for, each currency and changes in the foreign exchange rate may result from the interactions of many factors including economic, financial, social and political conditions in Australia and the United States. These conditions include, for example, the overall growth and performance of the economies of the United States and Australia, the trade and current account balance between the United States and Australia, market interventions by the Federal Reserve Board of the United States or the Reserve Bank of Australia, inflation, interest rate levels, the performance of the stock markets in the United States and Australia, the stability of the United States' and Australia's governments and banking systems, wars in which the United States and Australia are directly or indirectly involved or that occur anywhere in the world, major natural disasters in the United States and Australia, and other foreseeable and unforeseeable events.

The Australian dollar is convertible into US dollars at freely floating rates. However, the Banking (Foreign Exchange) Regulations promulgated under the Australian Banking Act and other regulations in Australia restrict or prohibit payments, transactions and dealings with assets having a prescribed connection with certain countries or named individuals or entities subject to international sanctions or associated with terrorism. The Australian Department of Foreign Affairs and Trade maintains a list of all persons and entities having a proscribed connection with terrorism which is available to the public at the Department's website at [http://www.dfat.gov.au/icat/UNSC\\_financial\\_sanctions.html](http://www.dfat.gov.au/icat/UNSC_financial_sanctions.html) (Details of such website and its contents are provided for information only. The contents of the website are not incorporated in, nor form part of, this Base Prospectus).

*Dividend and coupon payments*

To the extent that the Underlyings are shares, we set out below certain information relating to dividend payments in connection with such Underlyings. Australian companies may pay dividends, as determined by either the shareholders of the Australian company in general meeting or the directors of the company depending on the terms of the company's constitution and subject to the requirements of the Corporations Act 2001 of Australia ("**Australian Corporations Act**") and the rights of any shareholders which hold shares which have special rights to dividends.

In accordance with section 254T of the Australian Corporations Act, a dividend may not be paid by a company unless each of the following are satisfied:

- The company's assets exceed its liabilities immediately before the dividend is declared, and the excess is sufficient for the payment of dividend. Assets and liabilities are to be calculated in accordance with accounting standards in force at the relevant time.
- The payment of the dividend is fair and reasonable to the company's shareholders as a whole.

- The payment of the dividend does not materially prejudice the company's ability to pay its creditors. For example, if the payment of a dividend would result in a company becoming insolvent, then such a payment would materially prejudice the company's ability to pay its creditors.

Dividends are generally declared on ordinary shares as a stated number of cents per share. However, an Australian company may have issued different classes of shares, which may have different dividend rights. For example, preference shares will typically carry a right to a fixed percentage dividend, while ordinary shares will be entitled to whatever rate of dividend is declared. There is no obligation to declare a dividend on ordinary shares and interest is not payable on any dividend.

Subject to an Australian company's constitution, dividends can be paid in cash, with the issue of shares, the grant of options or the transfer of assets and are payable to the persons registered as members as at the date of the declaration.

Most companies listed on the stock exchange operated by ASX Limited (ABN 98 008 624 691) ("**Australian Securities Exchange**") pay dividends each half year. Australian company law allows for the declaration of a final dividend and a resolution (typically, under the company's constitution, a resolution of the directors) to pay an interim dividend. The declaration of a final dividend gives rise to a debt payable by the company to the shareholders immediately or from a date stipulated for payment. An interim dividend is entirely provisional as it anticipates that assets will exceed liabilities in the final accounts by at least the amount of the interim dividend. A resolution of directors to pay an interim dividend does not create a debt owed by the company to members and the resolution could be rescinded or varied before the dividend is paid.

Where directors are given the right to determine that a dividend is payable, the directors may revoke or amend their determination to pay a dividend at any time before the dividend is paid.

To the extent that the Underlyings are shares or bonds, the timing issues concerning dividend or coupon payments in connection with such Underlyings are set out below. The investors (who owned the Market Access Securities immediately prior to the ex-dividend/coupon date) may become entitled to receive amounts reflecting the dividend or coupon some time after the dividend or coupon is announced or paid if payment of the dividend or coupon, or the receipt thereof by a Foreign Investor outside Australia or any other person, is delayed for whatever reason. The amount paid to the investors shall be the net dividend or coupon amount after conversion of such amount into the relevant Settlement Currency and after the deduction of all conversion, transfer and other costs and expenses incurred in connection therewith, as determined by the Issuer in its sole and absolute discretion. Also, adjustments for dividends or coupons may be calculated with reference to any taxation charged in respect of such dividends or coupons.

#### *Taxation issues concerning investment in listed securities in Australia*

Investors in the Market Access Securities may be subject to taxation in Australia in some circumstances. In addition, under the terms of the Market Access Securities, the amount of a payment to the investor under the Market Access Securities may be adjusted to take into account the effect of Australian taxes on an investment in the Underlyings.

For example, the imposition of taxes may affect:

- the amount of any Additional Payment (as defined in the Conditions), paid to a MAS Holder;
- the Cash Settlement Amount or Final Redemption Amount (each as defined in the Conditions) or any other amount payable in respect of the Market Access Securities; and
- the liability that the MAS Holder has to pay any applicable stamp duty and/or other taxes and duties and transfer taxes and other charges payable in connection with the subscription, purchase or exercise of the Market Access Securities.

#### *Settlement*

The settlement of Australian Securities Exchange transactions is carried out by an automated system for transfer and settlement processes. The automated system for the transfer and settlement of shares is an electronic securities clearing house called the Clearing House Electronic Subregister System ("**CHESS**"),

operated by ASX Settlement (formerly the ASX Settlement and Transfer Corporation Pty Ltd). Trading, clearing and settlement on the Australian Securities Exchange markets are regulated by the ASX Listing Rules, the ASX Operating Rules, the ASX Clear Operating Rules and the ASX Settlement Operating Rules.

CHESS operates as a computerised book entry register of holdings, which enables electronic transfer and registration of "Approved Financial Products", as defined in the ASX Settlement Operating Rules (such as the Underlying Securities) with electronic funds transfer for settlement of trades. Under CHESS, the transfer of securities is effected by entities admitted as "Participants" in CHESS. The Participant may be appointed by the owner of the securities under a sponsorship agreement to act as the sponsor of the securities and, as such, provides transfer and settlement services in respect of the securities.

*Suspension of trading for the Index*

For Market Access Securities linked to an Index, trading on the Australian Securities Exchange may be halted or suspended by the Australian Securities Exchange. This may occur whenever the Australian Securities Exchange deems such action appropriate in the interests of maintaining a fair and orderly market in the underlying shares or otherwise deems such action advisable in the public interest or to protect investors.

***Hong Kong***

The Market Access Securities reflect the risks of a direct investment in Hong Kong equity, Hong Kong debt or an index which references Hong Kong equity, as the case may be, by an investor outside Hong Kong ("**Foreign Investor outside Hong Kong**") who is subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as apply to the Issuer and/or its Affiliates had the Issuer and/or its Affiliates held the Securities. Some, but not all, of these risks are described in the sections below.

*Foreign currency risk*

Amounts payable in respect of the Market Access Securities are paid in the Settlement Currency as specified in the applicable Final Terms. Prospective investors in the Market Access Securities should understand that, where the Settlement Currency is US dollars, amounts payable under the Market Access Securities will be converted from Hong Kong dollars into US dollars. Prospective investors in the Market Access Securities should also understand that amounts payable under the Market Access Securities may be converted from one currency into another currency. Therefore, the Market Access Securities are subject to the risks of any investment in foreign currencies, including the risk that the general level of foreign currency exchange rates may decline.

The Hong Kong dollar has been linked to the US dollar at the range of HKD7.75 to HKD7.85 to USD1.00 since 18 May 2005. The Hong Kong government has stated that it is fully committed to maintaining exchange rate stability under this linked exchange rate system. In the event this policy were to be changed, investors will assume foreign currency exchange risk and be exposed to a US dollar appreciation against the Hong Kong dollar. The Issuer cannot assure prospective investors that the Hong Kong dollar will continue to be linked to the US dollar at the current exchange rate range or at all.

*Timing issues concerning dividend or coupon payments*

To the extent that the Underlyings are shares or bonds, the timing issues concerning dividend or coupon payments in connection with such Underlyings are set out below. The investors (who owned the Market Access Securities immediately prior to the ex-dividend/coupon date) may be entitled to receive amounts reflecting the dividend or coupon some time after the dividend or coupon is announced or paid if payment of the dividend or coupon, or the receipt thereof by a Foreign Investor outside Hong Kong or any other person, is delayed or for whatever reason. The amount paid to the investors shall be the net dividend or coupon amount after conversion of such amount into the relevant Settlement Currency and after the deduction of all conversion, transfer and other costs and expenses incurred in connection therewith, as determined by the Issuer in its sole and absolute discretion. Also, adjustments for dividends may be calculated with reference to any taxation charged in respect of such dividends or coupons.

*Taxation issues concerning investment in listed securities in Hong Kong*

To the extent that the Underlyings are shares, the taxation issues concerning investment in listed securities in connection with such Underlyings are set out below. Under current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by Hong Kong listed companies.

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as Hong Kong listed shares. However, trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where the gains are derived from or arising in Hong Kong from the trade, profession or business will be chargeable to Hong Kong profits tax, which is currently imposed at the rate of 16.5 per cent. on corporations.

Gains from sales of Hong Kong listed shares effected on The Stock Exchange of Hong Kong Limited will be considered to be derived from or arising in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of Hong Kong listed shares realised by persons carrying on a business or trading or dealing in securities in Hong Kong.

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong listed shares. With effect from 1 September 2001, the duty is charged at the rate of 0.2 per cent. of the value of the Hong Kong listed shares transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HKD5 is currently payable on any instrument of transfer of shares. If one of the parties to the sale is a non-resident of Hong Kong and does not pay the required stamp duty, the duty not paid will be assessed on the instrument of transfer (if any), and the transferee will be liable for payment of such duty.

***India***

The Market Access Securities (including SPICEs) reflect the risks of a direct investment in Indian equity, Indian debt or an index which references Indian equity, as the case may be, by a Foreign Institutional Investor ("**FII**") who is subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as apply to the Issuer and/or its Affiliates had the Issuer and/or its Affiliates held the Securities. Some, but not all, of these risks are described in the sections below.

***Indian Investment***

Investments in Indian equity are usually volatile, and it should not be assumed that prices will always be available for the relevant Underlying specified in the relevant Final Terms (for the purposes of Market Access Securities, the "**Indian Underlyings**", each an "**Indian Underlying**"). Information available on the relevant Indian Underlyings may be limited and not as reliable as would be expected in a more developed market.

Indian securities markets are substantially smaller, less liquid and more volatile than securities markets in the United States or Western Europe. There are 22 recognised stock exchanges in India, including the Over-the-Counter Exchange of India. Most stock exchanges are governed by regulatory boards. The Bombay Stock Exchange Limited, ("**BSE**") and the National Stock Exchange of India Limited, ("**NSE**") have nationwide trading terminals and, taken together, are the principal Indian stock exchanges in terms of the number of listed companies, market capitalisation and trading volume. The relatively small market capitalisations of, and trading values on, the BSE and NSE may cause the Indian Underlyings listed on these exchanges to be comparatively less liquid and subject to greater price volatility than comparable United States or European Union investments.

A high proportion of the shares of many Indian issuers are held by a limited number of persons, which may limit the number of shares available for investment. In addition, further issuances, or the perception that such issuances may occur, of securities by Indian issuers could dilute the earnings per share of its investment and could adversely affect the market price of such securities. Sales of securities by such issuer's major shareholders, or the perception that such sales may occur, may also significantly and adversely affect the market price of such securities and, in turn, the investment. A limited number of issuers represent a disproportionately large percentage of market capitalisation and trading value. The limited liquidity of the Indian securities markets may also affect the ability to acquire or dispose of

securities at the desired price and time. Anticipation of the global private placement in the Indian securities markets might adversely influence the prices paid when purchasing securities for a portfolio and could affect the speed with which one can invest in Indian securities. Further, the small trading volume concentrated in a limited number of the largest companies, combined with certain investment diversification requirements and other restrictions applicable, may affect the rate at which investments can be made initially in liquid public equity.

Indian stock exchanges, including the BSE and the NSE, have in the past experienced substantial fluctuations in the prices of their listed securities. They have also experienced problems such as temporary exchange closures, broker defaults, settlement delays and broker strikes that, if they occur again in the future, could affect the market price and liquidity of the Indian Underlyings. In addition, the governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Disputes have also occurred from time to time among listed companies, the stock exchanges and other regulatory bodies, and in some cases those disputes have had a negative effect on overall market sentiment. Recently, there have been delays and errors in share allotments relating to initial public offerings. In addition, the Securities and Exchange Board of India ("**SEBI**") has recently imposed heavy fines on market intermediaries in relation to manipulations by some investors of the allotment process in several recent initial public offerings with a view to cornering large shares allotments in the "retail investor" category. Such events in turn may affect overall market sentiment and lead to fluctuations in the market prices of the Indian Underlyings.

Pursuant to the rules and regulations of the Reserve Bank of India ("**RBI**") under the Foreign Exchange Management Act 1999 ("**FEMA**") and the regulations issued thereunder, foreign investment in Indian companies is subject to certain minimum valuation and pricing guidelines. Such minimum valuation and pricing guidelines may restrict the ability of the Issuer to make investments in Indian companies at attractive prices. The RBI has also prescribed certain maximum valuation and pricing guidelines for persons and corporations resident outside India that sell shares of Indian companies to resident Indian persons and corporations. Such maximum valuation and pricing guidelines may restrict the ability of the FII to sell its investments in Indian companies at a higher price that may have been available in the absence of the aforesaid RBI restrictions.

#### *Market Access*

Under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 ("**FEMA Regulations**") persons resident outside India are primarily permitted to invest in Indian equity under the following schemes: (i) foreign direct investment scheme ("**FDI Scheme**"); (ii) Qualified Foreign Investors ("**QFI**") scheme; and (iii) portfolio investment scheme ("**PI Scheme**").

The Central Government issued a press release on 1 January 2012 allowing certain entities which qualify as QFIs to directly invest in the Indian market in order to widen the class of investors, attract more foreign funds, to reduce market volatility and to deepen the Indian capital market. A QFI is defined to mean a person resident in a country that is compliant with Financial Action Task Force (FATF) standards and that is a signatory to the International Organization of Securities Commission's (IOSCO) Multilateral Memorandum of Understanding (MMOU) subject to such person not being resident in India, and not being registered with SEBI as a FII or its sub-account. The QFI route is an additional route of investment and currently does not replace any existing route already available to foreign investors such as the FDI or PI routes. QFIs are not required to obtain any regulatory registrations from either RBI or SEBI for making investments in India under this route. Hence, foreign nationals (institutional and retail), family offices, funds (pension funds, hedge funds, and endowment funds etc.) and corporates, subject to meeting the aforementioned requirements and relevant KYC norms, are permitted to directly invest in India under this route.

An application can be made for registration with SEBI as an FII under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (as amended or supplemented from time to time and notifications, circulars, rules and guidelines issued from time to time thereunder) (the "**FII Regulations**") so as to allow investment in Indian equities under the PI Scheme. Some Affiliates of the Issuer are registered as FIIs (though the Issuer is not).

Under the PI Scheme, FIIs can purchase shares / compulsorily convertible debentures of listed Indian companies through registered stock brokers on a recognised stock exchange in India, without obtaining the approval of any regulatory authority in India. FIIs are also permitted to invest in listed and unlisted securities outside the stock exchanges, through private placement. Additionally, under Schedule 5 of the FEMA Regulations FIIs are permitted to invest in dated government securities/treasury bills, listed non-convertible debentures/bonds, commercial papers issued by an Indian company and units of domestic mutual funds, security receipts issued by asset reconstruction companies and perpetual debt instruments eligible for inclusion as Tier I capital and debt capital instruments as upper Tier II capital issued by banks in India to augment their capital subject to the limits prescribed by SEBI and the RBI from time to time. Pursuant to a circular dated 31 January 2008 issued by SEBI, investments by FIIs in units of debt oriented mutual funds are considered as investments in corporate debt and are reckoned within the stipulated limit earmarked for FII investments in corporate debt. Further, FIIs may also invest in unlisted bonds issued by companies in the infrastructure sector that are generally organised in the form of special purpose vehicles. However, such investments by FIIs are subject to a minimum lock-in period of one year up to an amount of USD 5 billion within the overall limit of USD 25 billion, in those bonds that have an initial maturity of 5 years or more at the time of issue and a residual maturity of 1 year. This lock-in-period is computed from the time of first purchase by FIIs. A further USD 17 billion within the overall limit of USD 25 billion can be invested by FIIs in long term infra bonds which have an initial maturity of 5 years or more at the time of issue and residual maturity of 3 years at the time of first purchase by an FII. These investments are subject to a lock in period of 3 years. In both the above cases, FIIs are permitted to trade with other FIIs but cannot sell to domestic investors during the lock in period.

The consideration for purchase of shares/compulsorily convertible debentures shall be paid out of inward remittance from abroad through normal banking channels or out of funds held in an account maintained with the designated branch of an authorised dealer (typically a bank) in India.

FII registration granted by SEBI is permanent (unless suspended or cancelled by SEBI). An FII that was registered with SEBI prior to the commencement of the Securities and Exchange Board of India (Foreign Institutional Investors) (Amendment) Regulations 2008 on 22 May 2008 (the "**FII Regulations Amendment**") is required to file Form A (as prescribed under the FII Regulations) at least 3 months prior to the expiry of the period of the certificate or within 3 months from such commencement, whichever is later.

Pursuant to a circular dated 15 April 2010 issued by SEBI, an FII/sub-account registered with SEBI was required to submit certain declarations and undertakings to SEBI by 30 September 2010 that it is not a protected cell company or a segregated portfolio company and does not have an equivalent structure by whatever nomenclature. Further, all applicants seeking registration as FIIs or sub-accounts are required to make such declarations and undertakings as part of the application process. As per the circular requires an existing FII/sub-account to declare that (a) it is not a multi-class vehicle ("**MCV**") by constitution and does not have an equivalent structure by whatever nomenclature and that it contains only a single class of shares; (b) the FII/sub-account is a MCV and has more than one class of shares and a common portfolio is maintained for all classes of shares and satisfies the broad-based criteria or (c) a segregated portfolio is maintained for separate classes of shares and each such class of shares is broad-based. In case of any addition of share classes, these share classes must follow the above criteria as well. Further, the FIIs/sub-accounts are required to obtain the prior approval of SEBI in case of any change in structure/ constitution/ addition of classes of shares. Undertakings to this effect were also required to be made by the existing FIIs/sub-accounts.

Going forward, the FIIs are required to remain in compliance with the declarations and undertakings given under the circular to SEBI. In the event of default, SEBI has the power to impose certain monetary penalties and/ or suspend or cancel the registration granted to the FII. SEBI also has the power to prohibit the FII from trading for a specified period.

FII investments are substantially restricted and controlled. These restrictions, such as the maximum percentage holding of any single equity, are controlled by the SEBI, the RBI and are also subject to the guidelines issued by the Government of India in this regard from time to time. Further, the operational mechanism for purchase, sale, settlement and movement of funds is restricted. For example, FIIs shall, subject to certain exceptions, deliver securities only in dematerialised form for settlement of their transactions undertaken on a recognised stock exchange.

These restrictions may change from time to time, sometimes without notice.

The investor in the Market Access Securities will be subjected to the effect of equivalent restrictions and controls to those imposed on FIIs, as determined by the Calculation Agent. These include limitations on the number of Indian Underlyings in respect of which the investor is expecting to receive an economic return, potential delays or even non-receipt of funds on sale of the Market Access Securities, taxes and charges generally levied on FIIs in buying and selling equity and limitations on the importation and withdrawal of funds. Payments to MAS Holders calculated by reference to the price of a disposal of Indian Underlyings will not be due unless or until the proceeds of disposal would have been received by the relevant FII.

Under the FII Regulations and the FEMA Regulations, subject to certain exceptions, the total holding of each FII / sub-account registered with SEBI shall not exceed 10 per cent. of the total paid up equity capital or 10 per cent. of the paid up value of each series of convertible debentures issued by an Indian company. Additionally, the FEMA Regulations specify that the total investments by FIIs and their sub-accounts, taken together, in the primary and secondary Indian markets may not exceed 24 per cent. of the equity capital or the value of each series of convertible debentures of any Indian company in which they invest. The ceiling would apply to the total holdings in any Indian company of all FII and their sub-accounts collectively in a given Indian company unless it is increased by a board resolution and a special resolution to the foreign investment cap applicable to the sector in which the Indian company operates.

Recently, SEBI has been seeking information from all FIIs to ascertain FIIs and sub-accounts registered with SEBI that have a common ultimate / end beneficial owners, which SEBI refers to as 'FII Group'. If an FII and any associated FIIs and sub-accounts have the same beneficial owners, SEBI sees these as being part of a group and requires the FIIs concerned to report this to SEBI. Group entities include entities that have direct or indirect common shareholding/ beneficial ownership/ beneficial interest of more than 50 per cent. The 'FII Group' related information is to be reported by FIIs to SEBI in the prescribed format. This requirement stems from the FII Regulations read with the Government of India Guidelines of 14 September 1992, which states: "*The holding of a single FII in any company would also be subject to an upper limit of 10% of total issued capital. For this reason, the holdings of an FII group will be counted as holdings of a single FII*". SEBI is likely to use the information submitted to club the investment limits across entities registered with them as FII/ sub-accounts, where the beneficial ownership is common across these entities.

FIIs are also limited in their ability to invest in certain sectors, such as the banking sector, insurance sector, telecom sectors etc. In such sectors, there is often a ceiling on total foreign holdings, against which holdings of FII are counted. To the extent that the ceiling has been reached in that industry, further investment by FIIs may not be permitted.

If FIIs become unable to invest directly in or alternatively hold equities (and no alternative route is established by SEBI) or FIIs are not allowed to sell or receive proceeds from the sale of such equities, the Market Access Securities may, in the worst case, become worthless.

#### *Foreign currency risk*

Amounts payable in respect of the Market Access Securities are paid in the Settlement Currency as specified in the applicable Final Terms. Prospective investors in the Market Access Securities should understand that, where the Settlement Currency is US dollars, amounts payable under the Market Access Securities will be converted from Indian Rupees into US dollars. Prospective investors in the Market Access Securities should also understand that amounts payable under the Market Access Securities may be converted from one currency into another currency. Therefore, the Market Access Securities are subject to the risks of any investment in foreign currencies, including the risk that the general level of foreign currency exchange rates may decline. The following is a list of some of the significant currency related risks associated with an investment in the Market Access Securities.

Historical performance of the Indian Rupee and the US dollar does not indicate the future performance of such currencies. It is impossible to predict whether the value of either currency will fall or rise during the term of the Market Access Securities.

Trading levels of the Indian Rupee and the US dollar will be influenced by political, economic, financial, market and other factors. It is impossible to predict what effect these factors will have on the value of either currency and thus, the return on the Market Access Securities.

The value of the Indian Rupee and the US dollar is a result of the supply of, and demand for, each currency and changes in the foreign exchange rate may result from the interactions of many factors including economic, financial, social and political conditions in India and the United States. These conditions include, for example, the overall growth and performance of the economies of the United States and India, the trade and current account balance between the United States and India, market interventions by the Federal Reserve Board or the central banks of the United States and India, inflation, interest rate levels, the performance of the stock markets in the United States and India, the stability of the United States and India's governments and banking systems, wars in which the United States and India are directly or indirectly involved or that occur anywhere in the world, major natural disasters in the United States and India, and other foreseeable and unforeseeable events.

Certain relevant information relating to India may not be as well known or as rapidly or thoroughly reported in the United States as comparable to United States developments. Prospective purchasers of the Market Access Securities should be aware of the possible lack of availability of important information that can affect the value of Indian Rupees in relation to the US dollar and must be prepared to make special efforts to obtain such information on a timely basis.

Exchange rates of most economically developed nations, including India, are "floating", meaning they are permitted to fluctuate in value relative to the US dollar. Governments, including those of the United States and India use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the exchange rates of their respective currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. Thus, a special risk in purchasing the Market Access Securities is that their liquidity, trading value and amounts payable could be affected by the actions of sovereign governments which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces and the movement of currencies across borders. There may be adjustments or changes in the terms of the Market Access Securities in the event of impositions of restrictions, prohibition (such as exchange controls) or delaying of the exchange of the Indian Rupee into the US dollar. Such events may also cause the Issuer to terminate the Market Access Securities early.

Exchange controls in India may restrict the ability of an FII/sub-account to repatriate the investment. The ability of an FII/sub-account to invest in Indian securities, exchange Indian rupees into US dollars and repatriate investment income, capital and proceeds of sales realised from investments in Indian securities is subject to FEMA and the rules, regulations and notifications issued thereunder.

Under certain circumstances, such as a change in law or regulation, governmental regulation or approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors may be required. In addition, the Indian government in the future, whether for purposes of managing its balance of payments or for other reasons, may impose restrictions on foreign capital remittances abroad or otherwise modify the exchange control regime applicable to FIIs in such a way that may adversely affect the ability of the FII to repatriate its income and capital.

#### *Nature of Market Access Securities under the Indian Regulatory Regime*

The FII Regulations specify that FIIs may not issue, or otherwise deal in offshore derivative instruments ("ODIs"), directly or indirectly, unless certain conditions set out in the FII Regulations are satisfied (described below). ODIs have been defined in the FII Regulations, to mean any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as the underlying.

Since the Issuer is not a registered FII, the Issuer may invest the Indian Underlyings by way of ODIs issued by an FII or an FII affiliate ("ODI Issuer") for the purpose of hedging the Market Access Securities. In such case, the Market Access Securities issued by the Issuer will be considered as an ODI by SEBI and the regulatory authorities in India.



## Part A – Product Supplement for Notes Generally – Risk Factors

Pursuant to the FII Regulations Amendment, a sub-account is no longer permitted to issue any fresh ODIs and further, no FII may issue, or otherwise deal in ODIs, directly or indirectly, unless such ODIs are issued after compliance with "know your client" norms and are in compliance with all of the conditions set out below:

- (a) The ODIs shall not be offered, sold or transferred to (i) a "person resident in India" (as such term is defined in the Foreign Exchange Management Act, 1999, as may be amended or supplemented from time to time), or, (ii) a "non-resident Indian" (as such term is defined in the Foreign Exchange Management (Deposit) Regulations, 2000 as may be amended or supplemented from time to time), (each a "**Restricted Entity**").
- (b) The ODIs shall not be offered, sold or transferred to any person/entity whose controller is a Restricted Entity.

For the purposes of this representation, a "**controller**" means any person or group of persons (acting pursuant to any agreement or understanding (whether formal or informal, written or otherwise)) who:

- (i) is/are entitled to exercise, or control the exercise of a majority or more of the voting power of an entity, or
- (ii) holds or is otherwise entitled to a majority or more of the economic interest in an entity, or
- (iii) who in fact exercises control over an entity.

For the purposes of the above, "**control**" means the ability to appoint a majority or more of the directors of an entity, or the capacity to control decision-making, directly or indirectly, in relation to the financial, investment and/or operating policies of an entity in any manner.

Notwithstanding the foregoing definition, in the case only where an entity's investments are being managed on a discretionary basis by an investment manager, such investment manager shall not be deemed to be such entity's controller for the purposes of this representation by reason only of it being able to control decision-making in relation to the entity's financial, investment and /or operating policies.

- (c) The ODIs shall only be purchased by a principal for its own account and not as an agent, nominee, trustee or representative of any other person and no agreement for the issuance of a back-to-back offshore derivatives instrument (as such term is defined in the FII Regulations) can be entered into against the ODIs.
- (d) The ODIs shall only be offered to a "person regulated by an appropriate foreign regulatory authority" (as such term and/or requirements relating thereto are defined or otherwise interpreted for the purposes of Regulation 15A of the FII Regulations) (a "**Regulated Entity**").
- (e) The ODIs shall not be purchased with the intent of circumventing or otherwise avoiding any requirements applicable under the FII Regulations (including, without limitation, any restrictions applying to foreign institutional investors in relation to their issuances and/or other dealings in the ODIs with, Restricted Entities and persons/entities who are not Regulated Entities).
- (f) The ODIs cannot be sold, transferred, assigned or novated or otherwise disposed of and no back-to-back offshore derivatives instruments may be entered into and no agreement with respect to any of the foregoing may be entered into by the ODI holder nominees, associates or Affiliates (each, a "**Transfer**") with, an entity which is a Restricted Entity or an entity which is not a Regulated Entity.
- (g) The ODIs shall not be offered, sold or transferred to (i) a Protected Cell Company ("**PCC**") or Segregated Portfolio Company ("**SPC**") or an equivalent structure however described, or (ii) a Multi Class Share Vehicle ("**MCV**") by constitution or an equivalent structure however described that contains more than one class of shares, except where (a) a common portfolio is maintained for all classes of shares and satisfies broad-based criteria, or (b) a segregated portfolio is maintained for separate classes of shares wherein each such class of shares are in turn

broad-based. For this purpose, a "broad-based" fund or class of shares (where the holder's segregated portfolio is maintained for separate classes of shares) as the term is defined in the Explanation to Regulation 6 of the FII Regulations means a fund, established or incorporated outside India, which has at least twenty investors, with no single individual investor holding more than 49 per cent. of the shares or units of the fund; **provided that** if the broad-based fund has institutional investor(s) it shall not be necessary for the fund to have twenty investors. Further, if the broad-based fund has an institutional investor who holds more than 49 per cent. of the shares or units in the fund, then the institutional investor must itself be a broad-based fund.

For the purpose of sub-paragraphs (b) and (g) above and sub-paragraph (a) below, a "back-to-back offshore derivatives instrument" shall not include the issue of any ODI issued by a party who has disclosed the terms and parties to such back-to-back ODI in the form and manner prescribed by the Securities and Exchange Board of India pursuant to the FII Regulations (in particular, under Regulation 20A of the FII Regulations).

In most instances ODI Issuers insist on undertakings from the ODI holder (e.g. MAS Holder) in respect of the foregoing. Any default in these restrictions by the Issuer, the MAS Holder or any other party to the ODI transaction may affect the ability to liquidate such investments. In addition, the MAS Holder may be bound by such additional transfer restrictions as may be agreed and set out in any further agreement or arrangement between the Issuer and the MAS Holder, including any representations that the MAS Holder may be required to provide to the Issuer for the purposes of acquisition of the Market Access Securities.

SEBI has prescribed mandatory reporting requirements for the ODI Issuers. The reporting requirements necessarily require the ODI Issuers to disclose, *inter alia*, details of all transactions pertaining to the ODIs, name and details of the subscriber of the ODI, investors, clients, counterparties and holders of the beneficial interest. Details disclosed could include the name and correspondence address of MAS Holders and their major shareholders, directors and investors, name and jurisdiction of the regulator by whom the Investors are regulated, type of entity that the MAS Holder falls under (i.e. hedge fund, corporate, individual, pension fund, trust) and if a MAS Holder is a fund, the names of its fund managers, investment advisors and top investors in the fund.

Further, SEBI has, in a press release dated 20 October 2008 in respect of offshore stock lending activities by an FII, stated that it disapproves of the overseas lending and borrowing activities of FIIs and the consequent selling pressure in the cash market in India. SEBI has communicated this disapproval to the FIIs. Consequently, the lending and borrowing activities of FIIs are being monitored and if necessary stronger measures may be taken by SEBI as considered appropriate, which may include the imposition of further restrictions or reporting requirements on an FII. Subsequently, SEBI by its circular dated 29 March 2011 has stated that there are no outstanding short positions reported by FIIs. Therefore, while the prohibition on the activity of synthetic short continues, FIIs are no longer required to file reports, as there are no outstanding short positions.

In the recent past, there has been regulatory scrutiny of investments through ODIs. The Government of India and its agencies have constituted various committees to examine the desirability of ODIs as an indirect method for foreign investors to access the economic benefits of Indian securities. While the RBI has recommended that ODIs be abolished, an expert committee of the Government of India has recommended that ODIs be allowed subject to full disclosure of beneficial ownership of the holders of the ODIs and the investors of the holders. There is no certainty as to whether ODIs will continue to be available to the ODI Issuers and other FIIs generally for accessing Indian securities.

*Timing and taxation issues concerning dividend or coupon payments*

To the extent that the Underlyings are shares, the timing and taxation issues concerning dividend payments are set out below. Under the Indian Companies Act, 1956, (the "**Indian Companies Act**") unless the board of directors of a company ("**Board**") recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 205 of the Indian Companies Act, no dividend can be declared or paid by a company for any financial year except out of the profits of the company calculated in accordance with the provisions of the Indian Companies Act or out of the profits of the company for any previous financial year(s) arrived at as laid down by the Indian Companies Act. Subject to certain conditions contained in the Indian Companies Act, dividends may also be payable out of moneys provided by the central or state government for payment of dividend in pursuance of a guarantee given by that government.

If so authorised by the articles of association of the company, the shareholders at a general meeting may declare a lower, but not higher, dividend than that recommended by the Board. Dividends are generally declared as a percentage of the par value. The dividend recommended by the Board and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their shares as of the book closure or record date. In addition, the Board may declare and pay interim dividends. Under the Indian Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders on the date which is specified as the "record date" or "book closure date". The capitalisation of profits or reserves for the purpose of issuing fully paid-up bonus shares is not treated as a dividend payment. No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of his/her shares is outstanding.

Any dividend declared is required to be deposited in a separate bank account within five days from the date of the declaration of such dividend. Dividends must be paid to the shareholders within 30 days from the date of the declaration and any dividend which remains unpaid or unclaimed after that period are required to be transferred within seven days of the expiry of the 30-day period (mentioned aforesaid) to a special unpaid dividend account held at a scheduled bank. A company is required to transfer any money, which remains unpaid or unclaimed for seven years from the date of transfer to the unpaid dividend account, to the Investor Education and Protection Fund established by the Government of India pursuant to which no claim shall lie against the company or the Investor Education and Protection Fund.

A company declaring dividend is liable to pay a dividend distribution tax currently at the rate of 15% (plus surcharge at 5% on the dividend distribution tax and education cess at the rate of 3% on aggregate of dividend distribution tax and surcharge) on the total amount distributed as dividend. The effective dividend distribution tax is therefore 16.22%. Dividends in the hands of the recipient shareholders are exempted from tax.

To the extent that the Underlyings are shares or bonds, the timing issues concerning dividend or coupon payments in connection with such Underlyings are set out below. The investors (who owned the Market Access Securities immediately prior to the ex-dividend/coupon date) may be entitled to receive amounts reflecting the dividends or coupons some time after the dividend or coupon is announced or paid if payment of the dividends or coupons, or the receipt thereof by an FII or any other person, is delayed for whatever reason. The amount paid to the investors shall be the net dividend or coupon amount after conversion of such amount into the relevant Settlement Currency and after the deduction of all conversion, transfer and other costs and expenses incurred in connection therewith, as determined by the Issuer in its sole and absolute discretion. Also, adjustments for dividends or coupons may be calculated with reference to any taxation charged in respect of such dividends or coupons.

Sometimes dividends are occasionally announced but then subsequently not paid by Indian companies. Further there can be a significant delay (sometimes a number of months) between the marking of a share as ex-dividend at the relevant stock exchange and the payment of that dividend. Occasionally the dividends are of such modest magnitude that the costs of converting the Indian Rupees and transferring the payment offshore are significant relative to the dividend.

#### *Other Taxation Issues*

To the extent that the Underlyings are shares, the other taxation issues are set out below:

The Indian Government has proposed certain key amendments to the domestic income-tax legislation *vide* the Finance Bill, 2012 ("**Bill**") (passed by the Lower House of Parliament on 8 May 2012). If enacted in their present form, these amendments may have implications on the taxability of the FIIs investing into India. One such key proposal is the introduction of General Anti-Avoidance Rule ("**GAAR**") on income arising on or after 1 April 2013. Under the proposed GAAR, the Indian tax authorities have the power to re-characterize/ disregard any arrangement that qualifies as an "impermissible avoidance arrangement" ("**IAA**"). An IAA is defined to mean an arrangement where its main purpose (or one of its main purposes) is to obtain a "tax benefit" and, additionally, it fulfils one of the four prescribed tests, one such test being that the arrangement "lacks" or is "deemed to lack" commercial substance in whole or in part. "Tax benefit" has been defined in the widest terms to, inter alia, mean a reduction or avoidance of tax that would be payable under the Income-tax Act, 1961 ("**ITA**") (including, under the provisions of applicable tax treaty). Similarly, an arrangement may be "deemed to lack commercial substance" if, *inter alia*:

- (a) it involves or includes an "accommodating party" (i.e., a party to an arrangement where the main purpose of such party's direct/indirect participation in the arrangement, in whole or in part, is to obtain, directly or indirectly, a tax benefit for the tax-payer); or
- (b) it involves the location of an asset or of a transaction or of the place of residence of any party, which would not have been so located for any substantial commercial purpose other than obtaining a tax benefit.

As per the GAAR, where the main purpose of a step in or a part of the arrangement is to obtain a tax benefit, the arrangement shall be presumed to have been carried out with the main purpose of obtaining such benefit (even if the main purpose of the whole arrangement is not to obtain a tax benefit). The guidelines for use of GAAR are yet to be prescribed.

Therefore, there is a risk that the Indian tax authorities could deny the India-Mauritius Tax Treaty benefits to the FIIs, investing through Mauritius, by invoking GAAR. In such case, the income of the FII would be taxed as per the provisions of the ITA.

In light of the above, if India should choose to renegotiate its Double Taxation Avoidance Agreements ("DTAA") or question the applicability of DTAA relief relating to the jurisdiction in which an FII is incorporated or the Indian tax authorities choose to apply GAAR, it could result in an adverse impact on the capital gains tax paid by the FII. Presently no capital gains tax is charged in India on disposal of Indian Underlyings by FIIs incorporated in Cyprus, Singapore or Mauritius. Further, any income of FIIs, by way of capital gains on sale/ transfer of Indian securities, is exempt from Indian withholding tax.

Further, of late there have been few instances where the Indian revenue authorities have attempted to deny the capital gains tax exemption under the India-Mauritius DTAA to Mauritius entities, holding valid Tax Residence Certificate ("TRC"), on the ground that the Mauritian entity is only a shell company not having any substance. This is despite there being several judicial precedents to the contrary. Therefore, litigation on this account cannot be ruled out. The Bill also proposes that a non-resident would be entitled to treaty benefits only if it furnishes to the Indian tax authorities, a TRC in the format to be prescribed by the Government of India. However, no format for the TRC has been prescribed as on date.

#### *Settlement*

Settlement in India is quickly becoming dematerialised. To expedite the dematerialisation process and secure the investments of FIIs, FIIs are required to submit share certificates to the relevant registrar for the dematerialisation of any securities which are capable of dematerialisation. This can impose an additional constraint on FIIs, namely that they cannot sell securities they have purchased until they have been received, checked and dematerialised. This can take more than two weeks and may therefore affect the realisable sale price, the secondary market price of the Market Access Securities or other determinations of the value of the Indian Underlyings.

The settlement of transactions is carried out by clearing corporations/clearing houses. A further risk exists in DVP settlement that settlement simply fails as the counterparty to an equity trade does not deliver the Indian Underlying(s). In such circumstances, after a reasonable period the FII may request the Custodian to insist that the broker square-up, that is either immediately deliver the certificates, deliver securities in dematerialised form or pay the excess of the present market value over the purchase price. Once again, this risk can be substantially reduced by using clearing house settlement.

#### *Indonesia*

The Market Access Securities reflect the risks of a direct investment in Indonesian equity, Indonesian debt or an index which references Indonesian equity, as the case may be, by a Foreign Investor outside Indonesia (as defined below) who is subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as apply to the Issuer and/or its Affiliates had the Issuer and/or its Affiliates held the Securities. Some, but not all, of these risks are described in the sections below.

*General Risks relating to Indonesia and investment in Indonesian listed companies or an Index referencing shares of Indonesian listed companies*

The Underlying Company is an Indonesian entity and the Underlyings or the constituents of the Underlyings, as the case may be, are located in Indonesia. Most or all of the commissioners, directors and officers of the Underlying Company are based in Indonesia and substantially all of the assets and operations of the Underlying Company are located in Indonesia. The Underlyings could therefore be adversely affected by changes in the Indonesian Government's policies, social instability or other political, economic, legal, regulatory or international developments in or affecting Indonesia.

Prospective investors in the Market Access Securities should be aware that they are exposed to the Indonesian legal system which is subject to considerable discretion and uncertainty. It may be difficult or impossible to pursue claims relating to the Underlyings. As the Underlyings or constituents of the Underlyings, as the case may be, are shares, it is important to note that Indonesian legal principles relating to the rights of shareholders, or their practical implementation by Indonesian courts, may differ from those that are applied in other jurisdictions such as the United States or member states of the European Union. Absent a binding precedent system, the rights of shareholders under Indonesian law might not be as clear as in these other jurisdictions. In addition, under Indonesian law, companies may have rights and defences to actions filed by shareholders that may not be available in these other jurisdictions.

The Underlying Company's corporate affairs are governed by its Articles of Association, the laws governing corporations incorporated in Indonesia, the Indonesian Capital Market law and regulations and the rules of the Indonesia Stock Exchange. The rights of the shareholders and the responsibilities of the board of commissioners and the board of directors of the Underlying Company under Indonesian law may be different from those applicable to a company incorporated in another jurisdiction. Principal shareholders of Indonesian companies do not owe fiduciary duties to minority shareholders as may be the case in other jurisdictions. The public shareholders may have more difficulty in protecting their interests in connection with actions taken by members of the board of directors or the board of commissioners or by the principal shareholders of the Underlying Company than they would as shareholders of a company incorporated in another jurisdiction.

The Underlyings or constituents of the Underlyings, as the case may be, are subject to Indonesian law and the continuing listing requirements of the Indonesia Stock Exchange. In particular, the convening and conduct of general meetings of shareholders of the Underlying Company will be governed by Indonesian law. The procedures and notice periods in relation to the convening of such general meetings of shareholders, as well as the entitlement of shareholders to attend and vote at such general meetings, may be different from those in jurisdictions outside Indonesia. For instance, the shareholders of a company who would be entitled to attend and vote at general meetings of shareholders are, by operation of Indonesian law, those shareholders appearing in the company's register of shareholders on the business day immediately preceding the day on which the notice of general meeting is issued (the "**Record Date**"), regardless of whether such shareholders may have disposed of their shares following the Record Date. In addition, shareholders who may have acquired their shares after the Record Date (and before the day of the general meeting) would not be entitled to attend and vote at the general meeting. Accordingly, prospective investors in the Market Access Securities should note that the Issuer and/or its Affiliates may be subject to procedures and rights with regards to general meetings of shareholders of the Underlying Company that are different from those to which they may be accustomed in other jurisdictions.

The Indonesian securities market is less liquid and relatively more volatile compared to securities markets in certain other countries. The Indonesian securities market, including the Indonesia Stock Exchange, has in the past experienced substantial fluctuations in the prices of listed securities. The Indonesia Stock Exchange has previously experienced some problems which, were they to continue or recur, could affect the market price and liquidity of the securities of Indonesian listed companies, including the Underlyings or the constituents of the Underlyings, as the case may be. These problems include broker defaults and settlement delays. In addition, the level of regulation and monitoring of the Indonesian securities market and the activities of investors, brokers and other market participants may not be the same as that in other countries. Further, the ability to sell and settle trades on the Indonesia Stock Exchange may be subject to delays. In light of the foregoing, there can be no assurance that the Issuer and/or any of its Affiliates will be able to dispose of the shares of the Underlying Company it holds or the hedging transactions it enters into relating to the Underlyings, as the case may be, at the price or frequency that would be available to investors in a more liquid or less volatile market. There may also be less information publicly available

about Indonesian companies than is regularly made available by public companies listed on other markets. Any of these factors could adversely affect the trading price or level, as the case may be, of the Underlyings and therefore the return on the Market Access Securities.

*Acquisition of shares by the Issuer and/or its Affiliates may be considered as a takeover*

Under the regulations of Bapepam-LK (the Indonesian equivalent of the SEC), if there is any change of control in an Indonesian public company, the new controlling party must carry out a mandatory tender offer of the remaining public shares (not including, for example, shares of the other controlling shareholders, if any). Consequently, if the Issuer and/or any of its Affiliates acquires shares of an Indonesian public company and the acquisition causes it to be the new controller of the Indonesian public company, it would be required to carry out a mandatory tender offer of the remaining shares as described above.

Under Regulation No. IX.H.1, regarding Takeover of Public Companies, a takeover of an Indonesian public company is defined as an action which directly or indirectly changes the controlling party of that public listed company.

A controlling party of an Indonesian public listed company is:

- (i) a party that owns more than 50 per cent. (fifty per cent) of the overall paid up capital of the company; or
- (ii) a party that directly or indirectly has the ability to control the management or policy of the company.

*Issues (excluding taxation issues) relating to dividend or coupon payments*

To the extent that the Underlyings are shares or bonds, the issues relating to dividend or coupon payments in connection with such Underlyings are set out below.

In accordance with the applicable Indonesian law, distributions of dividends must be approved by the shareholders of an Indonesian public listed company in an annual shareholders' meeting following a proposal of the board of directors and an Indonesian public listed company can only distribute dividends if it has net profits and has no carry forward losses.

The net profits available to pay dividends will be reduced by the amount that is required to allocate to the company's reserve fund under Indonesian law. The reserve fund is designed to provide a reserve to offset any future losses. It should be funded to an amount equal to at least 20 per cent. of the company's issued share capital although there is no time period specified for achieving this level of funding. A decision to allocate any of the net profits to the reserve fund must be approved by the shareholders.

Holders of shares on the applicable record dates will be entitled to the full amount of dividends approved, subject to Indonesian withholding tax imposed, if any.

Where the Underlyings are shares or bonds, the investors (who owned the Market Access Securities in respect of such Underlyings immediately prior to the ex-dividend date) may be entitled to receive amounts reflecting the dividend or coupon some time after the dividend or coupon is announced or paid if payment of the dividend or coupon, or the receipt thereof by a Foreign Investor outside Indonesia or any other person, is delayed for whatever reason. The amount paid to the investors shall be the net dividend or coupon amount after conversion of such amount into the relevant Settlement Currency and after the deduction of all conversion, transfer and other costs and expenses incurred in connection therewith, as determined by the Issuer in its sole and absolute discretion. Also, adjustments for dividends may be calculated with reference to any taxation charged in respect of such dividends or coupons.

*Market Access*

Organisations and individuals outside Indonesia ("**Foreign Investors outside Indonesia**") can generally invest directly in Indonesian listed securities, subject to certain foreign ownership limits. Certain industries in Indonesia such as banking and broadcasting provide limitation for investments by Foreign Investors outside Indonesia. Under Indonesian law, a bank can only list 99 per cent. of its shares on a stock exchange, but all of them may be purchased by Foreign Investors outside Indonesia. The remaining

1 per cent. must be held by Indonesian investors and cannot be listed. Under Indonesian law, Foreign Investors outside Indonesia can only hold, directly or indirectly, a maximum of 20.0 per cent. of shares of a private broadcasting institution.

*Exchange Control*

Indonesia has no foreign exchange controls. Foreign currency is generally freely transferable within or from Indonesia. However, to maintain the stability of the lawful currency of Indonesia (the "**Indonesia Rupiah**" or "**IDR**") and to prevent the utilisation of the Indonesia Rupiah for speculative purposes by non-residents, Bank Indonesia has introduced regulations to restrict the movement of Indonesia Rupiah to a bank domiciled outside Indonesia or to an offshore branch of an Indonesian bank, or any investment in Indonesia Rupiah denomination with foreign parties and/or Indonesian parties domiciled or permanently residing outside Indonesia, thereby limiting offshore trading to existing sources of liquidity. In addition, Bank Indonesia has the authority to request information and data concerning the foreign exchange activities of all persons and legal entities that are domiciled, or plan to domicile, in Indonesia for at least one year. Bank Indonesia regulations also require resident banks and companies to report to Bank Indonesia all data concerning their foreign exchange activities, including (i) a report of trading transactions of goods, services and other transactions, including all transactions made through domestic banks, offshore banks, intercompany accounts and/or other facilities; and/or (ii) a report of the position of their offshore assets and/or their liabilities to offshore.

Another Bank Indonesia regulation also stipulates that non-bank institutions, which are obliged to report their foreign exchange traffic activities, are categorised as follows:

- a. state-owned companies;
- b. regional-owned companies having offshore loans;
- c. non-bank financial institutions;
- d. public companies;
- e. companies engaging in the oil and gas sector;
- f. companies having the activity of goods export/import;
- g. companies engaging in the services sector;
- h. foreign investment companies;
- i. private companies having offshore loans;
- j. other entities having offshore loans; or
- k. non-bank institutions which are not in criteria (a) – (j) above but have total assets or certain revenues stipulated in a Bank Indonesia circular letter which is still yet to be issued.

Bank Indonesia provides certain limitations for Indonesian individuals, Indonesian legal entities (excluding banks) and foreign parties for buying foreign currencies. Based on a Bank Indonesia regulation, Indonesian individuals, Indonesian legal entities (excluding banks) and foreign parties can buy foreign currencies using Rupiah from banks. However, if the purchase of foreign currencies exceeds US\$100,000 or its equivalent per month, such purchase would require some additional documentation. Purchases of foreign currencies against IDR by a resident/non-resident of a value not exceeding US\$100,000 should be accompanied with a formal declaration with stamp duty signed, stating that the foreign exchange purchase transaction against IDR does not exceed US\$100,000 or its equivalent per month across all banks in Indonesia. For purchases of foreign currencies against IDR above US\$100,000 or its equivalent per month across all banks in Indonesia, documents evidencing the underlying transaction, copy of tax identity (this does not apply for foreign parties) and declaration letter with stamp duty signed declaring the validity of the underlying documents and that the underlying document only entitles the purchase of foreign currency against IDR in the Indonesian banking system at the maximum corresponding to the nominal amount of the underlying transaction should be submitted. "Foreign

parties" include foreign citizens, foreign legal entities or institutions and Indonesian citizens having permanent residence in other countries and that are not domiciled in Indonesia.

*Foreign currency risk*

Amounts payable in respect of the Market Access Securities are paid in the Settlement Currency as specified in the applicable Final Terms. Prospective investors in the Market Access Securities should understand that, where the Settlement Currency is US dollars, amounts payable under the Market Access Securities will be converted from Indonesian Rupiah into US dollars. Prospective investors in the Market Access Securities should also understand that amounts payable under the Market Access Securities may be converted from one currency into another currency. Therefore, the Market Access Securities are subject to the risks of any investment in foreign currencies, including the risk that the general level of foreign currency exchange rates may decline. The following is a list of some of the significant currency related risks associated with an investment in the Market Access Securities. In addition, any dividends that an Indonesian corporation may declare in the future will be denominated and payable in Indonesian Rupiah and will be subject to risks from fluctuations in exchange rates if such amounts are converted into US dollars.

Historical performance of the Indonesian Rupiah and the US dollar does not indicate the future performance of such currencies. It is impossible to predict whether the value of either currency will fall or rise during the term of the Market Access Securities.

Trading levels of the Indonesian Rupiah and the US dollar will be influenced by political, economic, financial, market and other factors. It is impossible to predict what effect these factors will have on the value of either currency and thus, the return on the Market Access Securities. The value of the Indonesian Rupiah and the US dollar is a result of the supply of, and demand for, each currency and changes in the foreign exchange rate may result from the many factors including economic, financial, social and political conditions in Indonesia. These conditions include, for example, the overall growth and performance of the economies of Indonesia, interest rate levels, the performance of the stock markets in Indonesia, major natural disasters in Indonesia, and other foreseeable and unforeseeable events.

*Taxation issues relating to dividend payments*

To the extent that the Underlyings are shares, the taxation issues relating to dividend payment in connection with such Underlyings are set out below. Dividends declared by an Indonesian public listed company out of retained earnings and distributed to a non-Indonesian holder in respect of shares are subject to Indonesian withholding tax, currently at the rate of 20.0 per cent., on the amount of distribution (in the case of cash dividends) or on the shareholders' proportional share of the value of the distribution (normally par value in the case of stock dividends). A lower tax rate provided under certain double taxation treaties may be applicable. According to Regulation of the Director General of Tax No PER-61/PJ/2009, starting 1 January 2010, to be able to benefit from tax treaty relief, the requirements that must be complied are, among others, (i) the recipient of the income is a non-Indonesian resident taxpayer, (ii) the recipient of the income must have submitted original Form of DGT-1 (for non-banking institution) or DGT-2 (for banking institution and pension fund), acting as a Certificate of Tax Residency ("**Tax Certificate**") that is filled in by the recipient of the income and validated by the competent authority of the country where the recipients are resident and (iii) the recipient of the income does not misuse the tax treaty as set out in the provision on the prevention of misuse the tax treaty. A copy of the Tax Certificate is to be submitted by the tax withholder to the appropriate Indonesian tax office that has jurisdiction over the company at the latest by tax reporting submission deadline (i.e. the 20th of the following month after the recipient receives the income).

*Taxation issues relating to disposition of shares*

To the extent that the Underlyings are shares, the taxation issues relating to disposition of shares in connection with such Underlyings are set out below. Under Indonesian Income Tax Law, the sale of unlisted shares by a non-Indonesian holder is subject to final Indonesian withholding tax, currently at the rate of 20.0 per cent., on the estimated net income. In accordance with the Decree of the Ministry of Finance No. 434/KMK.04/1999, effective 24 August 1999, the estimated net income for the sale of unlisted shares is 25.0 per cent. of the sale price resulting in an effective final withholding tax rate of 5.0 per cent. of the sale price (irrespective of whether or not there is a profit on the sale of unlisted shares). The obligation to withhold the final withholding tax lies with the buyer (if it is an Indonesian taxpayer) or



the company (if the buyer is also a non-Indonesian holder). Exemption from the 5.0 per cent. final withholding tax on the sale of unlisted shares may be available to non-resident sellers of shares depending on the provisions of the applicable double taxation treaties. In order to benefit from the exemption under the relevant double taxation treaty, the non-resident seller must provide a Tax Certificate to the buyer (or the company if the buyer is a non-Indonesian holder).

Pursuant to Government Regulation No. 41 of 1994 regarding Income Tax on Income from Share Trading Transactions on the Stock Exchange dated 23 December 1994 and its amendments in Government Regulation No. 14 of 1997 dated 29 May 1997, the sale or transfer of shares that are listed on an Indonesian stock exchange is subject to final withholding tax of 0.1 per cent. of the total amount of the transaction value and should be withheld by such Indonesian stock exchange. An additional 0.5 per cent. final tax (totalling a total tax of 0.6 per cent.) is imposed on the share value for the holding of the founder shares (except for the founder shares of a mutual fund). The imposition of 0.5 per cent. withholding tax will occur at the time of the initial public offering for shares traded on such Indonesian stock exchange on or after 1 January 1997. The imposition of 0.5 per cent. withholding tax on the founder shares is not compulsory. The tax regulations provide an option for the taxpayer, subject to reporting to the tax office and the stock exchange, to elect to substitute the 0.5 per cent. additional final tax with the taxation of actual capital gains (if any) resulting from the sale of the founder shares subject to the normal tax rates (a flat rate of 25 per cent. for corporate taxpayers, or progressive rates with a maximum of 30.0 per cent. for individual taxpayers). Currently, the tax regulations for listed shares do not contain any provision in respect of treaty protections. In practice, the 0.1 per cent. final withholding tax is applied irrespective of the fact that there may be treaty exemptions. Indonesian tax authorities have a general rule regarding refunds, which may be used in case of an applicable treaty exemption.

#### *Settlement*

The settlement of transactions is carried out by the Central Depository. A further risk exists in delivery versus payment settlement that settlement simply fails as the counterparty to an equity trade does not deliver the Underlyings.

#### *Japan*

The Market Access Securities reflect the risks of a direct investment in Japanese equity, Japanese debt or an index which references Japanese equities, as the case may be, by an investor outside Japan ("**Foreign Investor outside Japan**") who is subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as apply to the Issuer and/or its Affiliates had the Issuer and/or its Affiliates held the Securities. Some, but not all, of these risks are described in the sections below.

#### *Market Access*

There are no substantial restrictions on the investment in Japanese shares, subject to certain requirements set out below.

If an investor (regardless of its nationality or residence) acquires 5 per cent. or more of the voting rights in a Japanese listed company, such investor is required to file a Significant Shareholding Report ("**SSR**") with the Chief of the Kanto Local Finance Bureau within five business days after the date of acquisition. A filed SSR will be disclosed to the public for a period of five years from the date of filing. Once a SSR is filed, the investor is required to file an amendment report each time there is an increase or decrease in its shareholding by 1 per cent. or more. Failure to file a SSR would not render the transaction void, however, the investor (in the case of a corporation) may be subject to a fine of up to 500 million Japanese Yen.

In addition, if, as a result of the investment, a non-Japanese resident (any person resident outside Japan, including any corporation or other entity organised under laws other than Japanese law) ("**Non-Japanese Resident**") becomes an owner of 10 per cent. or more of the issued shares in a Japanese listed company, such Non-Japanese Resident is required to make a filing with the Bank of Japan under the Foreign Exchange and Foreign Trade Act of Japan ("**Foreign Exchange Act**"). Depending on the industry in which the target company operates (such as industries relating to weapons, aircraft, satellites, reactors and nuclear fuel material), such filing may be required in advance of the contemplated transaction, which entails a waiting period of thirty days (normally reduced to two weeks). In most cases, however, a filing

is required within fifteen days after the end of the month in which the transaction is completed. It is prohibited under Japanese law for non-Japanese nationals (including any corporation or other entity organised under laws other than Japanese law) to hold over one-third of the shares of a Japanese aviation company or Nippon Telegraph and Telephone Corporation. Similarly, it is prohibited under Japanese law for non-Japanese nationals to hold over one-fifth of the shares of a Japanese broadcasting company.

To the extent the Underlyings are bonds issued by a Japanese company (other than those issued by public offering), such Non-Japanese Resident who acquires the bonds might be required to make a filing with the Bank of Japan under the Foreign Exchange Act after the acquisition in certain circumstances.

As these requirements relate to direct investment in a Japanese corporation, they do not apply to a MAS Holder so long as amounts payable in respect of the Market Access Securities are paid by a cash payment. However, if the Issuer and/or its Affiliate, as a direct investor in a Japanese corporation, fails to comply with any of these requirements, and is fined or forced to pay damages, its ability to settle the transaction in respect of the Market Access Securities may be seriously compromised.

*Foreign currency risk*

Amounts payable in respect of the Market Access Securities are paid in the Settlement Currency as specified in the applicable Final Terms. Prospective investors in the Market Access Securities should understand that, where the Settlement Currency is US dollars, amounts payable under the Market Access Securities will be converted from Japanese Yen into US dollars. Prospective investors in the Market Access Securities should also understand that amounts payable under the Market Access Securities may be converted from one currency into another currency. Therefore, the Market Access Securities are subject to the same risks as any investment in foreign currencies, including the risk that the general level of foreign currency exchange rates may decline. The following is a list of some of the significant currency related risks associated with an investment in the Market Access Securities. In addition, any dividends that a Japanese corporation may declare in the future will be denominated and payable in Japanese Yen and will be subject to risks from fluctuations in exchange rates if such amounts are converted into US dollars.

Historical performance of the Japanese Yen and the US dollar does not indicate the future performance of such currencies. It is impossible to predict whether the value of either currency will fall or rise during the term of the Market Access Securities.

Trading levels of the Japanese Yen and the US dollar will be influenced by political, economic, financial, market and other factors. It is impossible to predict what effect these factors will have on the value of either currency and thus, the return on the Market Access Securities.

The value of the Japanese Yen and the US dollar is a result of the supply of, and demand for, each currency and changes in the foreign exchange rate may result from the interactions of many factors including economic, financial, social and political conditions in Japan and the United States. These conditions include, for example, the overall growth and performance of the economies of the United States and Japan, the trade and current account balance between the United States and Japan, market interventions by the Federal Reserve Board of the United States or the Bank of Japan, inflation, interest rate levels, the performance of the stock markets in the United States and Japan, the stability of the United States' and Japan's governments and banking systems, wars in which the United States and Japan are directly or indirectly involved or that occur anywhere in the world, major natural disasters in the United States and Japan, and other foreseeable and unforeseeable events.

Certain relevant information relating to Japan may not be as well known or as rapidly or thoroughly reported in the United States as comparable to developments in the United States. Prospective purchasers of the Market Access Securities should be aware of the possible lack of availability of important information that can affect the value of the Japanese Yen in relation to the US dollar and must be prepared to make special efforts to obtain such information on a timely basis.

*Timing issues concerning dividend or coupon payments*

To the extent that the Underlyings are shares or bonds, the timing issues concerning dividend or coupon payments in connection with such Underlyings are set out below. The investors (who owned the Market Access Securities immediately prior to the ex-dividend/coupon date) may be entitled to receive amounts

reflecting the dividends or coupons some time after the dividend or coupon is announced or paid if payment of the dividend or coupon, or the receipt thereof by a Foreign Investor outside Japan or any other person, is delayed for whatever reason. The amount paid to the investors shall be the net dividend or coupon amount after conversion of such amount into the relevant Settlement Currency and after the deduction of all conversion, transfer and other costs and expenses in connection therewith, as determined by the Issuer in its sole and absolute discretion. Also, adjustments for dividends or coupons may be calculated with reference to any taxation charged in respect of such dividends or coupons.

In relation to shares, there are further timing issues concerning dividend payments set out below. Under the Japanese Companies Act (Law No. 86 of 2005) (the "**Japanese Companies Act**"), distribution of dividends must be approved by the shareholders at a general meeting unless the articles of incorporation of the company provide that the board of directors should have such authority and the company meets certain conditions under the Japanese Companies Act. In addition, the board of directors of a company may approve payment of interim dividends once in a business year if so provided in the articles of incorporation.

Distribution of dividends is only permitted utilising the distributable amount (*bunpai kanou gaku*) defined under the Japanese Companies Act (the "**Distributable Amount**") as of the effective date which is roughly calculated by deducting (i) the amount to be set aside for creditors and (ii) the decrease in surplus since the last day of the most recent fiscal period from (iii) the amount of surplus as of the last day of the most recent fiscal period, and adding (iv) the increase in surplus since the last day of the most recent fiscal period **provided that** the creditors of the company were given the opportunity to raise objections against such amount in accordance with the Japanese Companies Act, and further **provided that** the net assets of the company are not below JPY3 million. A shareholder or board resolution approving distribution of dividends in excess of the Distributable Amount is not valid, therefore, the company may demand that the shareholders return the entire amount equivalent to the book value of cash or other assets received based on such resolution, and the creditors of the company may also demand payment against the shareholders to the extent of their debts owed by the company.

Typically, where a record date is specified in the articles of incorporation of a company, dividends are paid to the shareholders whose names appear on the company's shareholder register as of the record date on the dividend payment date to be designated at a shareholders' meeting (or board meeting where applicable). In general, dividends are distributed and paid to shareholders in proportion to the number of shares held by each shareholder. Cash or other assets (typically, shares) may be paid as dividends (except in the case of interim dividends which are only allowed to be paid in cash), however, payment of dividends in assets other than cash generally requires shareholders' approval by a special majority resolution.

*Taxation issues concerning investment in listed shares in Japan*

To the extent that the Underlyings are shares, the taxation issues concerning investment in listed securities in connection with such Underlyings are set out below. Generally speaking, similar to a company resident in Japan, a corporation classified as a Non-Japanese Resident is subject to Japanese corporation tax if they are trading in Japan through a permanent establishment (e.g. a branch or a dependent agency) ("**PE**"). Under Japanese tax law, a Non-Japanese Resident corporation not having a PE in Japan would not be subject to corporation tax in Japan except for certain cases such as capital gains on the sale of real estate in Japan or on the sale of certain other assets including certain shares (as described in the paragraph below), income from the operation or retention of assets situated in Japan, income from certain services provided in Japan and rental income from real estate in Japan. Japanese-sourced income paid to a Non-Japanese Resident corporation will, however, be subject to withholding tax in Japan in a number of situations.

Among others, capital gains on a sale of the following shares by a Non-Japanese Resident corporation without a PE in Japan is treated as Japanese-sourced income, and will be subject to corporation tax at a rate of 30 per cent.:

- (i) shares in a Japanese company if the Non-Japanese Resident and/or its related persons own 25 per cent. or more of the outstanding shares at any time during the past three years including the year of sale and 5 per cent. or more of the outstanding shares held by such Non-Japanese Resident and/or its related persons are sold in the current year; or

- (ii) shares in a company with 50 per cent. or more of its total property consisting of real estate located in Japan on a fair market value basis, if such Non-Japanese Resident and/or its related persons own more than 5 per cent. of (in the case of listed shares) or 2 per cent. (in the case of unlisted shares) of the outstanding shares.

Dividends paid by listed Japanese companies to Non-Japanese Residents are subject to withholding tax at a general rate of 15 per cent., which is presently reduced to 7.147 per cent. until 31 December 2013, and thereafter increased to 15.315 per cent. from 1 January 2014 to 1 January 2037. However, such reduced rates do not apply to an individual investor owning 3 per cent. or more of the outstanding shares of a listed company.

The execution of a transfer agreement in respect of listed shares in Japan is not subject to stamp duty.

The description above could be changed under applicable tax treaties.

#### *Settlement*

As the Market Access Securities will not be traded on any Japanese stock exchange, there is no risk in relation to any specific settlement mechanism or trading rules with respect to the Market Access Securities. However, there is a general risk that, at the time of exercise of the Market Access Securities, the Issuer may not have sufficient funds to settle the proposed trade. Further, settlement may not occur if the counterparty to a share transaction involving the Japanese underlying shares fails to deliver the shares to the Issuer as contemplated although a person who does not have or own the title in the securities it proposes to sell is generally prohibited from carrying out the transaction (whether directly or by using a broker) under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended).

#### *Korea*

The Market Access Securities reflect the risks of a direct investment in Korean equity, Korean debt or an index which references Korean equity, as the case may be, by a foreign investor eligible under the Securities Regulations (as defined below) to trade listed securities in the Korean securities markets ("**Foreign Investor outside Korea**") who is subject to the same securities-related laws and rules and regulations of any securities-related regulators, exchanges and self-regulating organisations as apply to the Issuer and/or its Affiliates had the Issuer and/or its Affiliates held the Securities. Some, but not all, of these risks are described in the sections below.

#### *Korean foreign exchange and securities regulation in general*

The Foreign Exchange Transaction Law of Korea and its Presidential Decree and the regulations under such Law and Decree (collectively, the "**Foreign Exchange Transaction Laws**") regulate the investment in Korean securities by Foreign Investors outside Korea as non-residents (as defined under the Foreign Exchange Transaction Laws) ("**Non-Korean Residents**") and the issuance of securities outside of Korea by Korean companies. Non-Korean Residents may invest in Korean securities pursuant to the Foreign Exchange Transaction Laws. The Financial Services Commission of Korea ("**FSC**") has also adopted, pursuant to its authority under the Korean Financial Investment Services and Capital Markets Act ("**FSCMA**") and its Presidential Decree, certain regulations (collectively, the "**Securities Regulations**") that restrict investment by Foreign Investors outside Korea in Korean securities and regulate the issuance of securities outside of Korea by Korean companies.

Under the Foreign Exchange Transaction Laws, (1) if the Minister of Strategy and Finance ("**MOSF**") in its discretion deems it inevitable following the outbreak of natural calamities, wars, conflict of arms or due to grave and sudden changes in domestic or foreign economic circumstances or other situations equivalent thereto, it may temporarily suspend payment, receipt, or the performance of obligations relating to the whole or a part of, the transactions to which the Foreign Exchange Transaction Laws apply, or impose an obligation to safe-keep, deposit or sell means of payment or jewellery in or to the Bank of Korea, certain Korean governmental agencies, the Foreign Exchange Equalisation Fund or financial institutions; and (2) if the MOSF deems that international balance of payments and international finance are confronted or are likely to be confronted with serious difficulty, or the movement of capital between Korea and abroad brings or is likely to bring on serious obstacles in carrying out currency policies, exchange rate policies and other macroeconomic policies, it may take measures to require any person who intends to perform capital transactions to obtain permission or to require any person who performs capital

transactions to deposit part of the means of payment acquired in such transactions in the Bank of Korea, the Foreign Exchange Equalisation Fund or financial institutions, and in each case of (1) and (2), subject to certain limitations thereunder.

*Filing with Korean government in connection with the issuance of Market Access Securities*

In order for the Issuer to issue Market Access Securities linked to the lawful currency of Korea (the "**Korean Won**"), the Issuer is required to file a prior report of the issuance with the MOSF. In addition, the Issuer is also required to submit a report to the MOSF upon receipt of the full proceeds from the offering of the Market Access Securities promptly after the issuance of the Market Access Securities. Unless and until the MOSF accepts the prior report, the issuance of the Market Access Securities is not permitted. If the Issuer issues the Market Access Securities without such prior report being filed and accepted, it may be subject to criminal penalties and administrative sanctions. No further Korean governmental approval is necessary for the initial offering and issuance of the Market Access Securities.

*Restrictions applicable to securities transactions*

As a result of the amendments to the foreign exchange related laws and the securities related laws adopted in connection with the stock market opening to foreign investors in January 1992, Foreign Investors outside Korea may invest, with certain exceptions and subject to certain procedural requirements, in the securities of all Korean companies, whether or not listed on the Korea Exchange ("**KRX**"), unless prohibited by specific laws. Foreign Investors outside Korea may trade securities listed on the KRX only through the KRX, except in limited circumstances, including:

- odd-lot trading of shares;
- acquisition of shares by exercise of rights under convertible bonds, bonds with warrants, exchangeable bonds, depositary receipts, secondary depositary receipts or any other similar securities or certificates issued outside of Korea by a Korean company (collective, the "**Securities outside Korea**");
- acquisitions of shares by exercise of rights under convertible bonds, bonds with warrants, exchangeable bonds or stock options;
- acquisition of shares by foreign companies as a result of merger;
- acquisition of shares as a result of inheritance, donation, bequest or exercise of shareholders' rights, including pre-emptive rights or rights to participate in free distributions and receive dividends;
- over-the-counter transactions between foreigners of shares of designated public corporations (as defined below) for which the ceiling on aggregate acquisition by foreigners, as explained below, has been reached or exceeded;
- shares acquired by way of the foreign investment under Article 2, Paragraph 1, Subparagraph 4(Ga) of the Foreign Investment Promotion Act of Korea and/or the disposal of such shares by the investors;
- disposal of shares pursuant to the exercise of appraisal rights of dissenting shareholders;
- the acquisition or disposal of shares in connection with a tender offer pursuant to FSCMA;
- the acquisition of underlying shares by a foreign depositary in connection with the issuance of depositary receipts or secondary depositary receipts;
- the trading of listed bonds with an investment trader as the counterparty to a transaction with or through the brokerage of an investment broker; and
- margin transactions intermediated by the Korea Securities Depositary, securities finance companies or investment brokers; **provided, that**, as for the shares of designated public corporations (as defined below), this exception is limited only to margin transactions between foreigners.

For over-the-counter transactions between Foreign Investors outside Korea of shares of designated public corporations (as defined below) with respect to which the limit on aggregate foreign ownership, as explained below, has been reached or exceeded, an investment broker licensed in Korea must act as an intermediary. Odd-lot trading of shares outside the KRX must involve an investment dealer licensed in Korea as the other party.

The Presidential Decree of FSCMA and Securities Regulations require a Foreign Investor outside Korea who wishes to invest in securities listed on the KRX (including securities being publicly offered or sold in order to be listed on the KRX) to register its identity with the Financial Supervisory Service ("FSS") prior to making any such investment unless it has previously registered. However, such registration requirement does not apply to Foreign Investors outside Korea who (i) acquire shares by exercise of rights under the Securities outside Korea with the intention of selling such shares within three (3) months from the date of acquisition thereof or (ii) acquire or dispose of government bonds or monetary stabilisation bonds through an account opened in the Korea Securities Depository in the name of an international depository and clearing organisation that has completed the registration of investment (**provided, however, that** excluded herefrom are cases where the obligation to report is waived, in the manner prescribed by the Governor of the FSS, the details of bonds traded by a foreigner through an international depository and clearing organisation that has completed the registration of investment in its name). Upon registration, the FSS will issue to the Foreign Investor outside Korea an investment registration card which must be presented each time the Foreign Investor outside Korea opens a brokerage account with an investment broker or investment dealer ("**Investment Registration Card**"). Foreign Investors outside Korea eligible to obtain an Investment Registration Card include foreign nationals who have not been residing in Korea for a consecutive period of six (6) months or more, foreign governments, foreign municipal authorities, foreign public institutions, corporations incorporated under foreign laws, international organisations designated by the Presidential Decree of FSCMA and any other person including foreign entities located abroad designated by the Presidential Decree of FSCMA. The offices of a foreign corporation in Korea are not subject to investment registration and treated as Korean nationals, unlike the offices of the corporation outside Korea for the purpose of investment registration. However, a foreign financial institution or a foreign depository issuing depository receipts or secondary depository receipts may obtain one or more Investment Registration Cards in its name in certain circumstances as described in the relevant regulations.

Upon a purchase of securities by a Foreign Investor outside Korea through the KRX, no separate report by the Foreign Investor outside Korea is required because the Investment Registration Card system is designed to control and oversee foreign investment through a computer system. However, an acquisition or sale of securities listed on the KRX outside the KRX (as discussed above) by a Foreign Investor outside Korea must be reported by the Foreign Investor outside Korea or his standing proxy to the Governor of the FSS ("**FSS Governor**") at the time of each such acquisition or sale **provided, however, that** a Foreign Investor outside Korea must ensure that any acquisition or sale by it of securities listed on the KRX outside the KRX, in the case of trades in connection with a tender offer, odd-lot trading of shares, trades between foreigners of shares of designated public corporations (as defined below) for which the aggregate foreign ownership limit, as explained below, has been reached or exceeded, acquisition of underlying shares by a foreign depository in connection with the issuance of depository receipts or secondary depository receipts, trading of listed bonds with an investment trader as the counterparty to a transaction with or through the brokerage of an investment broker or margin transactions mediated by the Korea Securities Depository, securities finance companies or investment brokers (**provided that**, as for the shares of designated public corporations, as defined below, the exception is limited only to margin transactions between foreigners), is reported to the FSS Governor by the relevant investment dealer, investment broker, Korea Securities Depository or securities finance company engaged to facilitate such transaction. A Foreign Investor outside Korea may appoint one or more standing proxies from among the Korea Securities Depository, foreign exchange banks, investment dealers, investment brokers, collective investment business entities and certain foreign custodians specified in the Securities Regulations to exercise shareholders' right, place an order to sell or purchase securities or perform any matter related to the foregoing activities if the Foreign Investor outside Korea does not perform these activities himself. However, a Foreign Investor outside Korea may be exempted from complying with these standing proxy rules with the approval of the FSS Governor in cases deemed inevitable by reason of conflict between the laws of Korea and that of the home country of such Foreign Investor outside Korea.

Securities of Korean companies acquired by a Foreign Investor outside Korea must be kept in custody with an eligible custodian. Only the Korea Securities Depository, foreign exchange banks, investment dealers, investment brokers, collective investment business entities and certain foreign custodians

specified in the Securities Regulations are eligible to act as a custodian of securities for a Foreign Investor outside Korea. The custodian of a Foreign Investor outside Korea must deposit such securities with the Korea Securities Depository. However, the custodian of a Foreign Investor outside Korea may be exempt from complying with this deposit requirement with the approval of the FSS Governor in circumstances where the non-compliance thereof is inevitable, including where such compliance would contravene the laws of the home country of such Foreign Investor outside Korea.

Under the Securities Regulations, with certain exceptions, Foreign Investors outside Korea may acquire shares of a Korean company without being subject to any foreign investment ceiling. As one such exception, designated public corporations are subject to a 40 per cent. ceiling on the acquisition of shares by Foreign Investors outside Korea in the aggregate. Designated public corporations may set a ceiling on the acquisition of shares by a single foreign person within 3 per cent. of the total number of shares in their articles of incorporation. Of the Korean companies listed on the KRX, only Korea Electric Power Corporation has been so designated. Furthermore, an investment by a Foreign Investor outside Korea of not less than KRW 100 million of investment amount and not less than 10 per cent. of the outstanding voting shares of a Korean company is defined as a "foreign investment" under Article 2, Paragraph 1, Subparagraph 4(Ga) of the Foreign Investment Promotion Act and Article 2, Paragraph 2, Subparagraph 1 of its Presidential Decree, which is in general, subject to reporting to, and acceptance by, the Minister of Knowledge Economy which delegates its authority to the president of foreign exchange banks or the president of the Korea Trade-Investment Promotion Agency under Decree of the Ministry of Knowledge Economy. The acquisition of shares of a Korean company by a Foreign Investor outside Korea may also be subject to certain foreign shareholding restrictions in the event that such restrictions are prescribed in each specific law which regulates the business of such Korean company.

Under the Foreign Exchange Transaction Laws, a Foreign Investor outside Korea who intends to acquire securities must open a foreign currency account and a Korean Won account exclusively for investments at a foreign exchange bank in Korea. No approval is required for remittance into Korea and deposit of foreign currency funds in the foreign currency account. Foreign currency funds may be transferred from foreign currency account at the time required to place a deposit for, or settle the purchase price of a securities purchase transaction, to a Korean Won trading account opened with an investment broker or an investment dealer. Funds in the foreign currency account may be remitted abroad without any governmental approval.

Dividends on shares are paid in Korean Won. No governmental approval is required for Foreign Investors outside Korea to receive dividends on shares or the Korean Won proceeds of the sale of securities to be paid, received and retained in Korea. Dividends paid on shares and the Korean Won proceeds of the sale of securities held by a Foreign Investor outside Korea must be deposited either in a Korean Won trading account with the investor's investment broker or investment dealer or his Korean Won account at a foreign exchange bank. Funds in the investor's Korean Won account at a foreign exchange bank may be transferred to his foreign currency account or withdrawn for local living expenses up to certain limitations. Funds in the Korean Won account at a foreign exchange bank may also be used for future investment in securities or for payment of the subscription price of new shares obtained through the exercise of pre-emptive right.

Investment brokers and investment dealers are allowed to open foreign currency accounts with foreign exchange banks exclusively for accommodating securities investments of Foreign Investors outside Korea in Korea. Through these accounts, investment brokers and investment dealers may enter into foreign exchange transactions on a limited basis, such as conversion of foreign currency funds and Korean Won funds, either as a counterparty to or on behalf of Foreign Investors outside Korea, without the investors having to open their own accounts with foreign exchange banks.

#### *Market access*

The investor in the Market Access Securities will be subjected to the effect of equivalent restrictions and controls to those imposed on Foreign Investors outside Korea generally, as determined by the Calculation Agent. These include limitations on the number of Korean Underlyings in respect of which the investor is expecting to receive an economic return, potential delays or even non-receipt of funds on sale of the Market Access Securities, taxes and charges generally levied on Foreign Investors outside Korea in buying and selling equity and limitations on the importation and withdrawal of funds. Payments to MAS Holders calculated by reference to the price of a disposal of Korean Underlyings will not be due unless or until the proceeds of disposal would have been received by a Foreign Investor outside Korea.

If Foreign Investors outside Korea become unable to invest directly in or alternatively hold equities or Foreign Investors outside Korea are not allowed to sell or receive proceeds from the sale of such equities the Market Access Securities may, in the worst case, become worthless.

*Foreign currency risk*

Amounts payable in respect of the Market Access Securities are paid in the Settlement Currency as specified in the applicable Final Terms. Prospective investors in the Market Access Securities should understand that, where the Settlement Currency is US dollars, amounts payable under the Market Access Securities will be converted from Korean Won into US dollars or calculated by reference to hedge positions that may be denominated in Korean Won and will be converted into US dollars, as the case may be. Prospective investors in the Market Access Securities should also understand that amounts payable under the Market Access Securities may be converted from one currency into another currency. Therefore, the Market Access Securities are subject to the risks of any investment in foreign currencies, including the risk that the general level of foreign currency exchange rates may decline. The following is a list of some of the significant currency related risks associated with an investment in the Market Access Securities.

Historical performance of the Korean Won and the US dollar does not indicate the future performance of such currencies. It is impossible to predict whether the value of either currency will fall or rise during the term of the Market Access Securities.

Trading levels of the Korean Won and the US dollar will be influenced by political, economic, financial, market and other factors. It is impossible to predict what effect these factors will have on the value of either currency and thus, the return on the Market Access Securities.

The value of the Korean Won and the US dollar is a result of the supply of, and demand for, each currency and changes in the foreign exchange rate may result from the interactions of many factors including economic, financial, social and political conditions in Korea and the United States. These conditions include, for example, the overall growth and performance of the economies of the United States and Korea, the trade and current account balance between the United States and Korea, market interventions by the Federal Reserve Board of the United States or the Bank of Korea, inflation, interest rate levels, the performance of the stock markets in the United States and Korea, the stability of the United States' and Korea's governments and banking systems, wars in which the United States' and Korea are directly or indirectly involved or that occur anywhere in the world, major natural disasters in the United States and Korea, and other foreseeable and unforeseeable events.

Certain relevant information relating to Korea may not be as well known or as rapidly or thoroughly reported in the United States as comparable to developments in the United States. Prospective purchasers of the Market Access Securities should be aware of the possible lack of availability of important information that can affect the value of the Korean Won in relation to the US dollar and must be prepared to make special efforts to obtain such information on a timely basis.

Governments, including those of the United States and Korea use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the exchange rates of their respective currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. A special risk in purchasing the Market Access Securities is therefore that their liquidity, trading value and amounts payable could be affected by the actions of sovereign governments which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces and the movement of currencies across borders. There may be adjustments or changes in the terms of the Market Access Securities in the event of impositions of restrictions, prohibition (such as exchange controls) or delaying of the exchange of the Korean Won into the US dollar. Such events may also cause the Issuer to terminate the Market Access Securities early.

*Risks Relating to Korea*

If economic conditions in Korea deteriorate, the price of the Market Access Securities could be materially and adversely affected. The price of the Underlyings of the Market Access Securities is subject to political, economic, legal and regulatory risks specific to Korea. The economic indicators in Korea in recent years have shown mixed signs, and future growth of the Korean economy is subject to many



factors beyond the Issuer's control. Developments that could have an adverse impact on Korea's economy include:

- financial problems or lack of progress in restructuring of Korean conglomerates, other large troubled companies, their suppliers or the financial sector;
- loss of investor confidence arising from corporate accounting irregularities and corporate governance;
- issues of certain Korean conglomerates;
- a slowdown in consumer spending and the overall economy;
- adverse changes or volatility in foreign currency reserve levels, commodity prices, exchange rates, interest rates or stock markets;
- adverse developments in the economies of countries that are important export markets for Korea, such as the United States, Japan and PRC, or in emerging market economies in Asia or elsewhere;
- the continued emergence of the PRC economy, to the extent its benefits (such as increased exports to PRC) are outweighed by its costs (such as competition in export markets or for foreign investment and the relocation of the manufacturing base from Korea to PRC);
- the economic impact of any pending or future free trade agreements, including the Free Trade Agreement recently entered into with the United States;
- social and labour unrest;
- substantial decrease in the market price of Korean real estate;
- a decrease in tax revenues and a substantial increase in the Korean government's expenditures for unemployment compensation and other social programmes that, together, would lead to an increased government budget deficit;
- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from trade disputes or disagreements in foreign policy;
- political uncertainty or increasing strife among or within political parties in Korea; and
- an increase in the level of tension or an outbreak of hostilities between North Korea and Korea or the United States.

Escalations in tensions with North Korea could have an adverse effect on the price of the Underlyings. Relations between Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events.

There can be no assurance that the level of tension on the Korean peninsula will not escalate in the future. Any further increase in tension, including a breakdown of high-level contacts between Korea and North Korea or occurrence of military hostilities, could have a material adverse effect on the value of the Underlyings and the Market Access Securities.

There are special risks involved with investing in securities of Korean companies, including accounting and corporate disclosure standards that differ from those in other jurisdictions. As the Underlyings or the constituents of the Underlyings, as the case may be, are shares in Korean companies, there are risks associated with investing in them that are not typical for investments in securities of other countries' companies.

*Timing issues concerning dividend or coupon payments*

To the extent that the Underlyings are shares and bonds, the timing issues concerning dividend payments in connection with the Underlyings are set out below. In the case of warrants, the investors (who owned

the Market Access Securities immediately prior to the ex-dividend/coupon date) may be entitled to receive amounts reflecting the dividends or coupons some time after the dividend or coupon is announced or paid if payment of the dividends or coupons, or the receipt thereof by a Foreign Investor outside Korea or any other person, is delayed for whatever reason. The amount paid to the investors shall be the net dividend or coupon amount after conversion of such amount into the relevant Settlement Currency and after the deduction of all conversion, transfer and other costs and expenses incurred in connection therewith, as determined by the Issuer in its sole and absolute discretion. Also, adjustments for dividends or coupons may be calculated with reference to any taxation charged in respect of such dividends or coupons.

*Taxation issues concerning investment in the Market Access Securities and listed securities in Korea*

To the extent that the Underlyings are shares and bonds, the taxation issues concerning investment in the Market Access Securities and listed securities in Korea in connection with the Underlyings are set out below. The following summary of Korean tax considerations applies to Foreign Investors outside Korea who are:

- (a) Non-Korean Residents;
- (b) not corporations having its head office, principal place of business, or place of effective management in Korea; or
- (c) not engaged in a trade or business in Korea through a permanent establishment or a fixed base to which the relevant income is attributable or with which the relevant income is effectively connected,

each such Foreign Investor outside Korea, a **"Foreign Tax Person"**.

Since the Market Access Securities are not themselves securities issued by a Korean corporation nor listed on the KRX, the transfer of the Market Access Securities, which does not involve the transfer of the Underlyings, shall not be subject to Korean taxation.

The following would nevertheless apply to a holder of Underlyings such as the Foreign Investor outside Korea holding shares and bonds in connection with any arrangement established for the purposes of hedging the Issuer's obligations under the Market Access Securities.

Under the current Korean tax law, interest and premiums on bonds earned by Foreign Tax Persons are subject to Korean withholding tax at the rate of 15.4 per cent. (inclusive of local income surtax), unless exempted by relevant laws or reduced under the applicable Korean tax treaty with the Foreign Tax Person's country of tax residence (if any), as described below.

Under the current Korean tax law, dividends earned by Foreign Tax Persons are subject to Korean withholding tax at the rate of 22 per cent. (inclusive of local income surtax), unless otherwise reduced under the applicable Korean tax treaty with the Foreign Tax Person's country of tax residence (if any), as described below.

As a general rule, capital gains earned by Foreign Tax Persons upon the transfer of shares or bonds, whether or not listed on the KRX, are subject to Korean withholding tax at the lower of (1) 11 per cent. (inclusive of local income surtax) of the gross proceeds realised or (2) subject to the production of satisfactory evidence of acquisition costs and certain direct transaction costs of the shares or bonds, 22 per cent. (inclusive of local income surtax) of the net realised gain, unless exempted from Korean income taxation under the applicable Korean tax treaty with the Foreign Tax Person's country of tax residence as described below. Even if a Foreign Tax Person does not qualify for an exemption under a tax treaty, it will not be subject to the foregoing withholding tax on capital gains if it qualifies under the relevant Korean domestic tax law exemptions. In this regard, a Foreign Tax Person will not be subject to Korean taxation on capital gains realized upon the transfer of bonds to non-residents (unless the transfer is to the non-resident's permanent establishment in Korea). Furthermore, a Foreign Tax Person will not be subject to Korean income taxation on capital gains realised upon the transfer of shares through the KRX if it: (1) has no permanent establishment in Korea; and (2) did not own or has not owned (together with any shares owned by any entity with which it has a certain special relationship) 25 per cent. or more of the total issued and outstanding shares at any time during the calendar year in which the sale occurs and during the five calendar years prior to the calendar year in which the sale occurs.

Korea has entered into a number of income tax treaties with other countries (including the United States), which would reduce Korean withholding tax on dividends and interest and exempt Korean withholding tax on capital gains on transfer of shares or bonds. For example, under the Korea-United States income tax treaty, a reduced withholding tax at the rate of 13.2 per cent. (inclusive of local income surtax) on interest and 11 per cent. or 16.5 per cent. (inclusive of local income surtax) on dividends and an exemption from Korean withholding tax on capital gains are available to residents of the United States that are beneficial owners of the relevant capital gains, subject to certain exceptions.

In order to obtain the exemption under a tax treaty, a Foreign Tax Person must submit an application for exemption together with a certificate of residence issued by a competent tax authority of the Foreign Tax Person's country of residence prior to the receipt of proceeds. Such application should be submitted to the relevant tax office by 9th day of the month following the date of its first payment of proceeds. Furthermore, effective from 1 July 2012, a Foreign Tax Person who earns income sourced from Korea is required to submit to a withholding obligor an application for entitlement to reduced tax rate to be subject to taxes at the reduced tax rate under the relevant tax treaty. In this case, if Korean sourced income is paid through an overseas investment vehicle, such overseas investment vehicle shall submit to the withholding obligor, a report of overseas investment vehicle, together with an application for entitlement to reduced tax rate received from beneficial owners, subject to certain exceptions.

Where the Foreign Tax Person is a private person, if he or she dies while holding a security or donates a security, his or her heir or donee (or in certain circumstances, the Foreign Tax Person as the donor) will be subject to Korean inheritance or gift tax at the rate of 10 per cent. to 50 per cent., **provided that** the value of the securities is greater than a specified amount. Under Korean inheritance and gift tax laws, securities issued by a Korean corporation are deemed to be located in Korea irrespective of where they are physically located or by whom they are owned. At present, Korea has not entered into any tax treaty relating to inheritance or gift taxes.

If a Foreign Tax Person transfers shares on the KRX KOSPI Market, it will be subject to securities transaction tax at the rate of 0.15 per cent. and an agriculture and fishery special surtax at the rate of 0.15 per cent. of the sale price of the shares. If a Foreign Tax Person transfers shares on the KRX KOSDAQ market, it will be subject to securities transaction tax at the rate of 0.3 per cent. and will not be subject to an agriculture and fishery special surtax. If the transfer of shares is not made on the KRX, subject to certain exceptions, a Foreign Tax Person will be subject to securities transaction tax at the rate of 0.5 per cent. and will not be subject to an agriculture and fishery special surtax. In principle, the securities transaction tax, if applicable, must be paid by the transferor of the shares. When the transfer is effected through the Korea Securities Depository, the Korea Securities Depository is generally required to withhold and pay the tax to the tax authorities. When such transfer is made through an investment dealer or investment broker only, such investment broker or investment dealer is required to withhold and pay the tax. Where the transfer is effected by a Foreign Tax Person without a permanent establishment in Korea, other than through the Korea Securities Depository, an investment dealer or an investment broker, the transferee is required to withhold the securities transaction tax. No securities transaction tax or agriculture and fishery special surtax is payable on the transfer of the bonds.

### ***Malaysia***

The Market Access Securities reflect the risks of a direct investment in Malaysian equity, Malaysian debt or an index which references Malaysian equity, as the case may be, by an investor outside Malaysia ("**Foreign Investor outside Malaysia**") who is subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as apply to the Issuer and/or its Affiliates had the Issuer and/or its Affiliates held the Securities. Some, but not all, of these risks are described in the sections below.

#### ***Potential Market Access Risk for the Issuer***

There is no legislation in Malaysia prohibiting foreign ownership of equity in Malaysian companies. Foreign organisations and individuals can generally invest directly in Malaysian equity. However, the Economic Planning Unit of the Prime Minister's Department ("**EPU**") has issued guidelines which stipulate that the specific approval of the EPU is required for, *inter alia*, the acquisition of shares in a company that has real property representing more than 50 per cent. of its assets and where the value of such real property is more than RM20 million, which acquisition will result in a change of control of the company from Bumiputera interests and/or governmental agencies.

The guidelines issued by the EPU are not law and are a reflection of governmental policy only. While there are no legal sanctions against non-compliance, the guidelines are usually enforced administratively through government departments which generally conform to the views of the EPU.

Additionally, it should be noted that in certain instances, the operations of a local company or business in Malaysia may require certain licences, permits or other governmental approvals for its business operations, and the relevant Malaysian governmental or regulatory authority may require or stipulate certain equity conditions which may restrict the level of foreign ownership of equity in such company or business.

*Foreign currency risk*

Amounts payable in respect of the Market Access Securities are paid in the Settlement Currency as specified in the applicable Final Terms. Prospective investors in the Market Access Securities should understand that, where the Settlement Currency is US dollars, amounts payable under the Market Access Securities will be converted from the lawful currency of Malaysia (the "**Malaysian Ringgit**" or "**MYR**") into US dollars or calculated by reference to hedge positions that may be denominated in Malaysian Ringgit and will be converted into US dollars, as the case may be. Prospective investors in the Market Access Securities should also understand that amounts payable under the Market Access Securities may be converted from one currency into another currency. Therefore, the Market Access Securities are subject to the risks of any investment in foreign currencies, including the risk that the general level of foreign currency exchange rates may decline. Such risks generally depend on economic and political events over which the Issuer has no control.

Malaysia has imposed from time to time, and may in the future impose or modify, exchange controls that could affect the exchange rate of the Malaysian Ringgit.

Historical performance of the Malaysian Ringgit and the US dollar does not indicate the future performance of such currencies. It is impossible to predict whether the value of either currency will fall or rise during the term of the Market Access Securities.

Trading levels of the Malaysian Ringgit and the US dollar will be influenced by political, economic, financial, market and other factors. It is impossible to predict what effect these factors will have on the value of either currency and thus, the return on the Market Access Securities.

The value of the Malaysian Ringgit and the US dollar is a result of the supply of, and demand for, each currency and changes in the foreign exchange rate may result from the interactions of many factors including economic, financial, social and political conditions in Malaysia and the United States. These conditions include, for example, the overall growth and performance of the economies of the United States and Malaysia, the trade and current account balance between the United States and Malaysia, market interventions by the Federal Reserve Board of the United States or the Central Bank of Malaysia ("**Bank Negara Malaysia**"), inflation, interest rate levels, the performance of the stock markets in the United States and Malaysia, the stability of the United States' and Malaysia's governments and banking systems, wars in which the United States and Malaysia are directly or indirectly involved or that occur anywhere in the world, major natural disasters in the United States and Malaysia, and other foreseeable and unforeseeable events.

Certain relevant information relating to Malaysia may not be as well known or as rapidly or thoroughly reported in the United States as comparable to developments in the United States. Prospective purchasers of the Market Access Securities should be aware of the possible lack of availability of important information that can affect the value of the Malaysian Ringgit in relation to the US dollar and must be prepared to make special efforts to obtain such information on a timely basis.

Currently the exchange of Malaysian Ringgit into other foreign currencies for the purposes of repatriation is not subject to foreign exchange control in Malaysia.

*Timing issues concerning dividend payments*

To the extent that the Underlyings are shares, the timing issues relating to dividend payments in connection with such Underlyings are set out below. Under section 365(1) of the Malaysian Companies Act 1965 (the "**CA**"), no dividend shall be payable to the shareholders of any local company except out of profits or pursuant to section 60 of the CA (i.e. using the share premium in payment of dividend which is

satisfied by the issue of shares to shareholders of the company). The power to declare a dividend lies with the shareholders at a general meeting but the dividend may not exceed the amount recommended by the directors at a meeting of the board of directors. In addition, a local company must ensure that after distribution of any dividend, it is still capable of discharging all monetary obligations due.

Dividends approved by the directors at a board meeting are distributed and paid to shareholders in proportion to the paid-up value of their shares as of the book closure date. In addition, the directors may declare and pay interim dividends. Generally, dividends are paid in cash, although, if authorised by its constituent documents, a company may pay dividends in specie of particular property of the company or the dividend may be applied in paying up shares to be distributed to the shareholders as bonus shares.

The directors, at the board meeting, may determine the date of payment of the dividend. However, where an interim dividend is declared, according to the Bursa Securities Listing Rules, it must be paid within three months from the date of the declaration of the interim dividend and must be paid within one month of the entitlement date.

To the extent that the Underlyings are shares or bonds, the timing issues concerning dividend or coupon payments in connection with such Underlyings are set out below. The investors (who owned the Market Access Securities immediately prior to the ex-dividend/coupon date) may be entitled to receive amounts reflecting the dividends or coupons some time after the dividend is announced or paid if payment of the dividends or coupons, or the receipt thereof by a Foreign Investor outside Malaysia or any other person, is delayed for whatever reason. The amount paid to the investors shall be the net dividend or coupon amount after conversion of such amount into the relevant Settlement Currency and after the deduction of all conversion, transfer and other costs and expenses incurred in connection therewith, as determined by the Issuer in its sole and absolute discretion. Also, adjustments for dividends or coupons may be calculated with reference to any taxation charged in respect of such dividends or coupons.

#### *Taxation*

The comments below are of a general nature and are only a summary of the law and practice currently applicable in Malaysia as at the date of this Base Prospectus and are subject to any changes in laws or administrative guidelines, or the interpretation of those laws, or guidelines, occurring after such date, which changes could be made on a retrospective basis. The comments relate to the position of persons who are the absolute beneficial owners of the Market Access Securities and may not apply equally to all persons. The comments do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Market Access Securities and do not purport to deal with the tax consequences applicable to all categories of investors. The comments are not to be regarded as advice on the tax position of any MAS Holder or of any person acquiring, selling or otherwise dealing with the Market Access Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Market Access Securities. In particular, this general summary does not consider any specific facts or circumstances that may apply to any particular purchaser. The comments relate only to certain aspects in respect of the Market Access Securities under the laws and practice in Malaysia as at the date of this Base Prospectus and MAS Holders should be aware that they may be liable to taxation under the laws of other jurisdictions.

##### *(A) Income Tax and Capital Gains*

Although Malaysia imposes a tax on income, there is no tax imposed on gains which are capital in nature except in certain circumstances in relation to the disposal of real property. However, any gains arising from the sale of Market Access Securities derived by a person as part of a trade or business carried on by that person would be regarded as income from the trading activities of the trader and may be taxable in Malaysia. The question of whether a gain is income or capital is subject to the facts or circumstances that may apply to the MAS Holder's personal circumstances.

Subject to certain exceptions, income tax is generally payable in Malaysia on income accruing in or derived from Malaysia and on foreign-source income received or deemed received in Malaysia notwithstanding the tax resident status of the investors. However, all foreign-source income received in Malaysia by any person (other than a resident company carrying on the business of banking, insurance, shipping or air transport) is currently exempted from tax. Foreign-source income received under the Market Access Securities will be exempt from tax subject to the facts or circumstances that may apply to a particular investor.

(B) *Goods and Service Tax*

MAS Holders should be aware that the Malaysian government has announced that the current sales tax and service tax regime will be replaced with the Malaysia Goods and Services Tax ("**Malaysia GST**"). If a Malaysia GST Act is enacted, MAS Holders should consider whether the issue, allotment, transfer of ownership, renewal or variation of Market Access Securities would be subject to Malaysia GST.

(C) *Stamp Duty*

Malaysia stamp duty would not be payable on any instrument or agreement to transfer cash-settled Market Access Securities or any interests in cash-settled Market Access Securities if executed outside and kept outside Malaysia, and enforced outside Malaysia.

### *New Zealand*

The Market Access Securities reflect the risks of a direct investment in New Zealand equities, New Zealand debt or an index which references New Zealand equities, as the case may be, by an investor outside New Zealand ("**Foreign Investor outside New Zealand**") who is subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as apply to the Issuer and/or its designated Affiliates had the Issuer and/or its designated Affiliates held the Market Access Securities. Some, but not all, of these risks are described in the sections below.

### *Market Access*

Foreign Investors outside New Zealand can generally invest directly in New Zealand equities. Foreign investment in New Zealand is regulated principally under legislation, including the Overseas Investment Act 2005 ("**OIA**") and the Overseas Investment Regulations 2005 ("**Regulations**"). The following is a very general summary of the requirements of the OIA and does not purport to be exhaustive, nor to give legal advice.

The Overseas Investment Office ("**OIO**") is responsible for screening all investment proposals that fall within the criteria set out in the OIA and the Regulations and monitoring compliance with any conditions of any consent granted under the OIA.

"Overseas persons" who propose to acquire outright or acquire control of significant assets in New Zealand may require the consent of the OIO (given either by the relevant minister(s) of Parliament, or under delegation from the relevant minister(s)). The OIO makes its decisions in accordance with the criteria set out in the OIA and the Regulations.

In general, an "overseas person" is required to obtain the prior consent of the OIO if it proposes to acquire outright, or acquire "control" of, sensitive land or significant business assets in New Zealand. "Control" is generally associated with the overseas person, or an associate of the overseas person, obtaining a 25% or more ownership or controlling interest in any sensitive land or business asset.

Sensitive land is defined in the OIA, and includes non urban land that exceeds five hectares in size, certain islands listed in the Act, the foreshore, seabed, bed of a lake, land held for conservation purposes, land subject to heritage orders and historical places or areas. It is unlikely that a Market Access Security will relate to sensitive land.

A Market Access Security may, however, relate to business assets. An investment in significant business assets by an overseas person that will require consent under the OIA is the:

- acquisition by an overseas person, or an associate of an overseas person, of the rights or interests in the securities of a person ("**A**") if, as a result of the acquisition, the overseas person or the associate (either alone or together with its associates) has a 25% or more ownership or control interest in A or an increase in an existing 25% or more ownership or control interest in A, and the value of the securities or consideration provided for the acquisition, or the assets of A, exceeds NZ\$100 million.
- establishment of a business in New Zealand by the overseas person where the business is carried on for more than 90 days in any one year (whether consecutively or in aggregate) and the total expenditure expected to be incurred in setting up the business exceeds NZ\$100 million.
- acquisition of property by an overseas person (including goodwill and other intangible assets) in New Zealand used in carrying on business where the total consideration paid or payable for the assets exceeds NZ\$100 million.

An "overseas person" for the purposes of the OIA includes any person who, if an individual, is neither a New Zealand citizen nor ordinarily resident in New Zealand and, if a body corporate, is incorporated outside of New Zealand or is a 25% or more subsidiary of a body corporate incorporated outside of New Zealand.

If Foreign Investors outside New Zealand become unable to invest directly in or alternatively hold equities or Foreign Investors outside New Zealand are not allowed to sell or receive proceeds from the sale of such equities the Market Access Securities may, in the worst case, become worthless.

*Foreign currency risk*

The Market Access Securities are settled in the Settlement Currency as specified in the applicable Final Terms. Prospective investors in the Market Access Securities should understand that, where the Settlement Currency is US dollars, amounts payable under the Market Access Securities will be converted from the lawful currency of New Zealand (the "**New Zealand dollar**") into US dollars or may be calculated by reference to hedge positions that may be denominated in New Zealand dollars and will be converted into US dollars. Therefore, the Market Access Securities are subject to the risks of any investment in foreign currencies, including the risk that the general level of foreign currency exchange rates may decline. The following is a list of some of the significant currency related risks associated with an investment in the Market Access Securities.

Historical performance of the New Zealand dollar and the US dollar does not indicate the future performance of such currencies. It is impossible to predict whether the value of either currency will fall or rise during the term of the Market Access Securities.

Trading levels of the New Zealand dollar and the US dollar will be influenced by political, economic, financial, market and other factors. It is impossible to predict what effect these factors will have on the value of either currency and thus, the return on the Market Access Securities.

The value of the New Zealand dollar and the US dollar is a result of the supply of, and demand for, each currency and changes in the foreign exchange rate may result from the interactions of many factors including economic, financial, social and political conditions in New Zealand and the United States. These conditions include, for example, the overall growth and performance of the economies of the United States and New Zealand, the trade and current account balance between the United States and New Zealand, market interventions by the Federal Reserve Board of the United States or the Reserve Bank of New Zealand, inflation, interest rate levels, the performance of the stock markets in the United States and New Zealand, the stability of the United States' and New Zealand's governments and banking systems, wars in which the United States and New Zealand are directly or indirectly involved or that occur anywhere in the world, major natural disasters in the United States and New Zealand, and other foreseeable and unforeseeable events.

*Dividend and coupon payments*

To the extent that the Reference Assets are shares, we set out below certain information relating to dividend payments in connection with such Reference Assets. New Zealand companies may pay dividends, as determined by either the shareholders of the New Zealand company in general meeting or the directors of the company depending on the terms of the company's constitution and subject to the requirements of the Companies Act 1993 of New Zealand ("**New Zealand Companies Act**") and the rights of any shareholders which hold shares which have special rights to dividends.

In accordance with sections 52 and 53 of the New Zealand Companies Act, a dividend may not be paid by a company unless the company satisfies the solvency test. The board of a company must not authorise a dividend in respect of some but not all the shares in a class' or that is of a greater value per share in respect of some shares of a class than it is in respect of other shares of that class.

Dividends are generally declared on ordinary shares as a stated number of cents per share. However, a New Zealand company may have issued different classes of shares, which may have different dividend rights. For example, preference shares may carry a right to a fixed percentage dividend, while ordinary shares may be entitled to whatever rate of dividend is declared. There is no obligation to declare a dividend on ordinary shares and interest is not payable on any dividend.

Subject to a New Zealand company's constitution, dividends can be paid in cash, the issue of shares, the grant of options or the transfer of assets and are payable to the persons registered as shareholder as at the date of the dividend.

Many companies listed on the Main Board equities market ("**NZSX**") operated by NZX Limited (Company Number 1266120) pay dividends each half year or each quarter.

To the extent that the Reference Assets are shares or bonds, the timing issues concerning dividend or coupon payments in connection with such Reference Assets are set out below. The investors (who owned the Market Access Securities immediately prior to the ex-dividend/coupon date) may become entitled to



receive amounts reflecting the dividend or coupon some time after the dividend or coupon is announced or paid if payment of the dividend or coupon, or the receipt thereof by a Foreign Investor outside New Zealand or any other person, is delayed for whatever reason. The amount paid to the investors shall be the net dividend or coupon amount after conversion of such amount into the relevant Settlement Currency and after the deduction of all conversion, transfer and other costs and expenses incurred in connection therewith, as determined by the Issuer in its sole and absolute discretion. Also, adjustments for dividends or coupons may be calculated with reference to any taxation charged in respect of such dividends or coupons.

*Taxation issues concerning investment in listed securities in New Zealand*

Investors of Market Access Securities may be subject to taxation in New Zealand in some circumstances. In addition, under the terms of the Market Access Securities, the amount of a payment to the investor under the Market Access Securities may be adjusted to take into account the effect of New Zealand taxes on an investment in the Reference Assets.

*(A) Income Tax and Capital Gains*

*New Zealand income tax treatment of Foreign Investors outside New Zealand*

Under the terms of the Market Access Securities, the amount of a payment to the MAS Holder under the Market Access Securities may be adjusted to take into account the effect of New Zealand taxes on an investment by a Foreign Investor outside New Zealand in the Reference Assets.

*New Zealand tax which may affect any Additional Amount*

To the extent that the Reference Assets are shares, New Zealand may impose non-resident withholding tax at a rate of, currently, up to 30% on dividends paid by the Underlying Companies to a non-resident Foreign Investor outside New Zealand who does not hold the Reference Assets at or through a New Zealand permanent establishment. The withholding rate may be reduced (generally to between 15% and 0%), if the Foreign Investor outside New Zealand receiving the dividend is a resident in a country with which New Zealand has signed a double taxation agreement.

An exemption from non resident withholding tax is available for certain "imputed" dividends (broadly, dividends paid out of after-tax profits of the Underlying Companies).

*New Zealand tax which may affect payments under the Market Access Securities*

To the extent that the Reference Assets are shares, a Foreign Investor outside New Zealand who is a non-resident of New Zealand and who, during the tax year, does not hold the Reference Asset in the course of carrying on business at or through a permanent establishment in New Zealand, will generally not be required to pay New Zealand tax on any gain arising from the disposal of a Reference Asset which has an New Zealand source except in limited circumstances (for instance, where the Reference Asset was acquired with the purpose of disposal). A gain arising on the disposal of a Reference Asset from the Foreign Investor outside New Zealand to another non-resident may not have a New Zealand source if the Reference Asset is disposed of outside New Zealand and negotiations are conducted, and documentation is executed, outside New Zealand.

*(B) Goods and Services Tax*

New Zealand imposes goods and services tax on supplies of goods or services that are deemed to occur in New Zealand in the context of a taxable activity. However, transactions that involve the issue, allotment or transfer of ownership of debt securities, equity securities and participatory securities will normally be exempt from goods and services tax.

*(C) Transfer Taxes*

New Zealand does not have any form of stamp, documentation or other transfer tax.

*Settlement*

The settlement of NZSX transactions is carried out through New Zealand Clearing Limited ("NZC") a

wholly owned subsidiary of New Zealand Clearing and Depository Corporation Limited, which is in turn wholly owned by NZX Limited. NZC operates as a clearing house under a central counterparty model.

As central counterparty to trades on the NZSX, NZC replaces trade counterparties and becomes the buyer to each seller and the seller to each buyer. NZC therefore assumes counterparty risk for its participants.

An associated company of NZC, New Zealand Depository Limited ("**NZD**") is the operator of a central securities depository which provides for centralised recording and transfer of beneficial interests in securities. It maintains accounts against which securities positions and derivatives positions are recorded. A nominee company, New Zealand Depository Nominee Limited ("**NZ Nominee**") is the holder of legal title to admitted product and cash held in the depository. NZ Nominee is a wholly owned subsidiary of NZD.

The clearing house operated by NZC uses depository accounts to effect settlement. Every clearing participant is also required to be a depository participant.

#### *Suspension of trading for the Index*

For Market Access Securities linked to an index, trading on the NZSX may be halted or suspended by NZX Limited. This may occur whenever the NZSX deems such action appropriate in the interests of maintaining a fair and orderly market in the underlying shares or otherwise deems such action advisable in the public interest or to protect investors.

#### **Pakistan**

The Market Access Securities reflect the risks of a direct investment in Pakistan equity, Pakistan debt or an index which references Pakistan equities, as the case may be, by an investor outside Pakistan ("**Foreign Investor outside Pakistan**") who is subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as apply to the Issuer and/or its Affiliates had the Issuer and/or its Affiliates held the Securities. Some, but not all, of these risks are described in the sections below.

#### *Market Access*

The Foreign Exchange Regulation Act, 1947 ("**FERA**") and the Foreign Exchange Manual issued thereunder (collectively, the "**Foreign Exchange Laws**") contain the foreign exchange laws in Pakistan. The State Bank of Pakistan ("**SBP**") has, under the FERA, granted a general exemption to certain "persons resident outside Pakistan" so that they are not required to obtain a special permission from the SBP in connection with the issue, transfer and export of securities that are listed on stock exchanges in Pakistan and can, hence, invest in such listed securities directly. These include the following categories of "persons resident outside Pakistan" (hereinafter referred to as "**Persons resident outside Pakistan**"):

- (a) a Pakistan national resident outside Pakistan;
- (b) a person who holds dual nationality including Pakistan nationality, whether living in or outside Pakistan;
- (c) a foreign national, whether living in or outside Pakistan; and
- (d) a firm (including a company incorporated outside Pakistan and a body corporate or partnership) or trust or mutual fund registered and functioning outside Pakistan, excluding entities owned or controlled by a foreign government.

The Foreign Investor outside Pakistan is exempted under sub-section (d) above.

Under current practice, a Foreign Investor outside Pakistan is required to open a Special Convertible Rupee Account (the "**SCRA**") with any Authorised Dealer in Pakistan for the purpose of making investments in Pakistan listed securities. An "**Authorised Dealer**" is a person authorised by the SBP for the time being to deal in foreign exchange. All funds paid or received in respect of its investments, which can be funded by remittances from abroad or by transfer from a foreign currency account maintained by the Foreign Investor outside Pakistan in Pakistan, must be channelled through the SCRA. Payment for purchases of equity may be debited and dividend proceeds may be credited to the SCRA of the Foreign

Investor outside Pakistan on the production of the stock broker's memorandum evidencing such a transaction. The Foreign Investor outside Pakistan may transfer the funds in the SCRA outside Pakistan or to a foreign currency account maintained in Pakistan at any time without the prior approval of the SBP. Authorised Dealers are under a statutory duty to submit a statement to the SBP on a weekly basis showing the position of the SCRAs opened with them.

Generally, Foreign Investors outside Pakistan may buy Pakistan listed shares without any sectoral restrictions. However, the existing law imposes a restriction on the maximum percentage holding of shares by a foreign investor in Pakistan listed companies in certain sectors of the economy which include banking, air transport, broadcasting and newspapers. Some of the more specific restrictions include the following:

- (a) in the case of Pakistan Telecommunications Company Limited (the former state-owned fixed line monopoly), a statutory restriction on acquiring more than 10 per cent. of the class "A" shares applies to both local and foreign investors;
- (b) in the case of insurance companies, while there is no restriction on the percentage of shareholding by a local or foreign investor, a transfer of more than 10 per cent. of the shares to a third party requires the transferor to obtain the approval of the corporate regulator, the Securities and Exchange Commission of Pakistan ("**SECP**") (whether there is one or a number of transactions constituting such transfer); and
- (c) in the case of a banking company, permission from the Ministry of Finance on the recommendation of the SBP is required in case the Foreign Investor outside Pakistan intends to acquire more than 5 per cent. shares (the application would have to be made by the bank at the request of the Foreign Investor outside Pakistan).

These restrictions may change from time to time, sometimes without prior notice.

If the Foreign Investor outside Pakistan beneficially owns 10 per cent. or more of the voting shares in a Pakistan listed company, it is required to report its shareholding in such company to the registrar of companies and the SECP within thirty (30) days. Any subsequent change in such shareholding must also be so reported within fifteen (15) days of the change.

An acquisition of 10 per cent. or more of the voting shares of a Pakistan listed company must be disclosed to that company, the stock exchanges in Pakistan on which such shares are listed and the SECP and if the acquirer intends to acquire more than 25 per cent. of the voting shares or control of the listed company, it must also make an SECP approved public announcement of an offer to acquire a certain approved percentage of voting shares of the listed company.

The investor in the Market Access Securities will be subjected to the effect of restrictions and controls to those imposed on Foreign Investors outside Pakistan generally, as determined by the Calculation Agent. These include limitations on the number of Pakistan Underlyings in respect of which the investor is expecting to receive an economic return, potential delays or even non-receipt of funds on sale of the Market Access Securities, taxes and charges generally levied on Foreign Investors outside Pakistan in buying and selling equity and limitations on the importation and withdrawal of funds. Payments to MAS Holders calculated by reference to the price of a disposal of Pakistan Underlyings will not be due unless or until the proceeds of disposal would have been received by a Foreign Investor outside Pakistan.

If Foreign Investors outside Pakistan become unable to invest directly in or alternatively hold equities or Foreign Investors outside Pakistan are not allowed to sell or receive proceeds from the sale of such equities the Market Access Securities may, in the worst case, become worthless.

#### *The Shariat Law Position on the Payment of Interest or Riba*

Presently there are no laws, regulations or binding judgments of any superior court in Pakistan which expressly bar a lender's right to receive interest, including interest on late payments, from a borrower under a loan agreement or a debt obligation. However, (a) the Constitution of Pakistan 1973 (the "**Constitution**") declares Islam to be the state religion; (b) Article 38(f) of the Constitution provides for the elimination of riba as a matter of policy as early as possible; and (c) Article 227 of the Constitution requires all existing laws to be brought in conformity with the injunctions of Islam and prohibits the enactment of any law which is repugnant to the injunctions of Islam. The term "**riba**" is defined neither

in the Constitution nor any other legislative enactment. As a result there is some controversy over its exact meaning. Some consider it as being analogous to interest while others equate it with usury.

In November 1991, the Federal Shariat Court of Pakistan, a constitutionally established body in Pakistan which has jurisdiction to determine whether any law, custom or usage having the force of law violates the principles of Islam (the "**Shariat Court**"), ruled that a number of statutory provisions in Pakistan violated Islamic principles relating to *riba* and instructed the government to conform these provisions to the injunctions of Islam. However, after protracted legal proceedings, including an appeal before the Supreme Court of Pakistan (the "**SCP**") and a review of the resulting judgment by another bench of that Court, the question of whether interest payable on borrowed money is, under the injunctions of Islam "*riba*" and therefore forbidden, was remanded to the Shariat Court where a fresh adjudication is pending.

If the SCP, which is the final forum for adjudicating this issue, eventually finds that interest is *riba* and contrary to Islamic principles, the ordinary civil courts in Pakistan may not enforce contracts pertaining to interest payment on moneys borrowed. This may have an adverse effect generally on the overall performance of the Pakistan economy and, because it is likely to restrict access to foreign currency loans, specifically on the growth and expansion of the Pakistan economy. This in turn could adversely affect the profitability of Pakistan companies, particularly, listed ones and consequently, amongst other things, affect their ability to pay dividends to shareholders.

No representation is made as to whether amounts payable under the Market Access Securities comply with any principles of Islamic sharia'h.

#### *Foreign currency risk*

Amounts payable in respect of the Market Access Securities are paid in the Settlement Currency as specified in the applicable Final Terms. Prospective investors in the Market Access Securities should understand that, where the Settlement Currency is US dollars, amounts payable under the Market Access Securities will be converted from the lawful currency of Pakistan (the "**Pakistan Rupee**" or "**PKR**") into US dollars. Prospective investors in the Market Access Securities should also understand that amounts payable under the Market Access Securities may be converted from one currency into another currency. Therefore, the Market Access Securities are subject to the risks of any investment in foreign currencies, including the risk that the general level of foreign currency exchange rates may decline. The following is a list of some of the significant currency related risks associated with an investment in the Market Access Securities.

Historical performance of the Pakistan Rupee and the US dollar does not indicate the future performance of such currencies. It is impossible to predict whether the value of either currency will fall or rise during the term of the Market Access Securities.

Trading levels of the Pakistan Rupee and the US dollar will be influenced by political, economic, financial, market and other factors. It is impossible to predict what effect these factors will have on the value of either currency and thus, the return on the Market Access Securities.

The value of the Pakistan Rupee and the US dollar is a result of the supply of, and demand for, each currency and changes in the foreign exchange rate may result from the interactions of many factors including economic, financial, social and political conditions in Pakistan and the United States. These conditions include, for example, the overall growth and performance of the economies of the United States and Pakistan, the trade and current account balance between the United States and Pakistan, market interventions by the Federal Reserve Board of the United States or the SBP, inflation, interest rate levels, the performance of the stock markets in the United States and Pakistan, the stability of the United States' and Pakistan's governments and banking systems, wars in which the United States and Pakistan are directly or indirectly involved or that occur anywhere in the world, major natural disasters in the United States and Pakistan, and other foreseeable and unforeseeable events.

Certain relevant information relating to Pakistan may not be as well known or as rapidly or thoroughly reported in the United States as comparable to developments in the United States. Prospective purchasers of the Market Access Securities should be aware of the possible lack of availability of important information that can affect the value of the Pakistan Rupee in relation to the US dollar and must be prepared to make special efforts to obtain such information on a timely basis.

Exchange rates of the Pakistan Rupee, are determined following a "managed floating rate" regime, which is an exchange rate environment in which exchange rates fluctuate from day to day but the country's central bank attempts to influence the exchange rate by buying and selling currencies. However, some experts believe the exchange rate to be de facto pegged. Governments, including those of the United States and Pakistan use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the exchange rates of their respective currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. A special risk in purchasing the Market Access Securities is therefore that their liquidity, trading value and amounts payable could be affected by the actions of sovereign governments which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces and the movement of currencies across borders. There may be adjustments or changes in the terms of the Market Access Securities in the event of impositions of restrictions, prohibition (such as exchange controls) or delaying of the exchange of the Pakistan Rupee into the US dollar. Such events may also cause the Issuer to terminate the Market Access Securities early.

As discussed under *Market Access* above, currently the exchange of the Pakistan Rupee into other foreign currencies for the purposes of repatriation is not subject to foreign exchange control in Pakistan as long as certain formalities specified under that heading are fulfilled.

*Timing issues concerning dividend or coupon payments*

Under the Companies Ordinance, 1984 (the "**Pakistan Companies Ordinance**") of Pakistan, a company in a general meeting may declare a dividend which cannot exceed the amount recommended by the Board of that company. Pursuant to Section 249 of the Pakistan Companies Ordinance, a company may declare and pay dividends only out of its profits. However, unless the business of the company consists of selling and purchasing such property or assets, a dividend can be paid out of the profits made by a company from the sale or disposal of immovable property or assets only after such profits are set off against losses arising from the sale of other immovable property.

Prior to the recommendation of any dividend, the Board may set aside amounts out of the profits of the company as reserves which, pursuant to the Pakistan Companies Ordinance, may be applied to meet contingencies, equalise dividends, make investments or for any other purpose for which the profits of the company may properly be applied.

Dividends are generally declared as a percentage of the share par value and, subject to the rights of persons (if any) entitled to shares with special rights as to a dividend, are paid to the shareholders in proportion to the paid-up value of their shares at the time the dividend is declared. If, however, nothing is paid up on any of the shares the dividends may be declared and paid according to the par value of the shares. In addition, the Board may declare and pay interim dividends. Dividends may be paid in the form of warrants and sent by registered post to shareholders listed in the register of shareholders. However, since most listed companies in Pakistan are registered with the Central Depository System, on the basis of the list of beneficial owners therein and information in the dividend mandate (as submitted by the beneficial owner), dividends may be transferred directly to a beneficial owner's bank account.

A notice of dividend of a Pakistan listed company must be advertised in a newspaper circulated in the province in which the registered office of that listed company is situated. Dividends must be paid within 30 days from the time they are deemed to be declared. Dividends are deemed to be declared on the date of the general meeting if it is approved and declared in such meeting. In the case of interim dividends, they are deemed to be declared on the date on which the share transfer register is closed (for purposes of determining the entitlement of dividends).

Thus, the time when the dividends are deemed to be declared is crucial in determining when investors in the Market Access Securities will receive the amounts reflecting the dividends.

As non-payment of dividend after it is declared is a criminal offence under the Pakistan Companies Ordinance, it is possible although extremely unlikely for a dividend to be announced but then subsequently not paid by a Pakistan company. However, there can be a significant delay (sometimes a number of months) between the declaration of a dividend and its payment. Occasionally the dividends are of such modest magnitude that the costs of converting Pakistan Rupee into US dollars and transferring the payment offshore are significant in relation to the dividend.

To the extent that the Underlyings are shares or bonds, the timing issues concerning dividend or coupon payments in connection with such Underlyings are set out below. The investors (who owned the Market Access Securities immediately prior to the ex-dividend/coupon date) may be entitled to receive amounts reflecting the dividends or coupons some time after the dividend or coupon is announced or paid if payment of the dividend or coupon, or the receipt thereof by a Foreign Investor outside Pakistan or any other person, is delayed for whatever reason. The amount paid to the investors shall be the net dividend or coupon amount after conversion of such amount into the relevant Settlement Currency and after the deduction of all conversion, transfer and other costs and expenses incurred in connection therewith, as determined by the Issuer in its sole and absolute discretion. Also, adjustments for dividends or coupons may be calculated with reference to any taxation charged in respect of such dividends or coupons.

With respect to tax implications on dividends payable to a Foreign Investor outside Pakistan, please see the discussion below.

*Taxation issues concerning investment in listed securities in Pakistan*

A tax is imposed under Section 5 of Chapter II of the Income Tax Ordinance, 2001 (the "**Pakistan Tax Ordinance**") of Pakistan, on every person, whether a local or a foreign investor, who receives a dividend from any Pakistan resident company, and is collected by means of tax withholding at source. A general rate of tax of 10 per cent. is deductible at source on the gross amount of the dividend received from companies in all sectors except companies set up for power generation which are required to deduct tax at 7.5 per cent. of the dividend. The Pakistan Tax Ordinance requires Pakistan listed companies to deduct withholding tax at the time of making a payment of a dividend at the rate specified under the First Schedule to the Pakistan Tax Ordinance and pay the same to the relevant authorities under the Pakistan Tax Ordinance within the time and in the manner provided. Upon receipt, the Foreign Investor outside Pakistan can remit proceeds from its dividend income out of Pakistan net of withholding tax at source.

The Pakistan Tax Ordinance also requires that every company that pays any profit on debt (defined, *inter alia*, as "any profit, yield, interest, discount, premium or other amount owing under a debt other than a return of capital") including any profit on a bond, certificate, debenture or security to any person other than a financial institution (defined, *inter alia*, as "a company or institution whether... operating within or outside Pakistan which transacts the business of banking or any associated or ancillary business through its branches") to deduct tax at a general rate of 10 per cent. from the gross amount of the profit paid. If the Foreign Investor outside Pakistan is a financial institution, for the purpose of the Pakistan Tax Ordinance, it is not subject to the withholding tax on profit on debt.

Capital gains derived from the sale of any instrument of redeemable capital or shares of a company or modaraba certificates, listed on any stock exchange in Pakistan, were exempt from tax until the tax year ending on 30 June 2010.

Capital gains derived from the sale of a security (defined as "share of a public company, voucher of Pakistan Telecommunication Company, Modaraba Certificate, instrument of redeemable capital and derivative products") on or after 1 July 2010 are subject to tax. Capital losses sustained during a tax year, if any, can be offset only against the gain of the person from any other securities chargeable to tax in that year but cannot be carried forward to the subsequent tax year. If the holding period of such securities is less than six months, capital gains derived from their disposal shall be chargeable to tax at rate of 10 per cent. and if the holding period is more than six months but less than twelve months, the applicable rate shall be 8 per cent. (both rates applicable for the year 2012). If such capital gains are derived after a holding period of more than one year, then no tax is chargeable. Additionally, no tax is chargeable if the sale is made by a banking company (defined as "any body corporate which transacts the business of banking in Pakistan").

Unlike tax on dividend and profit on debt, tax on capital gains is not collected by means of tax withholding at source, hence the Foreign Investor outside Pakistan can only remit proceeds from capital gains on listed securities out of Pakistan through its authorised banker, being the bank with which its SCRA is opened, upon fulfilment of its taxation obligations as well as any obligations arising pursuant to Pakistan's foreign exchange regulations.

It is however noteworthy that the Pakistan tax rules may, in some cases, be uncertain or suffer from a lack of interpretative guidelines. It is possible that both the substantive provisions of the tax laws of Pakistan

and the interpretation and application of such laws by the Pakistan tax authorities may change without prior notice.

#### *Settlement*

The settlement of transactions on the Karachi, Lahore or Islamabad Stock Exchanges is carried out by a centralised and automated electronic settlement system, the National Clearing and Settlement System and effected through electronic delivery of book-entry securities in the Central Depository Company (the "CDC") on behalf of investors under the applicable law. A risk of failure of a Delivery v Payment settlement exists if certain regulations are not complied with or the counterparty to the transaction does not deliver the specified number of shares to the investor's account, in which case the CDC will notify the investor of the failure of the transaction. Similarly, under the existing trading rules, an order for sale placed by an investor may be revoked if there are not sufficient securities in the investor's securities account in order to settle the proposed trade. A broker may not execute an order for purchase in the event the credit balance in the investor's cash account is not sufficient to pay for the securities intended to be purchased.

#### *People's Republic of China*

##### *Market Access*

The Market Access Securities are offshore products issued by the Issuer which offer a return that is linked to the performance of Underlyings of the securities market of the People's Republic of China ("**PRC**") but are otherwise unrelated to any Underlying Company or underlying government. The Market Access Securities linked to Underlyings that are traded on the PRC securities market and traded in RMB, such as "**A-shares**" or exchange-traded bonds, reflect the risks of an investment in such Underlyings by a Qualified Foreign Institutional Investor ("**QFII**"), and in respect of Market Access Securities linked to Underlyings that are traded on PRC securities markets and traded in freely convertible currencies such as USD or HKD, such as "**B-shares**", reflect the risks of an investment in such Underlyings by a foreign institutional investor outside PRC ("**Foreign Institutional Investor outside PRC**"); and in each case, such QFII or Foreign Institutional Investor outside PRC is subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as apply to the Issuer and/or its Affiliates had the Issuer and/or its Affiliates held the Securities. Some, but not all, of these risks are described in the sections below.

In general, foreign investors have limited access to the capital markets of the PRC. Under current PRC law, foreign investment only has limited channels to access the PRC securities market. One of them is to invest in the A-shares securities market in the PRC as, or through, a QFII and another is to invest in B-shares securities market in the PRC as, or through, a Foreign Institutional Investor outside PRC.

The QFII status must be approved by and registered with the China Securities Regulatory Commission of the government of the PRC ("**CSRC**"). An investment quota must be applied for by the QFII to the State Administration of Foreign Exchange of the government of the PRC ("**SAFE**") and SAFE has discretion in determining and approving the quota under each application. SAFE may also adjust the quota of a QFII. The quota of a single QFII may be increased or decreased by SAFE, while the total quota for all QFIIs is also subject to the control of SAFE.

A QFII must deposit its capital with a PRC commercial bank which must be a qualified custodian bank ("**Custodian Bank**") and entrust a PRC securities company to conduct the securities trading for it in the PRC stock market.

##### *Investment in the PRC Securities Market*

The PRC capital market is still at a premature stage.

The PRC capital market is heavily influenced by government policies. There has been a lack of efficiency in regulating the market by the PRC government. Although regulations are developing at a very fast pace, from time to time, there still remain allegations and convictions of malpractices such as market manipulation and insider trading. The stock price of a PRC listed company may not therefore reasonably reflect its intrinsic value.

The PRC bond market is comprised of the inter-bank bond market, the exchange-traded bond market and the commercial bank's over-the-counter bond market. In the PRC, the vast majority of the volume of bond is traded on the inter-bank bond market. The bonds traded on the three markets are deposited and cleared through different systems. At the same point of time, the price of a single bond simultaneously listed on two or more markets above may be different. In the PRC, the price of exchange-traded bond is generally influenced by various factors including, but not limited to, coupon rate, issuer's credit, interest rate, inflation rate, liquidity, etc. Moreover, the price of convertible bond is significantly influenced by other factors including, but not limited to, the price of underlying shares, the issuer's redemption right, etc.

In addition, the disclosure of information by a PRC company with respect to its financial status such as its assets, liabilities, revenues and losses may not always be complete and reliable.

#### *Legal Risk*

In respect of Market Access Securities linked to A-shares, a QFII is required to deposit its capital with a Custodian Bank in the PRC. However, the nature of the bank account opened by a QFII with the Custodian Bank ("**Custodian Account**") has never been clarified by the relevant PRC authorities. If the Custodian Account is deemed to be of the nature of a trust asset account, the capital of the QFII in such account will be remote from the bankruptcy of the Custodian Bank. However, if the Custodian Account is by nature a deposit account, if the Custodian Bank goes into insolvency, the QFII will only be an ordinary creditor and rank *pari passu* among all the unsecured creditors of the Custodian Bank. Although in practice it is unlikely that the Custodian Bank will become insolvent, theoretically there exists such a legal risk.

For the purpose of making an investment in A-shares (by a QFII) or B-shares (by a Foreign Institutional Investor outside PRC) traded on the exchange-traded market in the PRC, the relevant investor is required to open a securities account with the China Securities Depository and Clearing Corporation Limited ("**CSDCC**"). The securities acquired by the investor (be it a QFII or a Foreign Institutional Investor outside PRC) will be held under the name of that investor. It is stipulated under the Securities Law of the PRC that the various types of clearing funds and securities received by the CSDCC according to business rules must be deposited in special clearing and settlement account, shall only be used for clearing and settlement in completed securities trading and shall not be enforced against; therefore, based on the above and the prevailing interpretation of PRC law, an investor (be it a QFII or a Foreign Institutional Investor outside PRC) is not similarly exposed to the insolvency risk of the CSDCC.

#### *Regulatory Requirement*

Investments by QFIIs in the PRC are subject to restrictions on equity holding ratios set by the CSRC and other relevant PRC authorities. Such restrictions currently include a 10 per cent. equity holding limitation in a listed company by a single QFII and a 20 per cent. A-shares holding limitation in a single listed company by all foreign investors. Conversely, investments by QFIIs on convertible bonds are not subject to explicit restrictions under the relevant rules. However, the exercising of the right to convert the convertible bonds into the underlying equity by QFIIs shall not give rise to the equity holding ratios of such QFIIs exceeding the relevant thresholds set out above. Liquidity in the Market Access Securities linked to A-shares may be restricted by measures taken by the Issuer and/or its Affiliates in connection with managing the above limits.

A QFII is required to disclose to the PRC regulators and other relevant PRC authorities or institutions the holding information of PRC securities, including exchange-traded bonds, held by it (including information on securities held by investors through the QFII) in accordance with the relevant laws and regulations in the PRC, regardless of the size of such holding.

A QFII is required to report to the PRC regulators, in accordance with the relevant regulatory requirements of the CSRC, information (including without limitation investor information) regarding structured products to which the Underlyings are linked (including the Market Access Securities) before the issuance thereof, as well as information on the issuance and operation of such structured products, on a regular basis, after the issuance thereof. For Market Access Securities linked to A-shares, a holder may be required by the Issuer and/or its Affiliates to supply information in connection with the above requirements.



In addition, under the Securities Law of the PRC, any person holding or in control of 5 per cent. or above of the total stock capital in a company listed in the PRC is required to disclose to the PRC regulators and other relevant PRC authorities or institutions the holding information of the shares held by it in accordance with the relevant laws and regulations in the PRC. Further, where any investor holding or in control of 5 per cent. or above of the total stock capital of a company listed in the PRC sells such shares within six months of purchase (or purchases any shares within six months of a sale), any profits from such purchase or sale must be paid to the listed company (known as the "**short swing**" rule). This applies to all investors, including any foreign investor holding as, or through, a QFII or a Foreign Institutional Investor outside PRC, and applies across all classes of shares listed in the PRC, including A-shares and B-shares. As the Issuer's risk under the Market Access Securities may be hedged by transactions involving a QFII or Foreign Institutional Investor outside PRC (as the case may be), a MAS holder is affected by the above: it may be required by the Issuer and/or its Affiliates to supply information in connection with the above requirements, and liquidity in the Market Access Securities may be restricted by measures taken by the Issuer and/or its Affiliates in connection with managing the above risk.

In case a QFII or Foreign Institutional Investor outside PRC (as the case may be) participates in any IPO offline subscription in the PRC, then all shares purchased during such IPO offline subscription and held by such QFII or Foreign Institutional Investor outside PRC (as the case may be) shall be subject to a three-month lock-up period. In case a QFII or Foreign Institutional Investor outside PRC (as the case may be) participates in any private placement made by a listed company in the PRC, then all shares purchased during such private placement and held by such QFII or Foreign Institutional Investor outside PRC (as the case may be) shall be subject to a twelve-month lock-up period, and if such QFII or Foreign Institutional Investor outside PRC becomes the controlling shareholder or actual controller (or the affiliates thereof) in the listed company, then the lock-up period shall be extended to thirty-six months.

In respect of investments in A-shares through a QFII, as the investments are quoted and traded in RMB, the repatriation of principal amounts invested in, and profits earned from, the securities investments of QFIIs is subject to SAFE examination and approval. The repatriation of such principal amounts is currently subject to a lock-up period of one year (three months for pension funds, insurance funds, mutual funds and other long-term capital management institutions). However SAFE has the authority to adjust the conditions (including the lock-up period) for such repatriation at any time.

#### *Foreign Exchange Risk*

Currently, the exchange of the lawful currency of the PRC ("**Renminbi**" or "**CNY**") into other foreign currencies for the purposes of repatriation is subject to foreign exchange control in the PRC that includes certain formalities to be fulfilled.

In addition, the appreciation and depreciation of the Renminbi are subject to complex factors and cannot be predicted with any degree of confidence.

There may be adjustments or changes in the terms of the Market Access Securities in the event of impositions of restrictions, prohibition (such as exchange controls) or delaying of the exchange of the Renminbi into the US dollar. Such events may also cause the Issuer to terminate the Market Access Securities early.

#### *Distributions*

According to the Company Law of the PRC ("**PRC Company Law**"), the board of directors has the authority to formulate the profit (including dividends) distribution plan ("**Dividend Plan**") of a company. A (general) shareholders' meeting has the power to deliberate and approve such a Dividend Plan as formulated by the board of directors. To protect the minority shareholders, the PRC Company Law provides that where the company has not distributed profit for five consecutive years, even when the company has been in profit and satisfied the requirements for profit distribution, the shareholders who have voted against the resolutions not to distribute profits may require the company to repurchase their shares at a reasonable price.

Generally, companies listed in the PRC market distribute dividends in the form of cash payments or by way of stock dividends. Generally, many companies listed in the PRC market favour distributing stock dividends, which will lead to an increase in the company's registered capital and the number of shares issued; however, this does not change the equity ratio held by each shareholder. There are no compulsory

requirements under applicable PRC laws or regulations as to the frequency of stock dividend distributions by such a company listed in any given period. However, the PRC regulators have established a policy, according to relevant regulations, for listed companies to pay "exceptional attention" to cash dividend distribution to its shareholders.

To the extent that the Underlyings are shares or bonds, the timing issues concerning dividend or coupon payments in connection with such Underlyings are set out below. In the case of Market Access Securities, the investors (who owned the Market Access Securities immediately prior to the ex-dividend or ex-coupon date, as the case may be) may be entitled to receive amounts reflecting the dividends or bond coupons, as the case may be, some time after the dividend is announced or paid if payment of the dividend or bond coupons, as the case may be, or the receipt thereof by a QFII or any other person, is delayed for whatever reason. The amount paid to the investors shall be the net dividend or coupon amount after conversion of such amount into the relevant Settlement Currency and after the deduction of all conversion, transfer and other costs and expenses incurred in connection therewith, as determined by the Issuer in its sole and absolute discretion. Also, adjustments for dividends or bond coupons, as the case may be, may be calculated with reference to any taxation charged in respect of such dividends or bond coupons, as the case may be.

#### *Taxation Issues*

The relevant laws and regulations on taxation treatment of QFIIs or Foreign Institutional Investors outside PRC are not wholly clear in the PRC. In respect of the QFIIs, the Ministry of Finance and the State Administration of Taxation of the government of the PRC ("SAT") jointly issued a circular (Caishui [2005] No. 155 on 1 December 2005) to state that gains arising from securities trading through approved securities brokers will be exempted from business tax. In addition, SAT has clarified in a circular (Guoshuihan [2009] No. 47 dated 23 January 2009) that dividends and interest payments to QFIIs derived from the PRC are subject to a 10 per cent. withholding tax. However, QFIIs may apply to the relevant tax authorities for tax relief in respect of any returns on dividends and interest payments derived in the PRC under any applicable bilateral treaties/arrangements on the avoidance of double taxation signed between the PRC and their resident nations. Although this circular is dated 23 January 2009, it did not specify the effective date of such tax on dividends and interest payments (including whether it could be applied retrospectively). Notwithstanding the abovementioned uncertainty, as a matter of practice, the relevant tax bureau has already started to collect such tax. The PRC tax authorities have also not clarified whether income tax and other tax categories are payable on capital gains arising from securities trading of QFIIs. It is therefore possible that the relevant tax authorities may in the future clarify the tax position and impose a capital gains tax on realised gains by QFIIs from dealing in PRC equities and/or other securities. In respect of Foreign Institutional Investors outside PRC, SAT has stated in a circular (Guoshuihan [2010] No. 183 dated 6 May 2010) that withholding obligations exist for dividends on B-shares to any non-resident institution shareholder in the same manner as dividends on other listed shares issued by PRC tax resident companies. The PRC tax authorities have not clarified whether income tax and other tax categories are payable on capital gains arising from securities trading of Foreign Institutional Investors outside PRC. It is therefore possible that the relevant tax authorities may in the future clarify the tax position and impose a capital gains tax on realised gains by QFIIs or Foreign Institutional Investors (as the case may be) from dealing in PRC equities and/or other securities.

Prospective purchasers should note that before the PRC tax authorities clarify the tax treatment of QFIIs or Foreign Institutional Investors outside PRC on capital gains, MAS Holders are subject to a 10 per cent. capital gains tax deduction on realised gains on the Reference Asset (in addition to the 10 per cent. withholding tax on dividends and interests payments discussed above). The taxes are reflected as a deduction within the calculation of the Cash Settlement Amount or the Additional Payment, as the case may be. In the case of capital gains tax, if the PRC tax authorities clarify the position before the final valuation date, the actual tax rate will be applicable to the calculations. Prospective purchasers should note that if at any time before 7 years after the final valuation date (regardless of whether the Market Access Securities have already been redeemed) there is any Deduction Shortfall (as defined below in "*Part E – Product Supplement for Market Access Securities*"), MAS Holders have an obligation to pay the Issuer such Deduction Shortfall.

#### *Philippines*

The Market Access Securities reflect the risks of a direct investment in Philippine equity, Philippine debt or any index which references Philippine equity, as the case may be, by any organisation or individual

who is not Philippine national ("**Foreign Investor outside the Philippines**") and Foreign Investor outside Philippines (as defined below) who is subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as applied to the Issuer and/or its Affiliates had the Issuer and/or its Affiliates held the Securities. Some, but not all, of these risks are described in the sections below.

*Political and Economic Considerations*

The Underlying Company is a Philippine entity and the Underlyings or the constituents of the Underlyings, as the case may be, are located in the Philippines. Most or all of the directors and officers of the Underlying Company are based in the Philippines and substantially all of the assets and operations of the Underlying Company are located in the Philippines. The Underlyings could therefore be adversely affected by changes in the Philippine Government's policies, social instability or other political, economic, legal, regulatory or international developments in or affecting the Philippines.

The Philippines has from time to time experienced political and military instability. While the new administration of President Benigno Aquino III, who assumed the presidency in July 2010 on a good governance platform, has implemented measures against the perennial problem of corruption, there is still evidence and a widespread perception of weak governance manifested in various forms, including an inefficient and politicised bureaucracy, corruption and lack of accountability, a slow judicial system, and poor and inconsistent implementation and enforcement of laws and policies. These concerns, if not addressed timely and adequately, could undermine confidence in the Government and lead to instability. The Philippine Government continues to face considerable challenges in bringing peace and stability to some parts of the country. The Government is negotiating peace agreements with the Mindanao-based Moro Islamic Liberation Front and with the communist insurgents, but to date there has been no major breakthrough in the negotiations. Terrorist groups and private armies continue to operate in some regions. Within local communities, broader peace and order concerns are exacerbated by crime and local disputes.

The economy has experienced impressive growth in recent years and has shown resilience in the face of the recent global financial crisis. However, as pointed out by studies of the Asian Development Bank, inadequate infrastructure, the tight fiscal situation, weak investor confidence due to governance concerns, and market failures leading to a small and narrow industrial base continue to inhibit high and inclusive growth. Economic slowdown and budgetary constraints in the United States, Western Europe and Japan - the principal export markets of Philippine products and major sources of foreign direct investments in the country – could adversely affect the economy. Continuing instability in the Middle East, host to millions of overseas Filipino workers, could affect their remittances into the country and dampen consumer demand.

Any other future economic, political or social instability in the Philippines could adversely affect the Underlying Company business, financial condition or results of operations.

*Investment in Philippine companies*

Many of the listed Philippine companies belong to a few family-controlled groups of companies. Accordingly, this may limit the number of shares available for investment. Likewise, sales of securities by such issuer's major shareholders, or the perception that such sales may occur, may also significantly and adversely affect the market price of such securities and, in turn, the investment. This could also affect the liquidity of the securities or the ability to acquire or dispose of securities at the desired price and time.

*Legal Considerations - Shareholders' Rights*

Prospective investors in the Market Access Securities should be aware that they are exposed to the Philippine legal system. To the extent that the Underlyings or constituents of the Underlyings, as the case may be, are shares, it is important to note that Philippine legal principles relating to the rights of shareholders, or their practical implementation by Philippine courts, may differ from those that are applied in other jurisdictions such as the United States or member states of the European Union. The rights of shareholders under Philippine law might not be as clear as in these other jurisdictions. In addition, under Philippine law, companies may have rights and defences to actions filed by shareholders that may not be available in these other jurisdictions.

The Underlying Company's corporate affairs are governed by its Articles of Incorporation and By-Laws, the laws and regulations governing corporations incorporated in the Philippines, such as the Corporation Code and the Securities Regulation Code ("**SRC**") of the Philippines, and, for listed companies, the regulations and the rules of the Philippine Stock Exchange ("**PSE**"). The rights of the shareholders and the responsibilities of the board of directors of the Underlying Company under Philippine law may be different from those applicable to a company incorporated in another jurisdiction. Principal shareholders of Philippine companies do not owe fiduciary duties to minority shareholders as may be the case in other jurisdictions. The public shareholders may have more difficulty in protecting their interests in connection with actions taken by members of the board of directors or by the principal shareholders of the Underlying Company than they would as shareholders of a company incorporated in another jurisdiction.

The convening and conduct of annual and special meetings of shareholders of the Underlying Company will be governed by Philippine law. The procedures and notice periods in relation to the convening of such annual and special meetings of shareholders, as well as the entitlement of shareholders to attend and vote at such general meetings, may be different from those in jurisdictions outside the Philippines. Prospective investors in the Market Access Securities should note that the Foreign Investor outside the Philippines may be subject to procedures and rights with regard to annual and special meetings of shareholders of the Underlying Company that are different from those to which they may be accustomed in other jurisdictions.

#### *Tender Offer Rules*

To the extent that the Underlyings are shares in a Philippine public company, prospective investors in the Market Access Securities should be aware that certain acquisitions by the Foreign Investor outside the Philippines of equity shares of the Underlying Company may be subject to mandatory tender offer rules. Subsection 19.1 of the SRC, as implemented by SRC Rule 19 of the SRC Rules (as defined below), provides the instances when a mandatory tender offer is required, which are the following:

- (i) any person or group of persons acting in concert, who intends to acquire thirty-five per cent. (35%) or more of equity shares in a public company shall disclose such intention and contemporaneously make a tender offer for the per cent. sought to all holders of such class;
- (ii) any person or group of persons acting in concert, who intends to acquire thirty-five per cent. (35%) or more of equity shares in a public company in one or more transactions within a period of twelve (12) months shall be required to make a tender offer to all holders of such class for the number of shares so acquired within the said period; and
- (iii) if any acquisition of even less than thirty-five per cent. (35%) would result in ownership of over fifty-one per cent. (51%) of the total outstanding equity securities of a public company, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining stockholders of the said company at a price supported by a fairness opinion provided by an independent financial advisor or equivalent third party. The acquirer in such a tender offer shall be required to accept any and all securities thus tendered.

Based on the above and as further expounded in the Revised Implementing Rules and Regulations of the SRC ("**SRC Rules**"), any person or group of persons acting in concert who intends to acquire at least 35 per cent. of any class of any equity security of a public company (see paragraph (i) above) is required to disclose such intention and contemporaneously make a tender offer for the per cent. sought to all holders of such class. If the tender offer is for less than all of the outstanding equity securities of a class but a greater number of securities is tendered pursuant thereto, the bidder will be bound to take up and pay for the securities on a *pro rata* basis, disregarding fractions, according to the number of securities tendered by each security holder during the period such offer remains open. If the tender offer is oversubscribed, the aggregate amount of securities to be acquired at the close of such tender offer will be proportionately distributed across both the selling shareholder with whom the acquirer may have been in private negotiations and the minority shareholders.

This requirement also applies to any person or group of persons acting in concert, who intends to acquire at least 35 per cent. of the total outstanding equity securities of a public company in two or more transactions within a period of 12 months (see paragraph (ii) above). This rule seeks to prevent circumvention of the requirement to make a tender offer through "creeping acquisitions" although, in

determining whether the requirement will apply to the acquirer, only transactions done within a 12-month period will be taken into account.

If any acquisition of even less than 35 per cent. would result in ownership of over 51 per cent. of the total outstanding equity securities of a public company (see paragraph (ii) above), the acquirer will be required to make a tender offer for all the outstanding equity interests to all remaining stockholders of the said company at a price supported by a fairness opinion provided by an independent financial advisor or equivalent third party. The acquirer in such a tender offer will be required to accept any and all securities tendered.

These mandatory tender offer rules also apply to indirect acquisition whereby the result will make the buyer in control of the public company. Based on a Philippine Supreme Court decision, whatever may be the method by which control of a public company is obtained, either through the direct purchase of its stocks or through indirect means such as the purchase of shares issued by a stockholder of a public company, mandatory tender offer applies.

In any of the above-described transactions (*i.e.*, those that will trigger the 35 per cent. or 51 per cent. thresholds), the sale of the shares pursuant to the private transaction will not be completed prior to the closing and completion of the tender offer. Transactions with any of the sellers of significant blocks of shares with whom the acquirers may have been in private negotiations must close at the same time and upon the same terms as the tender offer made to the public. In respect of acquisitions of at least 35 per cent. within a period of 12 months, the last sale meeting the 35 per cent. threshold must not be consummated until the closing and completion of the tender offer.

SRC Rule 19 provides that the requirements of mandatory tender offer do not apply to the following:

- (i) any purchase of shares from the unissued capital stock, **provided that** the acquisition will not result in fifty per cent. (50%) or more ownership of shares by the purchaser;
- (ii) any purchase of shares from an increase in authorised capital stock;
- (iii) purchase in connection with foreclosure proceedings involving a duly constituted pledge or security arrangement where the acquisition is made by the debtor or creditor;
- (iv) purchases in connection with privatisation undertaken by the government of the Philippines;
- (v) purchases in connection with corporate rehabilitation under court supervision;
- (vi) purchases in the open market (e.g., in a stock exchange) at the prevailing market price; and
- (vii) merger or consolidation

#### *Beneficial Ownership Disclosure*

To the extent that the Underlyings are shares in a Philippine company, prospective investors must also be aware that there are certain disclosures to the Underlying Company, the Philippine Securities and Exchange Commission ("**PSEC**") and the PSE that need to be made by persons holding the beneficial ownership of securities issued by the Underlying Company, even if such person does not hold the legal title to such securities. Depending on the level of acquisition, the Foreign Investor outside the Philippines may have to comply with these disclosure requirements.

Section 18 of the SRC and SRC Rule 18.1 require the disclosure by any person, who directly or indirectly, acquires the beneficial ownership of more than 5 per cent. of any class of equity securities of a public company or a company which has sold a class of its securities pursuant to the registration requirements under the SRC within five (5) business days from the date of the acquisition of such beneficial ownership. If any change occurs in the beneficial ownership, the same must likewise be reported to the PSEC.

To implement Section 23 of the SRC, SRC Rule 23 requires the disclosure by any person, who directly or indirectly, acquires the beneficial ownership of 10 per cent. or more of any class of any equity security of a public company or a company which has sold a class of its securities pursuant to the registration requirements under the SRC within ten (10) days from the date of the acquisition of such ownership. Any

change in the 10 per cent. beneficial ownership during the month shall likewise be disclosed within ten (10) days after the close of each calendar month.

The SRC Rules define a "beneficial owner" as any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote, or to direct the voting of the security; and/or investment returns or power, which includes the power to dispose of, or to direct the disposition of such security.

A person shall be deemed to be the beneficial owner of a security if that person has the right to acquire such beneficial ownership within thirty (30) days, including, but not limited to, any right to acquire, through the exercise of any option, warrant or right; through the conversion of any security; pursuant to the power to revoke a trust, discretionary account or similar arrangement; or pursuant to automatic termination of a trust, discretionary account or similar arrangement.

Pursuant to the preceding paragraph, derivatives (such as options), are not includable as "equity securities," unless such options and other physically-settled derivatives give the optionee or the person concerned the right to acquire the underlying "equity securities" within thirty (30) days. This means that such options or derivatives are to be counted as "equity securities" within thirty (30) days of their exercise or physical settlement. If amounts payable in respect of the Market Access Securities are paid in cash with the Issuer not being under any obligation to deliver the underlying equity securities and considering further that the Market Access Securities do not vest in the MAS Holder beneficial ownership over the shares of the Underlying Company, the disclosure requirement does not apply to the MAS Holders simply by the acquisition of the Market Access Securities.

Each of the Issuer and/or its Affiliates only has to report those shares which it beneficially owns. A HSBC entity does not need to aggregate its holdings with other entities within the HSBC group if it is not the beneficial owner of such other HSBC entity's stockholdings. However, if the parent company of the HSBC entities beneficially owns the securities held by its subsidiaries and other companies within the group, the parent company has to disclose such ownership on a consolidated basis. The SRC Rules provide that all securities of the same class beneficially owned by a person, regardless of the form such beneficial ownership takes, must be aggregated in calculating the number of shares beneficially owned by such person.

The disclosure requirements also apply to indirect beneficial ownership interests. A person is deemed to have an indirect beneficial ownership interest in any security that is held by a corporation of which such person is the controlling shareholder. Control here is defined as "the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities." Control is presumed to exist "when the parent owns, directly or indirectly through subsidiaries, more than one half of the voting power of an enterprise unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control." Thus, to the extent a HSBC entity controls other HSBC entities, whether directly or indirectly, it will be deemed to be the beneficial owner of the shares held by such other HSBC entities and therefore subject to the disclosure requirement.

#### *Foreign Ownership Limitations*

Foreign Investors outside the Philippines can generally invest directly in Philippine listed securities, subject to certain foreign ownership limits. These limitations are set out in the Foreign Investment Negative List, which is amended/updated from time to time, pursuant to the Foreign Investments Act of 1991. For instance, Foreign Investors outside the Philippines can own only up to 40 per cent. of the voting stock of a public utility. Foreign Investors outside the Philippines are not allowed to invest in any company engaged in mass media.

Prospective investors must also take into account the above limitations when investing in the Market Access Securities to the extent that the Underlyings are debts owed to a foreign lender and such debts are secured by shares in a Philippine company that is subject to foreign ownership limits. A pledge may be validly constituted over all of the shares of such Philippine company in favour of the foreign lender. Such foreign lender can enforce the security over all such shares, and may purchase the shares in the public auction that will be held in the course of enforcing the security, but only up to the extent of the foreign ownership allowed. Any shares in excess of the foreign ownership limits may only be purchased by a qualified person (i.e., a Philippine national).

*Issues (excluding taxation issues) relating to dividend payment*

To the extent that the Underlyings are shares, the issues relating to dividend payment in connection with such Underlyings are set out below.

In accordance with the applicable Philippine law, cash dividends must be declared by the board of directors of the company and only out of the corporation's "unrestricted retained earnings". Stock dividends, on the other hand, require both the approval of the board of directors and the stockholders representing not less than two-thirds (2/3) of the outstanding capital stock.

The PSEC issued the "Guidelines on the Determination of Retained Earnings Available for Dividend Declaration" on 5 December 2008 ("**PSEC Guidelines**"). The PSEC Guidelines cover the determination of availability of retained earnings for declaration of cash, stock or property dividends.

Under the PSEC Guidelines, the term "**retained earnings**" means the accumulated profits realised out of normal and continuous operations of the business after deducting therefrom distributions to stockholders and transfers to capital stock or other accounts. The retained earnings shall be the amount as shown in the financial statements audited by the company's independent auditor. If applicable, such amount shall refer to the retained earnings of the parent company but not the consolidated financial statements.

On the other hand, "unrestricted retained earnings" which is available for dividend declaration is the amount of accumulated profits and gains realised out of the normal and continuous operations of the company after deducting therefrom distributions to stockholders and transfers to capital stock or other accounts, and which is: (1) not appropriated by its board of directors for corporate expansion projects or programs; (2) not covered by a restriction for dividend declaration under a loan agreement; and (3) not required to be retained under special reserve for probable contingencies.

Holders of shares on the applicable record dates will be entitled to the full amount of dividends approved, subject to Philippine withholding tax imposed, if any. Under PSEC regulations, cash dividends declared by corporations shall have a record date of not less than ten (10) nor more than thirty (30) days from said declaration. In case no record date is specified, then the same shall *ipso facto* be deemed fixed at fifteen (15) days after such declaration.

*Exchange Control*

Under regulations promulgated by the Bangko Sentral ng Pilipinas ("**BSP**"), no person may import or export nor bring with him into or take out of the country, or electronically transfer, legal tender Philippine notes and coins, checks, money order and other bills of exchange drawn in pesos against banks operating in the Philippines in an amount exceeding PHP10,000.00 Philippine Peso ("**PHP**") without authorisation by the BSP.

A non-resident cannot, as a rule, open and maintain peso deposit accounts with local banks unless these are funded by an inward remittance of foreign exchange or peso income from or peso proceeds of conversion of properties located in the Philippines whether real or personal, belonging to said non-resident.

There are exchange regulations when conversion is effected through Authorised Agent Banks (as such term is defined under the BSP Manual of Foreign Exchange Transactions which forms part of the BSP Manual of Regulations for Banks) and their related foreign exchange corporations (collectively, "**BSP Regulated Entities**"). Under BSP regulations, BSP Regulated Entities may not, as a general rule, sell foreign currency to non-residents. They can only sell foreign currency to non-residents in respect of certain transactions and provided the required conditions are met.

Under BSP rules, inward foreign investments (such as foreign direct investments in Philippine firms or enterprises, investments in securities listed in the PSE or investments in peso-denominated money market instruments) should be registered with the BSP if the foreign exchange needed to service the repatriation of capital and the remittance of dividends, profits and earnings which accrue thereon shall be purchased from BSP Regulated Entities. For instance, if the peso bank account of a non-resident was funded through an inward remittance of foreign exchange, and the peso funds were then used by such non-resident to invest in the shares of a Philippine company, the investor can later purchase foreign exchange from any of the BSP Regulated Entities to service repatriation of capital or remittance of

dividends and other earnings derived from any of such investments, provided the investment was registered with the BSP.

However, peso funds can be freely converted into foreign currency outside the Philippine banking system, e.g., through a spot transaction with a Philippine corporation that has its own stock of foreign currency. Provided the foreign currency proceeds of the conversion were sourced from outside the banking system, such proceeds can be transferred outside the Philippines through the remittance facilities of a local bank.

*Taxation issues relating to dividend or coupon payments*

Where the Underlyings are shares and the Issuer holds such Underlyings, the Issuer, as holder of the shares will be subject to the tax on dividends declared by the Underlying Company, although the Issuer will deduct such tax from the Additional Payment (if any) which will be paid to the investors. If the Issuer is a non-resident foreign corporation, the dividend tax applicable to it shall be at the rate specified below.

Dividends received from a domestic corporation by a non-resident foreign corporation are generally subject to final withholding tax at the rate of thirty per cent. (30%) subject to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile of such non-resident foreign corporation. The thirty per cent. (30%) rate for dividends paid to non-resident foreign corporations may be reduced to a special fifteen per cent. (15%) rate if (a) the country in which the non-resident foreign corporation is domiciled imposes no taxes on foreign sourced dividends or (b) the country in which the non-resident foreign corporation is domiciled allows a credit against the tax due from the non-resident corporation taxes deemed to have been paid in the Philippines equivalent to fifteen per cent. (15%).

Philippine tax authorities have prescribed, through an administrative issuance, procedures for availment of tax treaty relief. The domestic corporation declaring the dividends will withhold at a reduced rate on dividends paid to a non-resident holder of shares or interest paid to a non-resident holder if such non-resident holder provides the corporation with a certification or ruling from the Philippine taxing authorities that the non-resident holder qualifies for a reduced or preferential tax rate. If the regular rate of tax is withheld by the domestic corporation instead of the reduced rates applicable under a treaty, the non-resident holder of shares may file a claim for a refund from the Philippine taxing authorities within two years from the date the tax was paid. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund unless the claim is substantial in amount.

Where the Underlyings are shares or bonds, the investors (who owned the Market Access Securities immediately prior to the ex-dividend/coupon date) may be entitled to receive amounts reflecting the dividends or coupons some time after the dividend or coupon is announced or paid if payment of the dividend or coupon, or the receipt thereof by a Foreign Investor outside Philippines or any other person, is delayed for whatever reason. The amount paid to the investors shall be the net dividend or coupon amount after conversion of such amount into the relevant Settlement Currency and after the deduction of all conversion, transfer and other costs and expenses incurred in connection therewith, as determined by the Issuer in its sole and absolute discretion. Also, adjustments for dividends or coupons may be calculated with reference to any taxation charged in respect of such dividends or coupons.

*Taxation issues relating to disposition of shares*

To the extent that the Underlyings are shares, the taxation issues relating to disposition of shares in connection with such Underlyings are set out below.

Sales, exchanges or other dispositions of such shares which are effected through the PSE by persons other than a dealer in securities are subject to a stock transaction tax at the rate of  $\frac{1}{2}$  of one per cent (0.5%) based on the gross selling price of the shares. This tax is required to be collected by and paid to the Government by the selling stockbroker on behalf of his client. The stock transaction tax is classified as a percentage tax in lieu of a capital gains tax. Notwithstanding its classification as a percentage tax, exemptions from capital gains tax may also apply to the stock transaction tax under the terms of some tax treaties and it is prudent to confirm with local tax authorities the correct treaty interpretation in this regard.



Relative thereto, the Amended Rules on Minimum Public Ownership (MPO), which took effect on 1 January 2012, provide that listed companies shall, at all times, maintain a minimum percentage of listed securities held by the public of ten per cent. (10%) of the listed companies' issued and outstanding shares, exclusive of any treasury shares, or as such percentage that may be prescribed by the PSE. Companies which are non-compliant with the MPO as of 31 December 2011 may be allowed a grace period to comply but in no case shall the grace period exceed twelve months but not beyond 31 December 2012. Listed companies which become non-compliant with the MPO on or after 1 January 2013 shall be suspended from trading for a period of not more than six months and shall be automatically delisted if they remain non-compliant with the MPO after the lapse of the suspension period.

In interpreting the above rules, taking into consideration section 127 (A) of the Philippine National Internal Revenue Code, the Philippine Bureau of Internal Revenue (BIR) has taken the position that any transaction on stocks of listed companies which failed to continually maintain the MPO will no longer enjoy the preferential tax rate of 0.5 per cent. Instead, the sale, exchange or other disposition of shares in a listed company that fails to comply with the minimum public ownership requirement of the PSE will be subject to capital gains tax (referred to below for share transfers outside the PSE).

Subject to applicable tax treaty rates, a capital gains tax of 5 per cent. on the net capital gains realised during the taxable year, not in excess of PHP100,000.00, and 10 per cent. on the net capital gains realised during the taxable year, in excess of PHP100,000.00, is imposed on sales, exchanges or other dispositions of shares of stock not traded through a local stock exchange. Exemptions from capital gains tax under the terms of some tax treaties may apply **provided that** the non-resident holder is able to present a certification or ruling from the Philippine taxing authorities that such non-resident holder qualifies for exemption or a reduced or preferential tax rate.

While the secondary trading of shares listed and traded through the PSE is exempt from documentary stamp tax ("**DST**"), the secondary trading of shares not listed/traded through the exchange is subject to DST at the rate of PHP 0.75 on each PHP200 or fractional part thereof, of the par value of such stock.

*Taxation issues relating to issuance of, and income payments on, bonds*

Where the Underlyings are bonds issued by Philippine companies, a documentary stamp tax of PHP1.00 on each PHP200.00 shall be due on every original issue of bonds. Either party to an instrument is liable for documentary stamp tax. Where one party is exempt from the tax, the tax liability shifts to the other party that is not exempt. It is local market practice however for the issuer to shoulder the documentary stamp tax charge on the original bond issue.

The interest income of a non-resident foreign corporation from bonds issued by Philippine companies or the Philippine government is generally subject to 30 per cent. final withholding tax unless the bond issue qualifies as a foreign loan in which case the rate shall be 20 per cent. Generally, in the case of Philippine peso denominated government debt issues, a 20 per cent. final withholding tax is automatically applied regardless of the tax status of the holder entitled to receive the income. The applicable tax rate shall be subject to preferential tax rates under tax treaties in force between the Philippines and the country of domicile of such non-resident foreign corporation.

Philippine tax authorities have prescribed, through an administrative issuance, procedures for availment of tax treaty relief. The preferential tax treaty rates apply if the non-resident foreign corporate holder provides the issuer with a certification or ruling from the Philippine taxing authorities that such non-resident holder qualifies for a reduced or preferential tax rate.

In respect of government bonds, the interest paid thereon is customarily subjected to a 20 per cent. final withholding tax. However, it is possible that the issuer of the securities, the Philippine government, will in some cases assume the final withholding tax due on interest income to be paid to the investors. Such assumption of tax by the government has been recognised by the BIR as not contrary to law although the BIR emphasised that the tax assumption scheme does not purport to make the bonds a tax-exempt instrument, but simply shifts the burden of the tax from the investors to the Philippine government. It is also possible that government securities may be issued by the government pursuant to certain laws (e.g., Republic Act No. 4860 or Republic Act No. 245) that give the government the discretion to exempt interest income from Philippine taxes. It is advisable to confirm with local tax authorities any such tax exemptions and the basis thereof (e.g. special laws, agreements, orders or decrees that take precedence over general law as the latter prescribes the application of withholding taxes on government bond issues).

The final tax on the interest income is required to be withheld at source at the time the coupon payments are made. This means that the issuer of the bonds is responsible for withholding such tax from its interest payments and remitting such tax to the tax authorities. For taxes excessively withheld, the affected investor may file a claim for refund with the Philippine taxing authorities within two years from the date the tax was paid. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting information, and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund unless the claim is substantial in amount.

*Taxation issues relating to secondary trading of bonds*

Where the Underlyings are bonds issued by Philippine companies and the Philippine government, any gain that may be derived on the secondary trading of such bonds shall, in general, be subject to the income tax of 30 per cent. if the holder is a non-resident foreign corporation; subject to tax treaty provisions governing disposal gains, as applicable.

Gains realised from the sale or exchange or retirement of bonds with a maturity of more than five (5) years is exempt from income taxation.

Bonds traded in the secondary market or through an exchange are exempt from documentary stamp taxes.

***Saudi Arabia (Kingdom of)***

*(A) Risks relating to Equity-Linked Saudi Market Access Securities (Including Saudi PALMS)*

*No Ownership Rights*

There will not necessarily be a linear correlation between the value of the relevant Underlying and the value of the relevant Equity-Linked Saudi Market Access Securities. Therefore, investors in Equity-Linked Saudi Market Access Securities may not receive the same return as they would if they invested directly in the relevant Underlying Securities.

*The Underlying*

*Saudi Arabia*

Any relevant Underlying Company or Reference Security and the relevant securities issued by it are governed by the laws of the KSA, and in particular, the KSA Capital Market Law ("**CML**"), and the implementing regulations enacted thereunder, and are regulated by the KSA Capital Markets Authority ("**CMA**"). The regulatory practices of the CMA may not necessarily be identical to the regulatory practices in other jurisdictions. In particular, given the lack of a formal system of official reporting and/or official interpretation, and the absence of a system of binding precedent in the KSA, prospective investors or investors should note that any Underlying Company or Reference Security may discharge its obligations, and the CMA may exercise its authority in respect of the Underlying Company or Reference Security in a manner that may impact the Realisable Sale Price (as defined in the relevant Final Terms) and, therefore, the value of the Equity-Linked Saudi Market Access Securities.

The CMA Board of Commissioners resolution 2-28-2008 dated 18 August 2008 as amended by resolution number 3-10-2010 dated 16 March 2010 (the "**CMA Resolution**") allows Authorised Persons (as defined therein) to enter into derivative transactions with non-resident foreign investors whether institutions or individuals, to transfer the economic benefits of Saudi shares listed on the Saudi Stock Exchange (Tadawul), while the relevant Authorised Persons retain the legal ownership of such shares. Pursuant to the conditions specified in the CMA Resolution, the relevant Authorised Persons are required to provide certain information on beneficiaries who obtain the economic benefits of Saudi shares.

*Illiquidity in the Secondary Market*

Equity-Linked Saudi Market Access Securities will be new securities for which currently there is no trading market. The Issuer need not apply for listing of any Equity-Linked Saudi Market Access Securities on any securities exchange or quotation system. It is not possible to predict whether any trading market for Equity-Linked Saudi Market Access Securities will develop or, if it does, the price at which Equity-Linked Saudi Market Access Securities will trade in the secondary market or whether such market will be liquid or illiquid. To the extent that there is no liquid market in the relevant Equity-Linked

Saudi Market Access Securities, an investor may have to wait until redemption to realise the value of its investment.

*Further and other issues*

Subject to obtaining all necessary internal approvals, the Issuer shall be at liberty from time to time without the consent of the MAS Holder of the Equity-Linked Saudi Market Access Securities to create and issue further Equity-Linked Saudi Market Access Securities so as to be consolidated with and form a single series with the outstanding Equity-Linked Saudi Market Access Securities. In addition, the Issuer may issue other issues of Equity-Linked Saudi Market Access Securities and/or other instruments relating to the relevant Underlying(s) or any relevant Underlying Company or Reference Security. Such issues may have an adverse effect on the value of Equity-Linked Saudi Market Access Securities.

*(B) Risks relating to Fund-Linked Saudi Market Access Securities (including Saudi PALMS)*

*Affiliation among the Issuer and the relevant Underlying Fund* - The Issuer is affiliated with the Underlying Fund and the Fund Manager (as defined in "Part E - Product Supplement for Market Access Securities"). However, the Issuer has no ability to control or predict the actions of the relevant Underlying Fund or the Fund Manager including any corporate actions of the type that would qualify as an event that requires adjustment to the Conditions of the Fund-Linked Saudi Market Access Securities.

*Certain factors affecting value of Fund-Linked Saudi Market Access Securities* - The value of Fund-Linked Saudi Market Access Securities prior to maturity is expected to depend on a number of factors including the performance achieved by the relevant Underlying Fund until that time, interest rates, foreign currency exchange rates, volatility, time remaining to maturity and changes in the credit rating of the Issuer. The price at which a MAS Holder will be able to sell Fund-Linked Saudi Market Access Securities prior to maturity may be at a discount, which could be substantial, from the principal balance thereof, based upon one or more of the factors described below. The factors that will affect the trading value of Fund-Linked Saudi Market Access Securities interrelate in complex ways (for example, one factor may offset an increase in the trading value of Fund-Linked Saudi Market Access Securities caused by another factor). Factors that may be expected to impact the value of Fund-Linked Saudi Market Access Securities, assuming other conditions remain constant, include:

*Value of the Underlying Fund.* Prospective purchasers or investors should be aware that an investment in Fund-Linked Saudi Market Access Securities involves valuation risk as regards the relevant Underlying Fund. The value of Fund-Linked Saudi Market Access Securities will depend substantially on the value of the relevant Underlying Fund as such value is taken into account in determining the Final Redemption Amount of such Fund-Linked Saudi Market Access Securities. Fluctuations in the value of the relevant Underlying Fund may affect the value of Fund-Linked Saudi Market Access Securities as may expectations of fluctuation in value during the remaining period to the date for determination of the Final Redemption Amount. The value of the relevant Underlying Fund may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macro-economic factors and speculation. The relevant Underlying Fund may invest in portfolios comprised of various assets and fluctuations in the value of any one asset may be offset or intensified by fluctuations in the value of other assets which comprise the portfolio of the relevant Underlying Fund. The historical performance of the investments made by the relevant Underlying Fund will not necessarily be an indication of their future performance.

*Currency exchange rates.* The value of the relevant Series of Fund-Linked Saudi Market Access Securities may be affected by changes in foreign currency exchange rates. For example, an appreciating USD relative to local currency may lower the value of the relevant Series of Fund-Linked Saudi Market Access Securities while a depreciating USD may increase the value of the relevant Series of Fund-Linked Saudi Market Access Securities.

*No ownership rights* - There will not necessarily be a linear correlation between the value of the relevant Underlying Fund and the value of the relevant Fund-Linked Saudi Market Access Securities. Therefore, investors in Fund-Linked Saudi Market Access Securities may not receive the same return as they would if they invested directly in the relevant Underlying Fund.

*Risks relating to the Underlying Fund*

*General* - Prospective purchasers should note that each Underlying Fund is a speculative investment and that all risks inherent in investing in the relevant Underlying Fund directly will be inherent in the relevant Series of Fund-Linked Saudi Market Access Securities. There will not necessarily be a linear correlation between the value of the relevant Underlying Fund and the value of the relevant Series of Fund-Linked Saudi Market Access Securities. Therefore, investors in Fund-Linked Saudi Market Access Securities may not receive the same return as they would if they invested directly in the relevant Underlying Fund.

*Saudi Arabia*- Each Underlying Fund and its Fund Manager are governed by the laws of the Kingdom of Saudi Arabia ("**KSA**"), and in particular, the KSA Capital Market Law ("**CML**"), and the regulations enacted thereunder, and are regulated by the KSA Capital Markets Authority ("**CMA**").

Investment funds in the KSA, including the Underlying Fund, are unincorporated funds. They are established and formally organised pursuant to a contract that is signed between the Fund Manager and the unit-holders, which contract must be in the form of terms and conditions as specified in the Investment Fund Regulations enacted under the CML ("**IFR**"). The terms and conditions include covenants on the part of the Fund Manager to perform or to contract for the performance of (i) the investment management of the portfolio of the relevant Underlying Fund; (ii) the custody of portfolio assets of the relevant Underlying Fund; (iii) dealing in securities or other assets of the relevant Underlying Fund; and (iv) the administration of the relevant Underlying Fund. The terms and conditions also set out the fees, commissions or other remuneration with which the Fund Manager proposes to compensate itself from investment fund assets or subscriptions for the performance of the foregoing activities or services.

The regulatory practices of the CMA may not necessarily be identical to the regulatory practices in other jurisdictions. In particular, given the lack of a formal system of official reporting and/or official interpretation, and the absence of a system of binding precedent in the KSA, prospective investors or investors should note that the Fund Manager may discharge its obligations, and CMA may exercise its authority in respect of the relevant Underlying Fund in a manner that may impact the value of the relevant Underlying Fund and/or the Notes.

*Tax and currency risks* - The tax status of the relevant Underlying Fund in those jurisdictions in which they conduct their business and/or any change in taxation rules or treatment in such jurisdictions could affect the value of the assets of the relevant Underlying Fund (and consequently the relevant Series of Fund-Linked Saudi Market Access Securities) or affect the ability of the relevant Underlying Fund to achieve their investment objectives and consequently adversely affect the value of such Underlying Fund and such Fund-Linked Saudi Market Access Securities. In addition, remittance of income and capital gains generated by underlying investments of the relevant Underlying Fund in certain countries may be dependent on there being liquidity in the relevant local currency and the absence of foreign exchange controls which inhibit or prevent the repatriation of such gains. In any such circumstances the notional value of the notional assets of the relevant Underlying Fund may be adversely affected and as a result such Underlying Fund and the value of the Fund-Linked Saudi Market Access Securities may be adversely affected.

*Class of investments* - Prospective purchasers or investors should note that a Underlying Fund may be limited in the investments it may make and returns (if any) on such Underlying Fund may be more or less than would otherwise be the case. The relevant Underlying Fund may have certain discretions in relation to its investments and no assurance can be given that the exercise of such discretions will achieve the investment objectives of such Underlying Fund. The relevant Underlying Fund may make investments which are subject to legal or other restrictions on transfer or for which no liquid market exists, in which case market prices will tend to be more volatile.

*Investment risk* - There can be no assurance that any Underlying Fund will achieve its investment objectives. Its value may rise or fall as the capital value of the assets in which it invests fluctuates. The investment income of the relevant Underlying Fund is based on the income earned on the assets they hold, less expenses incurred. Therefore, the relevant Underlying Fund's investment income may be expected to fluctuate in response to changes in such expenses or income.

*Further and other issues* - Subject to obtaining all necessary internal approvals, the Issuer shall be at liberty from time to time without the consent of the MAS Holders to create and issue further Fund-Linked Saudi Market Access Securities so as to be consolidated with and form a single series with outstanding Series of Fund-Linked Saudi Market Access Securities. In addition, the Issuer may issue other issues of

notes and/or other instruments relating to the relevant Underlying Fund. Such issues may have an adverse effect on the value of outstanding Fund-Linked Saudi Market Access Securities.

*Dependence upon the Calculation Agent* - Investors in Fund-Linked Saudi Market Access Securities are highly dependent upon the Calculation Agent to calculate or determine the Underlying Fund Value, the Final Redemption Amount, the early redemption amount and the date(s) on which the Final Redemption Amount or early redemption amount will be paid in relation to the relevant Series of Fund-Linked Saudi Market Access Securities.

### *Singapore*

The Market Access Securities reflect the risks of a direct investment in Singapore equity, Singapore debt or an index which references Singapore equity, as the case may be, by an investor outside Singapore ("**Foreign Investor outside Singapore**") who is subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as apply to the Issuer and/or its Affiliates had the Issuer and/or its Affiliates held the Securities. Some, but not all, of these risks are described in the sections below.

### *Market Access*

There are no restrictions against non-resident corporations and individuals investing directly in Singapore equity. However, notification in writing must be given to the relevant Underlying Company and the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") within two business days after a person becomes or ceases to be a substantial shareholder (which generally refers to a person who has an "interest" in voting shares carrying 5 per cent. or more of the total votes attached to the voting shares of a company) in the relevant Underlying Company and upon any change in the percentage level of the interest of a substantial shareholder (e.g. a change from an interest in 5.xx per cent. to 6.xx per cent. or *vice versa*). This requirement is applicable to both resident and non-resident investors. Failure to notify either the Underlying Company or the SGX-ST of becoming or ceasing to be a substantial shareholding or a change in the percentage level of interest is an offence.

For certain entities including (but not limited to) banks, financial holding companies, securities exchanges, insurance companies, designated telecommunications licensees and newspaper companies, regulatory approval is required for the acquisition of a stake exceeding a certain percentage (depending on the legislation in question) of the shares in the relevant Underlying Company. This requirement applies to both resident and non-resident investors and failure to obtain the relevant approval is an offence. In addition, individual shareholding limits may be found in the constitutions of certain Singapore-listed companies, such as Singapore Telecommunications Limited and ST Engineering Limited.

Under current practice, an investor is required to open a direct securities account with The Central Depository (Pte) Limited or a sub-account with a depositary agent and a trading account with a stock-broking member of the SGX-ST for the purpose of making investments in Singapore listed equities. The securities account is for the settlement of trades. It maintains all the shares an investor will buy on SGX-ST, and electronically records the movements of the shares in and out of the investor's account as the investor buys and sells the shares. The trading account allows the investor to trade shares in the stock market. Both these accounts have to be linked before an investor can start trading.

### *Foreign currency risk*

Amounts payable in respect of the Market Access Securities are paid in the Settlement Currency as specified in the applicable Final Terms. Prospective investors in the Market Access Securities should understand that, where the Settlement Currency is US dollars, amounts payable under the Market Access Securities will be converted from the lawful currency of Singapore (the "**Singapore Dollar**") into US dollars or calculated by reference to hedge positions that may be denominated in Singapore Dollar and will be converted into US dollars, as the case may be. Prospective investors in the Market Access Securities should also understand that amounts payable under the Market Access Securities may be converted from one currency into another currency. Therefore, the Market Access Securities are subject to the risks of any investment in foreign currencies, including the risk that the general level of foreign currency exchange rates may decline. The following is a list of some of the significant currency related risks associated with an investment in the Market Access Securities.

Historical performance of the Singapore Dollar and the US dollar does not indicate the future performance of such currencies. It is impossible to predict whether the value of either currency will fall or rise during the term of the Market Access Securities.

Trading levels of the Singapore Dollar and the US dollar will be influenced by political, economic, financial, market and other factors. It is impossible to predict what effect these factors will have on the value of either currency and thus, the return on the Market Access Securities.

The value of the Singapore Dollar and the US dollar is a result of the supply of, and demand for, each currency and changes in the foreign exchange rate may result from the interactions of many factors including economic, financial, social and political conditions in Singapore and the United States. These conditions include, for example, the overall growth and performance of the economies of the United States and Singapore, the trade and current account balance between the United States and Singapore, market interventions by the Federal Reserve Board of the United States or the MAS, inflation, interest rate levels, the performance of the stock markets in the United States and Singapore, the stability of the United States' and Singapore's governments and banking systems, wars in which the United States and Singapore are directly or indirectly involved or that occur anywhere in the world, major natural disasters in the United States and Singapore, and other foreseeable and unforeseeable events.

Certain relevant information relating to Singapore may not be as well known or as rapidly or thoroughly reported in the United States as comparable to developments in the United States. Prospective purchasers of the Market Access Securities should be aware of the possible lack of availability of important information that can affect the value of the Singapore Dollar in relation to the US dollar and must be prepared to make special efforts to obtain such information on a timely basis.

Exchange rates of Singapore, are determined following a managed floating exchange rate regime, meaning the trade-weighted exchange rate is allowed to fluctuate within an undisclosed policy band. Governments, including those of the United States and Singapore use a variety of techniques, such as the imposition of regulatory controls or taxes, to affect the exchange rates of their respective currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. A special risk in purchasing the Market Access Securities is therefore that their liquidity, trading value and amounts payable could be affected by the actions of sovereign governments which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces and the movement of currencies across borders. There may be adjustments or changes in the terms of the Market Access Securities in the event of impositions of restrictions or delaying of the exchange of the Singapore Dollar into the US dollar. Such events may also cause the Issuer to terminate the Market Access Securities early.

There are no foreign exchange controls in Singapore. The remittance of funds in and out of Singapore and the repatriation of profits and capital out of Singapore are not subject to restrictions.

*Timing issues concerning dividend or coupon payments*

To the extent that the Underlyings are shares or bonds, the timing issues relating to dividend or coupon payment in connection with such Underlyings are set out below. The investors (who owned the Market Access Securities immediately prior to the ex-dividend/coupon date) may be entitled to receive amounts reflecting the dividend or coupon some time after the dividends or coupons are announced or paid if payment of the dividends or coupons, or the receipt thereof by a Foreign Investor outside Singapore or any other person, is delayed for whatever reason. The amount paid to the investors shall be the net dividend or coupon amount after conversion of such amount into the relevant Settlement Currency and after the deduction of all conversion, transfer and other costs and expenses incurred in connection therewith, as determined by the Issuer in its sole and absolute discretion. Also, adjustments for dividends or coupon may be calculated with reference to any taxation charged in respect of such dividends or coupons.

*Certain taxation issues concerning investment in listed securities in Singapore*

To the extent that the Underlyings are shares in, or bonds issued by, Singapore tax resident companies or interests in Singapore real estate investment trusts or business trusts, certain taxation issues concerning investment such Underlyings are set out below.

Singapore currently does not have withholding tax on dividends paid by Singapore tax resident companies or distributions made by registered business trusts constituted in Singapore.

Interest, fees, commissions or other payments in connection with any loan or indebtedness payable by (*inter alia*) a Singapore resident or permanent establishment are generally subject to withholding taxes unless an exemption is available.

There is no tax on gains of a capital nature in Singapore. However, whether a gain is capital or income in nature will depend on the circumstances of the investor. For example, any gains from the sale of securities derived by a person as part of a trade or business carried on in Singapore by that person is likely to be revenue in nature and taxable. The transfer of securities listed on the SGX-ST which are scrippless are not subject to Singapore stamp duty.

### ***Taiwan***

The Market Access Securities reflect the risks of a direct investment in Taiwan equity, Taiwan debt or an index which references Taiwan equities, as the case may be, by a foreign institutional investor ("**FINI**") who is subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as apply to the Issuer and/or its Affiliates had the Issuer and/or its Affiliates held the Securities. Some, but not all, of these risks are described in the sections below.

#### ***Market Access***

Investment made by FINIs directly into Taiwan securities is permitted under the "Regulations Governing Investment in Securities by Overseas Chinese and Foreign Nationals" and the relevant foreign exchange settlement procedures (the "**Taiwan Regulations**"). Such investments by FINIs are made under the Taiwan Regulations through a structure whereby a FINI will register with the Taiwan Stock Exchange Corporation ("**TSE**") and it may then trade in Taiwan securities. Each FINI account is given, and trades under, a "trading number". The FINI may be subject to disclosure based on all holdings under a single trading number without regard to the fact that the beneficial owners of the shares may be Affiliates or customers of the FINI or other third parties.

Investments by FINIs are subject to various limitations, restrictions and other requirements, including without limitation, limitations on engaging in securities borrowing and lending transactions, hedging transactions and similar activities.

As a general rule, FINIs are free to invest in Taiwan securities. However, there are foreign ownership limits with respect to a number of sectors such as certain public utilities, telecommunications, aviation, shipping, railways, agricultural real estate, satellite broadcasting and cable television and radio system operating businesses and ownership diversification limits (in each case without regard to nationality). Additional regulatory approval requirements may also apply where foreign ownership increases above certain limits with respect to certain businesses such as banking and insurance. In addition, foreign investment is prohibited in postal services and radio and television business.

#### ***Foreign currency risk***

Amounts payable in respect of the Market Access Securities are paid in the Settlement Currency as specified in the applicable Final Terms. Prospective investors in the Market Access Securities should understand that, where the Settlement Currency is US dollars, amounts payable under the Market Access Securities will be converted from New Taiwan Dollars (the "**NT dollars**" or "**NTD**") into US dollars or calculated by reference to hedge positions that may be denominated in NT dollars and will be converted into US dollars, as the case may be. Therefore, there is a currency exchange rate risk involved as a result of fluctuations in exchange rates between US dollars and NT dollars. Prospective investors in the Market Access Securities should also understand that amounts payable under the Market Access Securities may be converted from one currency into another currency. In addition, foreign exchange controls in Taiwan may cause difficulties in the repatriation of funds. Prospective investors should refer to the Taiwan Regulations and the relevant foreign exchange settlement procedures in Taiwan for details and note the risks under the Taiwan Regulations and procedures, subject to any subsequent changes. Any changes to the Taiwan Regulations and procedures or the imposition of restrictions on repatriation of the invested

## **Part A – Product Supplement for Notes Generally – Risk Factors**

capital and net profits may have an adverse impact on the Issuer's ability to fulfil its payment obligations towards the MAS Holders.

Historical performance of the NT dollar and the US dollar does not indicate the future performance of such currencies. It is impossible to predict whether the value of either currency will fall or rise during the term of the Market Access Securities.

Trading levels of the NT dollar and the US dollar will be influenced by political, economic, financial, market and other factors. It is impossible to predict what effect these factors will have on the value of either currency and thus, the return on the Market Access Securities.

The value of the NT dollar and the US dollar is a result of the supply of, and demand for, each currency and changes in the foreign exchange rate may result from the interactions of many factors including economic, financial, social and political conditions in or affecting Taiwan or the United States. These conditions include, for example, the overall growth and performance of the economies of the United States and Taiwan, the trade and current account balance between the United States and Taiwan, market interventions by the Federal Reserve Board of the United States or the Central Bank of the Republic of China (Taiwan), inflation, interest rate levels, the performance of the stock markets in the United States and Taiwan, the stability of the United States' and Taiwan's governments and banking systems, wars in which the United States and Taiwan are directly or indirectly involved or that occur anywhere in the world, major natural disasters in the United States and Taiwan, and other foreseeable and unforeseeable events.

Certain relevant information relating to Taiwan may not be as well known or as rapidly or thoroughly reported in the United States as comparable to developments in the United States. Prospective purchasers of the Market Access Securities should be aware of the possible lack of availability of important information that can affect the value of the NT dollar in relation to the US dollar and must be prepared to make special efforts to obtain such information on a timely basis.

### *Cross Straits Risk*

The value of the Market Access Securities may also be affected by Taiwan's unique political and diplomatic status. Due to claims by the PRC that Taiwan is part of the PRC, Taiwan does not have diplomatic relations with most countries and is not permitted to participate in international bodies such as the United Nations and the World Bank. Such diplomatic isolation may make the Taiwan market more price sensitive to global economic and political developments than other markets. The above, together with Taiwan's increasing economic dependence on the PRC, also make the Taiwan market sensitive to political and economic developments in the PRC.

### *Taxation Risk*

FINIs investing in Taiwan securities may be required to pay taxes. Unless reduction is available under any specific tax treaty, dividends, interest and other income derived by a FINI from investing in Taiwan securities is subject to a 20 per cent. tax on the gross amount paid and, in most cases, such tax is withheld at source. As at the date hereof, there is no tax chargeable on capital gains, but the same should be included in the alternative minimum tax calculation if the FINI has a fixed business place in Taiwan. However, any sale of shares triggers a 0.3 per cent. security transfer tax imposed on the seller. In addition, prospective investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time. In particular, investors should be aware that the Taiwan authorities are actively pursuing capital gains tax legislation which, if enacted, may affect the above.

### *Regulatory Change Risk*

There may be a lower level of government supervision and enforcement activity in the regulation of Taiwan securities markets and the participants in those markets than in comparable markets in the United States securities markets.

The value of the Market Access Securities may be affected by uncertainties such as changes in the government in Taiwan or its policies regarding inward investment, taxation and the restrictions on currency repatriation and other developments in the laws and regulations of Taiwan.



*Timing issues concerning dividend or coupon payments*

To the extent that the Underlyings are shares or bonds, the timing issues relating to dividend or coupon payments in connection with such Underlyings are set out below. The investors (who owned the Market Access Securities immediately prior to the ex-dividend/coupon date) may be entitled to receive amounts reflecting the dividend or coupon some time after the dividend or coupon is announced or paid if payment of the dividend or coupon, or the receipt thereof by a FINI or any other person, is delayed or for whatever reason. The amount paid to the investors shall be the net dividend or coupon amount after conversion of such amount into the relevant Settlement Currency and after the deduction of all conversion, transfer and other costs and expenses incurred in connection therewith, as determined by the Issuer in its sole and absolute discretion. Also, adjustments for dividends or coupons may be calculated with reference to any taxation charged in respect of such dividends or coupons.

***Thailand***

The Market Access Securities reflect the risks of a direct investment in Thai equity, Thai debt or an index which references Thai equity, as the case may be, by a Foreign Investor outside Thailand (as defined below) who is subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as apply to the Issuer and/or its Affiliates had the Issuer and/or its Affiliates held the Securities.

***Market Access***

Foreign organisations and individuals ("**Foreign Investors outside Thailand**") can generally invest directly in Thai equity, subject to the foreign ownership limit.

The Thai government has had a policy for many years of welcoming foreign investment, albeit on a controlled basis in certain sectors of the economy. Investment by Foreign Investors outside Thailand in shares issued by companies in certain industries (e.g. telecommunications, airlines or the service industry) may be limited by Thai law, the Board of Investment of Thailand and/or restrictions contained in the articles of association of such companies. If the relevant foreign ownership limit is reached in respect of the Underlying Company, non-Thai persons which acquire further underlying Thai shares thereafter will not be able to be registered as shareholders in the share register of such company. Where a non-Thai person acquires shares in excess of the applicable foreign ownership limit, that person will run the risk of losing the benefit of such investment because its ownership cannot be registered. As a result, the liquidity and market price for the company's shares may be adversely affected.

The investor in the Market Access Securities will be subjected to the effect of equivalent restrictions and controls to those imposed on Foreign Investors outside Thailand generally, as determined by the Calculation Agent. These include limitations on the number of Thai Underlyings in respect of which the investor is expecting to receive an economic return, potential delays or even non-receipt of funds on sale of the Market Access Securities, taxes and charges generally levied on Foreign Investors outside Thailand in buying and selling equity and limitations on the importation and withdrawal of funds. Payments to MAS Holders calculated by reference to the price of a disposal of Thai Underlyings will not be due unless or until the proceeds of disposal would have been received by a Foreign Investor outside Thailand.

If Foreign Investors outside Thailand become unable to invest directly in or alternatively hold equities or Foreign Investors outside Thailand are not allowed to sell or receive proceeds from the sale of such equities the Market Access Securities may, in the worst case, become worthless.

***Foreign currency risk***

Amounts payable in respect of the Market Access Securities are paid in the Settlement Currency as specified in the applicable Final Terms. Prospective investors in the Market Access Securities should understand that, where the Settlement Currency is US dollars, amounts payable under the Market Access Securities will be converted from the lawful currency of Thailand (the "**Thai Baht**") into US dollars or calculated by reference to hedge positions that may be denominated in Thai Baht and will be converted into US dollars, as the case may be. Prospective investors in the Market Access Securities should also understand that amounts payable under the Market Access Securities may be converted from one currency into another currency. Therefore, the Market Access Securities are subject to the risks of any investment in foreign currencies, including the risk that the general level of foreign currency exchange

rates may decline. The following is a list of some of the significant currency related risks associated with an investment in the Market Access Securities.

Historical performance of the Thai Baht and the US dollar does not indicate the future performance of such currencies. It is impossible to predict whether the value of either currency will fall or rise during the term of the Market Access Securities.

Trading levels of the Thai Baht and the US dollar will be influenced by political, economic, financial, market and other factors. It is impossible to predict what effect these factors will have on the value of either currency and thus, the return on the Market Access Securities.

The value of the Thai Baht and the US dollar is a result of the supply of, and demand for, each currency and changes in the foreign exchange rate may result from the interactions of many factors including economic, financial, social and political conditions in Thailand and the United States. These conditions include, for example, the overall growth and performance of the economies of the United States and Thailand, the trade and current account balance between the United States and Thailand, market interventions by the Federal Reserve Board of the United States or the Bank of Thailand, inflation, interest rate levels, the performance of the stock markets in the United States and Thailand, the stability of the United States' and Thailand's governments and banking systems, wars in which the United States and Thailand are directly or indirectly involved or that occur anywhere in the world, major natural disasters in the United States and Thailand, and other foreseeable and unforeseeable events.

Certain relevant information relating to Thailand may not be as well known or as rapidly or thoroughly reported in the United States as comparable to developments in the United States. Prospective purchasers of the Market Access Securities should be aware of the possible lack of availability of important information that can affect the value of the Thai Baht in relation to the US dollar and must be prepared to make special efforts to obtain such information on a timely basis.

Currently the exchange of the Thai Baht into other foreign currencies for the purposes of repatriation is subject to foreign exchange control in Thailand that includes certain formalities to be fulfilled.

*Timing issues concerning dividend or coupon payments*

To the extent that the Underlyings are shares, the timing issues relating to dividend payments in connection with such Underlyings are set out below. Dividends are generally declared as a percentage of the par value. The dividend recommended by the Board and approved by the shareholders at a general meeting is distributed and paid to shareholders. In addition, the Board may declare and pay interim dividends. Under Thai law, dividends can only be paid in cash (or stock, to the extent that the corporate documents of the relevant company so provide) to shareholders listed on the register of shareholders on the date which is specified as the "book closure date".

Dividends must be paid to the shareholders within one month of the date of the declaration.

To the extent that the Underlyings are shares or bonds, the timing issues concerning dividend or coupon payments in connection with such Underlyings are set out below. The investors (who owned the Market Access Securities immediately prior to the ex-dividend/coupon date) may be entitled to receive amounts reflecting the dividends or coupons some time after the dividend or coupon is announced or paid if payment of the dividend or coupon, or the receipt thereof by a Foreign Investor outside Thailand or any other person, is delayed for whatever reason. The amount paid to the investors shall be the net dividend or coupon amount after conversion of such amount into the relevant Settlement Currency and after the deduction of all conversion, transfer and other costs and expenses incurred in connection therewith, as determined by the Issuer in its sole and absolute discretion. Also, adjustments for dividends or coupons may be calculated with reference to any taxation charged in respect of such dividends or coupons.

*Taxation issues concerning investment in listed securities in Thailand by a foreigner*

To the extent that the Underlyings are shares, the taxation issues concerning investment in listed securities in Thailand by a foreigner in connection with such Underlyings are set out below. Dividends received from Thai underlying shares and capital gains derived from the transfer of Thai underlying shares by a Foreign Investor outside Thailand not having a permanent establishment or carrying on business in Thailand would be taxed as described below.

(A) *Dividends*

Dividends payable to a non-Thai person in respect of Thai underlying shares are generally subject to Thai withholding tax at a rate of 10 per cent. However, this should be a final tax as dividends declared out of after tax profits are not subject to further corporate income tax in Thailand in the hands of a Foreign Investor outside Thailand. An exemption from the withholding tax on dividend will be available if the Underlying Company paying the dividend has received promotion privileges from the Board of Investment of Thailand, pursuant to which such Underlying Company enjoys related corporate tax exemption benefits.

(B) *Capital Gains*

Gains realised by a Foreign Investor outside Thailand from the sale or other disposition of Thai underlying shares outside Thailand are not subject to Thai withholding tax, **provided that** the related payment is made neither from nor within Thailand, and that neither the purchaser nor the seller resides or does business in Thailand.

A Foreign Investor outside Thailand will be subject to withholding tax of 15 per cent. on gains realised on any sale or other disposition of shares (including a sale through The Stock Exchange of Thailand (the "SET")) within Thailand, unless the Foreign Investor outside Thailand is entitled to an exemption under an applicable tax treaty.

Where Thai income withholding tax applies, the payer of the capital gains is obliged under Thai law to withhold the applicable amount of tax from the gains realised, and to report and remit the tax withheld to the relevant Thai tax authority. There is a tax ruling on this, under which the broker is obliged to withhold the applicable amount of tax from the gains realised, and to report and remit the tax withheld to the relevant Thai tax authority. However, in practice, the seller would assign its custodian to withhold the applicable amount of tax from the gains realised, then the custodian (and not the broker) withhold such tax from the gains and report and remit the tax withheld to the relevant Thai tax authority.

To the extent that the Underlyings are Thai underlying bonds, the taxation issues concerning investment in bonds issued in Thailand by a Foreign Investor outside Thailand in connection with such Underlyings are set out below. Interest received from Thai underlying bonds and capital gains derived from the transfer of Thai underlying bonds by a Foreign Investor outside Thailand not having a permanent establishment or carrying on business in Thailand would be taxed as described below.

(C) *Interest*

Interest income that the Foreign Investor outside Thailand receives shall be subject to 15 per cent. withholding tax deducted at source unless the Foreign Investor outside Thailand is entitled to a reduction under an applicable tax treaty. Where Thai income withholding tax applies, the payer of the interest is obliged under Thai law to withhold the applicable amount of tax from the interest and to report and remit the tax withheld to the relevant Thai tax authority.

(D) *Capital Gains*

Any gain derived from a transfer of bonds which exceeds the original investment amount shall be subject to 15 per cent. withholding tax deducted at source unless the Foreign Investor outside Thailand is entitled to an exemption or reduction under an applicable tax treaty. Where Thai income withholding tax applies, the payer of the capital gains (i.e., the buyer of the bonds) is obliged under Thai law to withhold the applicable amount of tax from the gains realised, and to report and remit the tax withheld to the relevant Thai tax authority. However, in practice, the seller would instruct its custodian to withhold the applicable amount of tax from the gains realised, then the custodian (and not the broker) would withhold such tax from the gains and report and remit the tax withheld to the relevant Thai tax authority.

***Vietnam***

The Market Access Securities reflect the risks of a direct investment in Vietnamese equity, Vietnamese debt or an index which references Vietnamese equities, as the case may be, by an investor outside Vietnam ("**Foreign Investor outside Vietnam**") who is subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as applied to the

Issuer and/or its Affiliates had the Issuer and/or its Affiliates held the Securities. Some, but not all, of these risks are described in the sections below.

*Market Access*

Foreign organisations and individuals can generally invest directly in Vietnamese equity. A foreign organisation or individual must procure a securities trading code from the Vietnam Securities Depository in order to trade in listed and unlisted securities in Vietnamese equity markets.

Pursuant to Decision No. 121/2008/QĐ-BTC dated 2 December 2008 on foreign participation in the Vietnamese securities markets of the Ministry of Finance, foreign investors are required to apply to the Vietnam Securities Depository for a securities trading code in order to invest in Vietnamese equities. However, a foreign investor is not required to obtain such securities trading code if it invests in Vietnamese securities by way of entrusting the management of investment capital to a fund management company pursuant to an investment management agreement with that fund management company.

Under current practice, a Foreign Investor outside Vietnam is required to open an indirect investment capital account in Vietnamese Dong (as defined below) with a commercial bank licensed to operate in Vietnam for the purpose of making investments in Vietnamese listed and unlisted securities. All funds paid or received in respect of its investments must be channelled through this account. The account bank has the statutory duty to monitor the operation of the capital account and it may not give effect to any transfer of funds out of Vietnam in the event the Foreign Investor outside Vietnam fails to submit necessary documents for the bank's examination.

Investments by Foreign Investor outside Vietnam are substantially restricted and controlled in respect of some industries such as telecommunications, airlines or banking sector. In addition, the existing law also imposes a restriction on the maximum percentage of foreign holding of shares in listed companies or public companies (maximum foreign holding of 49 per cent. of the outstanding shares of a listed and/or public company). A Foreign Investor outside Vietnam may be required to hold its investment in a privatised State owned company for a period of at least 3 years if it invests in that company as a strategic partner. Similarly, if such Foreign Investor outside Vietnam is permitted to hold up to 10 per cent. of the share capital of a commercial bank, its purchased shares will be subject to a 3-year lock-up period. However, this lock-up period will be of 5 years if the Foreign Investor outside Vietnam invests in such commercial bank as a strategic partner (i.e. when it is permitted to hold 15 per cent. of share capital of the commercial bank). In addition, when investing in new shares, convertible bonds or warrants attached to bonds issued by a Vietnamese company by way of private placement, a Foreign Investor outside Vietnam must hold its purchased shares for a period of 1 year. These restrictions may change from time to time, sometimes without notice.

Pursuant to the State Bank of Vietnam's regulatory guidelines (Official Letter No. 5647/NHNN-CSTT dated 29 May 2007, "**Official Letter 5647**"), Foreign Investors outside Vietnam may not hold more than 50 per cent. of a commercial bank's the aggregate outstanding principal amount of Vietnamese Dong denominated debt securities. It is unclear whether the foreign holding restrictions under Official Letter 5647 still apply in secondary market and therefore no assurance can be given that the foreign bondholders' right to transfer debt securities issued by a specific commercial bank will not be affected by the operation of Official Letter 5647.

The investor in these Market Access Securities will be subjected to the effect of equivalent restrictions and controls to those imposed on Foreign Investors outside Vietnam generally, as determined by the Calculation Agent. These include limitations on the number of Underlyings and other investments linked to the Underlyings, and in the case of an Index, its constituents, in respect of which the investor is expecting to receive an economic return, potential delays or even non-receipt of funds on sale of the Market Access Securities, taxes and charges generally levied on Foreign Investors outside Vietnam in buying and selling equity and limitations on the importation and withdrawal of funds. Payments to MAS Holders calculated by reference to the price of a disposal of Vietnamese Underlyings will not be due unless or until the proceeds of disposal would have been received by a Foreign Investor outside Vietnam.

If Foreign Investors outside Vietnam become unable to invest directly in or alternatively hold equities or if Foreign Investors outside Vietnam are not allowed to sell or receive proceeds from the sale of such equities, the Market Access Securities may, in the worst case, become worthless.

*Foreign currency risk*

Amounts payable in respect of the Market Access Securities are paid in the Settlement Currency as specified in the applicable Final Terms. Potential investors in the Market Access Securities should understand that, where the Settlement Currency is US dollars, amounts payable under the Market Access Securities will be converted from the lawful currency of Vietnam (the "**Vietnamese Dong**") into US dollars. Prospective investors in the Market Access Securities should also understand that amounts payable under the Market Access Securities may be converted from one currency into another currency. Therefore, the Market Access Securities are subject to the risks of any investment in foreign currencies, including the risk that the general level of foreign currency exchange rates may decline. The following is a list of some of the significant currency related risks associated with an investment in the Market Access Securities.

Historical performance of the Vietnamese Dong and the US dollar does not indicate the future performance of such currencies. It is impossible to predict whether the value of either currency will fall or rise during the term of the Market Access Securities.

Trading levels of the Vietnamese Dong and the US dollar will be influenced by political, economic, financial, market and other factors. It is impossible to predict what effect these factors will have on the value of either currency and thus, the return on the Market Access Securities.

The value of the Vietnamese Dong and the US dollar is a result of the supply of, and demand for, each currency and changes in the foreign exchange rate may result from the interactions of many factors including economic, financial, social and political conditions in Vietnam and the United States. These conditions include, for example, the overall growth and performance of the economies of the United States and Vietnam, the trade and current account balance between the United States and Vietnam, market interventions by the Federal Reserve Board of the United States or the State Bank of Vietnam, inflation, interest rate levels, the performance of the stock markets in the United States and Vietnam, the stability of the United States and Vietnam's governments and banking systems, wars in which the United States' and Vietnam are directly or indirectly involved or that occur anywhere in the world, major natural disasters in the United States and Vietnam, and other foreseeable and unforeseeable events.

Certain relevant information relating to Vietnam may not be as well known or as rapidly or thoroughly reported in the United States as comparable to developments in the United States. Prospective purchasers of the Market Access Securities should be aware of the possible lack of availability of important information that can affect the value of the Vietnamese Dong in relation to the US dollar and must be prepared to make special efforts to obtain such information on a timely basis.

Exchange rates of Vietnam, are determined following a "crawling peg" regime, meaning that they are permitted to fluctuate within a band of rates. Governments, including those of the United States and Vietnam use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the exchange rates of their respective currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. A special risk in purchasing the Market Access Securities is therefore that their liquidity, trading value and amounts payable could be affected by the actions of sovereign governments which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces and the movement of currencies across borders. There may be adjustments or changes in the terms of the Market Access Securities in the event of impositions of restrictions, prohibition (such as exchange controls) or delaying of the exchange of the Vietnamese Dong into the US dollar. Such events may also cause the Issuer to terminate the Market Access Securities early.

As discussed under *Market Access* above, currently the exchange of the Vietnamese Dong into other foreign currencies for the purposes of repatriation is subject to foreign exchange control in Vietnam that includes certain formalities to be fulfilled.

*Timing issues concerning dividend or coupon payments*

Under the 2005 Law on Enterprises under the laws of Vietnam, (the "**Enterprises Law**") unless the Board recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Pursuant to Article 93 of the Enterprises Law, a company may declare and pay

dividends out of net profits after setting aside amounts for tax and reserves as well as offsetting any losses. In addition, the company must ensure that after distribution of any dividend, it is still capable of discharging all monetary obligations due. Pursuant to Article 94 of the Enterprises Law, the shareholders are required to refund to the company any dividends they received in the event such dividends have not been distributed in accordance with the principles as laid down by Article 93 of the Enterprises Law.

Dividends are generally declared as a percentage of the par value. The dividend recommended by the Board and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their shares as of the book closure date. In addition, the Board may declare and pay interim dividends. Under the Enterprises Law, dividends can only be paid in cash (or stock) to shareholders listed on the register of shareholders on the date which is specified as the "book closure date".

Dividends must be paid to the shareholders within 30 days from the date of the declaration.

Where the Reference Asset(s) are shares or bonds, the investors (who owned the Market Access Securities immediately prior to the ex-dividend date) may be entitled to receive amounts reflecting the dividends or coupons declared some time after the dividend or coupon is announced or paid if payment of the dividend or coupon, or the receipt thereof by a Foreign Investor outside Vietnam or any other person, is delayed for whatever reason. The amount paid to the investors shall be the net dividend or coupon amount after conversion of such amount into the relevant Settlement Currency and after the deduction of all conversion, transfer and other costs, taxes and expenses incurred in connection therewith, as determined by the Issuer in its sole and absolute discretion. Also, adjustments for dividends or coupons may be calculated with reference to any taxation charged in respect of such dividends or coupons. Where the amount of fees or taxes or the basis on which they are to be determined is not confirmed before payment to investors of an amount reflecting a dividend or coupon and/or is subject to change in the future, and such fees or taxes affect or relate to such payment and were not taken into account by way of deduction in calculating such payment, then the investors are obliged to pay to the Issuer an amount equal to such fees or taxes upon notification from the Issuer.

Dividends are occasionally announced but then subsequently not paid by Vietnamese companies. Further there can be a significant delay (sometimes a number of months) between the marking of a share as ex-dividend at the relevant stock exchange and the payment of that dividend. Occasionally the dividends are of such modest magnitude that the costs of converting Vietnamese Dong and transferring the payment offshore are significant relative to the dividend.

*Taxation issues concerning investment in listed securities in Vietnam*

Any income derived from a Foreign Investor outside Vietnam's investment in securities in Vietnam is subject to corporate income tax ("**CIT**") specially provided for by Circular No. 134/2008/TT-BTC dated 31 December 2008 of the Ministry of Finance (as amended and supplemented by Circular No. 197/2009/TT-BTC dated 9 October 2009 and Circular No. 64/2010/TT-BTC dated 22 April 2010 of the Ministry of Finance, collectively referred to as "**Circular 134**") for corporate investors or subject to personal income tax ("**PIT**") specially provided for by Circular No. 84/2008/TT-BTC dated 30 September 2008 of the Ministry of Finance (as amended and supplemented) for individual investors.

In light of these regulations, a Foreign Investor outside Vietnam is treated as a foreign investor having no resident establishment in Vietnam and therefore it would be taxed on a deemed tax basis as described below.

CIT and PIT are imposed on the gross value of securities sold by a Foreign Investor outside Vietnam on each transaction (except tax-exempt bonds). This is a "deemed profit" tax, equivalent to 0.1 per cent. of the value of the sale transaction. No relief is allowed for transaction costs, and no allowance is taken for the cost of investments.

However, dividends received from tax paid profits are not subject to further CIT in the hands of the Foreign Investor outside Vietnam. Interest on the debt securities is subject to a withholding tax imposed at a rate of 5 per cent. (as compared to 10 per cent. previously) with respect to institutional bondholders (provided by recently-issued Decree No. 122/2011/ND-CP dated 27 December 2011 by Government, which takes effect from 01 March 2012) and 5 per cent. with respect to individual bondholders (except interest on tax-exempt bonds). However, it is important to note that as at the technical update date (10

May 2012), the Ministry of Finance has not issued any official Circular to provide guidance on the implementation of Decree No. 122/2011/ND-CP. Based on the latest draft of this Circular, the withholding tax rate of 5 per cent for institutional bondholders is expected to be applied when the Circular takes effect (after 45 days from the signing date of the Circular). Moreover, for contracts and agreements which were signed before the effective date of Decree 122/2011/ND-CP, the withholding tax rate is still 10 per cent. As a result of unclear regulations, the current practice applied by different withholding agents might be different, i.e. 5% or 10%, depending on their risk appetite.

CIT and PIT are withheld and paid to the State Budget by the securities broker. Then, the Foreign Investor outside Vietnam can remit its profits out of Vietnam as long as the securities broker has already fully withheld and paid the tax obligations to the State Budget.

It is however noteworthy that the Vietnamese tax rules are characterised by uncertainty and by a lack of interpretative guidelines. Both the substantive provisions of the tax laws of Vietnam and the interpretation and application of such laws by the Vietnamese tax authorities may be subject to unpredictable change.

#### *Settlement*

The settlement of transactions (either for the Ho Chi Minh City Stock Exchange or the Hanoi Stock Exchange) is carried out by the Vietnam Securities Depository. A further risk exists in delivery versus payment settlement that settlement simply fails as the counterparty to an equity trade does not deliver the Vietnamese Underlyings or any financial instruments linked to such Underlyings, or in the case of an Index, its constituents. However, under the existing trading rules, an order for sale placed by an investor may be revoked if there are not sufficient securities on the investor's securities account in order to settle the proposed trade. Similarly, a broker may not execute an order for purchase in the event the credit balance on the investor's cash account is not sufficient to pay for securities to be purchased.

#### **(8) Risks relating to Commodity/Commodity Index-Linked Notes and Warrants**

This section must be read in conjunction with the sections of this Base Prospectus entitled "*Risks relating to the Notes and Warrants generally*", "*Risks relating to the Notes*" and "*Risks relating to the Warrants*".

**Warrants** – Similar risks and considerations as set out in this section "*Risks relating to Commodity/Commodity Index-Linked Notes and Warrants*" apply to Commodity/Commodity-Linked Warrants and amounts payable in relation thereto, and references herein to Notes or Commodity/Commodity-Linked Notes shall be deemed to refer to Warrants or Commodity/Commodity-Linked Warrants where the context so permits.

#### ***Factors affecting the performance of both Commodities and Commodity Indices***

Commodities comprise physical commodities, which need to be stored and transported, and commodity contracts, which are agreements either to buy or sell a set amount of a physical commodity at a predetermined price and delivery period (which is generally referred to as a delivery month), or to make and receive a cash payment based on changes in the price of the physical commodity.

Commodity contracts may be traded on regulated specialised futures exchanges (such as futures contracts) or may be traded directly between market participants "over-the-counter" (such as swaps and forward contracts) on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation.

The performance of commodity contracts are correlated with, but may be different to, the performance of physical commodities. Commodity contracts are normally traded at a discount or a premium to the spot prices of the physical commodity. The difference between the spot prices of the physical commodities and the futures prices of the commodity contracts, is, on one hand, due to adjusting the spot price by related expenses (warehousing, transport, insurance, etc.) and, on the other hand, due to different methods used to evaluate general factors affecting the spot and the futures markets. In addition, and depending on the commodity, there can be significant differences in the liquidity of the spot and the futures markets.

The performance of a commodity, and consequently the corresponding commodity contract, is dependent upon various factors, including supply and demand, liquidity, weather conditions and natural disasters, direct investment costs, location and changes in tax rates as set out in more detail below. Commodity

prices are more volatile than other asset categories, making investments in commodities riskier and more complex than other investments.

- (i) *Supply and demand* - The planning and management of commodities supplies is very time-consuming. This means that the scope for action on the supply side is limited and it is not always possible to adjust production swiftly to take account of demand. Demand can also vary on a regional basis. Transport costs for commodities in regions where these are needed also affect their prices. The fact that some commodities take a cyclical pattern, such as agricultural products which are only produced at certain times of the year, can also result in major price fluctuations.
- (ii) *Liquidity* - Not all commodities markets are liquid and able to quickly and adequately react to changes in supply and demand. The fact that there are only a few market participants in the commodities markets means that speculative investments can have negative consequences and may distort prices.
- (iii) *Weather conditions and natural disasters* - Unfavourable weather conditions can influence the supply of certain commodities for the entire year. This kind of supply crisis can lead to severe and unpredictable price fluctuations. Diseases and epidemics can also influence the prices of agricultural commodities.
- (iv) *Direct investment costs* - Direct investments in commodities involve storage, insurance and tax costs. Moreover, no interest or dividends are paid on Commodities. The total returns from investments in commodities are therefore influenced by these factors.
- (v) Governmental programmes and policies, national and international political, military and economic events and trading activities in commodities and related contracts - Commodities are often produced in emerging market countries, with demand coming principally from industrialised nations. The political and economic situation is however far less stable in many emerging market countries than in the developed world. They are generally much more susceptible to the risks of rapid political change and economic setbacks. Political crises can affect purchaser confidence, which can as a consequence affect commodity prices. Armed conflicts can also impact on the supply and demand for certain commodities. It is also possible for industrialised nations to impose embargos on imports and exports of goods and services. This can directly and indirectly impact commodity prices. Furthermore, numerous commodity producers have joined forces to establish organisations or cartels in order to regulate supply and influence prices.
- (vi) *Changes in tax rates* - Changes in tax rates and customs duties may have a positive or a negative impact on the profitability margins of commodities producers. When these costs are passed on to purchasers, these changes will affect prices.
- (vii) These factors may affect in varying ways the value of a Note linked to a Commodity or a Commodity Index.

#### ***Factors affecting the performance of Commodity Indices***

Commodity Indices track the performance of a synthetic production-weighted basket of commodity contracts on certain physical commodities. The level of a Commodity Index replicates an actual investment in commodity contracts, and therefore goes up or down depending on the overall performance of this weighted basket of commodity contracts. Although Commodity Indices track the performance of the commodity markets, in a manner generally similar to the way in which an index of equity securities tracks the performance of the share market, there are important differences between a commodity index and an equity index. First, an equity index typically weights the shares in the index based on market capitalisation, while the commodities included in a Commodity Index are typically, though not always, weighted based on their world production levels and the dollar value of those levels with the exception any sub-index of a Commodity Index based upon such sub-index. Second, unlike shares, commodity contracts expire periodically and, in order to maintain an investment in commodity contracts, it is necessary to liquidate such commodity contracts before they expire and establish positions in longer-dated commodity contracts. This feature of a Commodity Index, which is discussed below – see risk factor "Exposure to "Rolling" and its impact on the performance of a Commodity Index", has



important implications for changes in the value of a Commodity Index. Finally, the performance of a Commodity Index is dependent upon the macroeconomic factors relating to the commodities that underpin the commodities contracts included in such Commodity Index, such as supply and demand, liquidity, weather conditions and natural disasters, direct investment costs, location and changes in tax rates – see the risk factor, "Factors affecting the performance of both Commodities and Commodity Indices". The performance of commodity contracts in one sector may offset the performance of commodity contracts in another sector.

While holding an inventory of physical commodities may have certain economic benefits (for example, a refinery could use a reserve of crude oil for the continuation of its operations), it also poses administrative burdens and costs, including those arising from the need to store or transport physical commodities. These requirements and costs may prove unattractive to investors who are interested solely in the price movement of commodities. Commodity contracts permit an investor to obtain exposure to the prices of commodities without directly incurring these requirements and costs. However, an investor in commodity contracts, or in an index of commodity contracts, can be indirectly exposed to these costs, which may be reflected in the prices of the commodity contracts and therefore in the level of a Commodity Index. In addition, the fact that commodity contracts have publicly available prices allows calculation of an index based on these prices. The use of commodity contracts, therefore, allows the index sponsor, to separate the exposure to price changes from the ownership of the underlying physical commodity, and thus allow participation in the upside and downside movement of commodity prices independently of the physical commodity itself.

***Exposure to risk that if the price of the underlying physical commodities increases, the level of the Commodity Index will not necessarily also increase***

If the price of the underlying physical commodities increases, the level of the Commodity Index, will not necessarily also increase, for two reasons. The redemption amount payable on Notes that reference a Commodity Index is linked to the performance of such Commodity Index, which in turn tracks the performance of the basket of commodity contracts included in such Commodity Index, rather than individual physical commodities themselves. Changes in the prices of commodity contracts should generally track changes in the prices of the underlying physical commodities, but, as described above, the prices of commodity contracts might from time to time move in ways or to an extent that differ from movements in physical commodity prices. Therefore, the prices of a particular commodity may go up but the level of the Commodity Index may not change in the same way. Second, because commodity contracts have expiration dates – i.e. dates upon which trading of the commodity contract ceases, there are certain adjustments that need to be made to the Commodity Index, in order to retain an investment position in the commodity contracts. These adjustments, which are described below and primarily include the mechanic of "rolling" may have a positive or negative effect on the level of the Commodity Index. This feature of a Commodity Index is discussed below – see risk factor, "Exposure to "Rolling" and its impact on the performance of a Commodity Index". As a result, these adjustments may, in certain instances, cause a discrepancy between the performance of the Commodity Index, and the performance of the commodity contracts underlying such Commodity Index. Accordingly, purchasers in Notes that reference Commodity Indices may receive a lower payment upon redemption of such Notes than such purchaser would have received if he or she had invested directly in commodities underlying such Commodity Indices, or a Note whose redemption amount was based upon the spot price of physical commodities or commodity contracts that were scheduled to expire on the maturity date of the Notes.

***Exposure to "Rolling" and its impact on the performance of a Commodity Index***

(i) "Rolling"

Since any commodity contract has a predetermined expiration date on which trading of the commodity contract ceases, holding a commodity contract until expiration will result in delivery of the underlying physical commodity or the requirement to make or receive a cash settlement. "Rolling" the commodity contracts means that the commodity contracts that are nearing expiration (the "**near-dated commodity contracts**") are sold before they expire and commodity contracts that have an expiration date further in the future (the "**longer-dated commodity contracts**") are bought. This would allow an actual investor to maintain an investment position without receiving delivery of physical commodities or making or receiving a cash settlement. As Commodity Indices replicate an actual investment in commodity contracts, it takes into account the need to roll the commodity contracts included in such Commodity Index. Specifically, as a near-dated commodity contract approaches expiration, the Commodity Index is

calculated as if the near-dated commodity contract is sold and the proceeds of that sale are used to purchase a longer-dated commodity contract of equivalent value in the delivery month applicable for such commodity contract included in such Commodity Index.

(ii) "Backwardation"

When the price of the near-dated commodity contract is greater than the price of the longer-dated commodity contract, the market for such contracts is referred to as in "*backwardation*". If the rolling process occurs when the price of a commodity contract is in backwardation, this results in a greater quantity of the longer-dated commodity contract being acquired for the same value. Rolling contracts in a backwardated market can (putting aside other considerations) create a "roll yield".

(iii) "Contango"

When the price of the near-dated commodity contract is lower than the price of the longer-dated commodity contract, the market for such contracts is referred to as in "*contango*". If the rolling process occurs when the price of a commodity contract is in contango, this results in a smaller quantity of the longer-dated commodity contract being acquired for the same value. Rolling contracts in a contango market can (putting aside other considerations) result in negative "roll yields" which could adversely affect the level of a Commodity Index, tied to that contract.

(iv) "Rolling" can affect a Commodity Index in two ways.

Firstly, if the Commodity Index, synthetically owns more commodity contracts as a result of the rolling process, albeit at a lower price (backwardation), the gain or loss on the new positions for a given movement in the prices of the commodity contracts will be greater than if the Commodity Index, had owned the same number of commodity contracts as before the rolling process. Conversely, if the Commodity Index, synthetically owns fewer commodity contracts as a result of the rolling process, albeit at a higher price (contango), the gain or loss on the new positions for a given movement in the prices of the commodity contracts will be less than if the Commodity Index, had owned the same number of commodity contracts as before the rolling process. These differentials in the quantities of contracts sold and purchased may have a positive or negative effect on the level of the Commodity Index (measured on the basis of its dollar value).

Secondly, in a contango market, and in the absence of significant market changes, the prices of the longer-dated commodity contracts which the Commodity Index, synthetically buys and holds are expected to, but may not, decrease over time as they near expiry. The expected decrease in price of these longer-dated commodity contracts as they near expiry can potentially cause the level of the Commodity Index, to decrease. Conversely, in a backwardated market, and in the absence of significant market changes, the prices of the longer-dated commodity contracts are expected to, but may not, increase over time as they near expiry. The expected increase in price of these longer-dated commodity contracts as they near expiry can potentially cause the level of the Commodity Index to increase.

(v) The effects of "Rolling" may be mitigated

The trend in prices of the commodity contracts may mitigate the effects of rolling. Also, as the Commodity Index includes many different types of commodity contracts, each of those commodity contracts may be in a different type of market, either backwardation or contango, and therefore may offset any losses and gains attributable to rolling.

***Market Disruption Events relating to Commodity/Commodity Index-Linked Notes***

If a Market Disruption Event occurs then:

- (i) the Calculation Agent will determine if such event has a material effect on the Notes and, if so, will calculate the relevant Interest Amount and/or make another relevant calculation using, in lieu of a published price for the relevant Commodity or Commodity Index, the price for that Commodity or Commodity Index as at the time specified on the relevant Pricing Date, as determined by the Calculation Agent taking into consideration the latest available quotation for such Commodity or Commodity Index and any other information that in good faith it deems relevant; or

- (ii) unless Delayed Redemption on Occurrence of Market Disruption Event is specified as being applicable in the relevant Final Terms, on giving notice to Noteholders, the Issuer will redeem, the Notes, and pay in respect of each Note an amount equal to the fair market value of such Notes less any Associated Hedging Costs, all as determined by the Calculation Agent in its sole and absolute discretion; or
- (iii) where Delayed Redemption on Occurrence of Market Disruption Event is specified as being applicable in the relevant Final Terms, the Calculation Agent will calculate the fair market value of each Note, taking into account the Market Disruption Event less any Associated Hedging Costs (the "**Calculated Market Disruption Amount**") as soon as practicable following the occurrence of the Market Disruption Event (the "**Calculated Market Disruption Amount Determination Date**") and, on the Maturity Date, shall redeem each Note at an amount calculated by the Calculation Agent equal to the Calculated Market Disruption Amount plus interest accrued from and including the Calculated Additional Market Disruption Amount Determination Date to but excluding the Maturity Date at a rate equal to Issuer's funding cost at such time. Consequently the occurrence of a Market Disruption Event in relation to a Commodity or Commodity Index may have an adverse effect on the value or liquidity of the Notes.

***Additional Factors Relating to Market Disruption Events***

If an issue of Notes includes provisions dealing with the occurrence of a Market Disruption Event on a Pricing Date or any other relevant date and the Calculation Agent determines that a Market Disruption Event has occurred or exists on such Pricing Date or any other relevant date, any consequential postponement of the Pricing Date or any other relevant date or any alternative provisions for valuation provided in any Notes may have an adverse effect on the value and liquidity of such Notes. The occurrence of such a Market Disruption Event to any Commodity or Commodity Index comprising a basket may also have such an adverse effect on Notes related to such basket.

**(8) Risks relating to Interest Rate-Linked Notes and Warrants and Inflation Rate-Linked Notes and Warrants**

This section must be read in conjunction with the sections of this Base Prospectus entitled "*Risks relating to the Notes and Warrants generally*", "*Risks relating to the Notes*", and "*Risks relating to the Warrants*" and, in respect of Inflation Rate-Linked Notes only, "*Risks relating to Equity/Index-Linked Notes and Warrants*" to the extent they relate to Index-Linked Notes only.

**General** - The redemption amount of the Notes payable at scheduled maturity and/or the amount of interest payable in relation to the Notes will be linked to changes in one or more interest rates or inflation rates specified in the Final Terms during the period specified therein.

**Warrants** – Similar risks and considerations as set out in this section "*Risks relating to Interest Rate-Linked Notes and Warrants and Inflation Rate-Linked Notes and Warrants*" apply to Interest Rate-Linked Warrants and Inflation Rate-Linked Warrants and amounts payable in relation thereto, and references herein to Interest Rate-Linked Notes and Inflation Rate-Linked Notes shall be deemed to refer to Interest Rate-Linked Warrants and Inflation Rate-Linked Warrants where the context so permits.

**Volatility of interest rates** – Interest rates and inflation rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in interest rates and inflation rates resulting in a decrease in the value of interest payments and the principal payable on the Notes at maturity. As a consequence the market value of the Notes may also fall.

**Interest income risk** - (i) In relation to certain types of Interest Rate-Linked Notes and Inflation Rate-Linked Notes including, without limitation, Range Accrual Notes (as defined below), interest only accrues on days on which the Interest Related Variable fixes within a predetermined range set out in the Final Terms. If the Interest-Related Variable does not fix within such range on one or more days during the term of the Notes, then the return on the Notes may be lower than traditional fixed-rate securities, or even zero. Noteholders should note that no interest accrues on days when the Interest-Related Variable fixes outside of the range. (ii) Noteholders should also note that Interest Rate-Linked Notes and Inflation Rate-Linked Notes may be subject to other criteria to determine the rate, if any, at which interest accrues on the Notes. For example, there may be different tiers of calculation whereby interest would only accrue

for each day that the specified Interest-Related Variable remains (a) above the relevant trigger level, (b) within the range or (c) below the relevant trigger level, in each case as set out in the Final Terms. Interest payable on the Notes would therefore be linked to the volatility of the Interest-Related Variable.

**Risk of early termination (Knock-out risk)** - (i) In relation to certain types of Interest Rate-Linked Notes and Inflation Rate-Linked Notes including, without limitation Target Accrual Redemption Notes or Accumulator Notes, the Notes will be mandatorily redeemed prior to their maturity if the sum of the cumulative interest paid in relation to the Notes reaches the predetermined Lifetime Cap, as specified in the Final Terms. Noteholders should note that there is increased uncertainty of the maturity date of the Note, which would be the earlier of the pre-specified maturity date or the interest payment date when the cumulative interest amount has reached its Lifetime Cap. If the Interest Related Variable performs poorly, Noteholders may receive little or no interest during the term of the Notes and then receive the balance of the Lifetime Cap at maturity. (ii) Certain types of Notes including, without limitation, Trigger Redemption Notes, may also be mandatorily redeemed early if a specified trigger is breached during a specified period or on a specified date.

**Call risk** - In relation to certain types of Interest Rate-Linked Notes and Inflation Rate-Linked Notes, the Notes may be callable by the Issuer, but not the Noteholder, prior to maturity exposing Noteholders to reinvestment risk. Noteholders should note that a call option creates uncertainty for investors as to whether the Notes will remain outstanding until maturity.

**Risks relating to Steepener Notes** - Interest Rate-Linked Notes issued pursuant to the Programme may include Steepener Notes, which are Notes in respect of which the rate of interest applicable for some or all of the term of the Notes is determined by reference to the difference (or spread) between two swap rates specified in the applicable Final Terms, which difference (or spread) may (if so specified in the applicable Final Terms) then be multiplied by a factor (the leverage factor), subject to any minimum and/or maximum interest rates specified.

**Fluctuations in interest rates and Steepener Notes** - The market value of Steepener Notes will be affected by, among other things, the amount of interest payable in each interest period. Save for any interest period during the term of such Notes in respect of which interest is to be determined by reference to fixed rates of interest, the interest rate on Steepener Notes is obtained by taking the amount (if any) by which a designated swap rate (the "**First Swap Rate**") exceeds another designated swap rate (the "**Second Swap Rate**") and multiplying that amount by the factor (the leverage factor) (all as specified in the applicable Final Terms), subject to any maximum and minimum rate of interest. Subject to any minimum and maximum rate of interest, as the difference between the First Swap Rate and the Second Swap Rate decreases the rate of interest payable will fall by the amount of that decrease multiplied by the relevant leverage factor. In the event that the First Swap Rate does not exceed the Second Swap Rate on a date which is relevant to the calculation of interest for an interest period, the interest rate on the Notes for that period will equal zero or, if any minimum rate of interest has been specified in the applicable Final Terms and applies, will equal that minimum rate of interest.

#### **(9) Risks relating to Currency-Linked Notes and Warrants**

This section must be read in conjunction with the sections of this Base Prospectus entitled "*Risks relating to the Notes and Warrants generally*", "*Risks relating to the Notes*" and "*Risks relating to the Warrants*".

**General** - Investment in Notes which are linked to an emerging market currency or exchange rate may entail significant risks which are not associated with a similar investment in a currency which is more familiar to prospective investors, such as US dollars or euro (the "**Principal Currency**"). Currency-Linked Notes may be issued in relation to which no interest is payable. The redemption amount of the Notes payable at scheduled maturity is linked to changes in the exchange rates of one or more currencies specified in the Final Terms (the "**Reference Currency**" or "**Reference Currencies**") against the Principal Currency during the period specified therein, and may be subject to a minimum redemption amount per Note.

**Warrants** – Similar risks and considerations as set out in this section "*Risks relating to Currency-Linked Notes and Warrants*" apply to Currency-Linked Warrants and amounts payable in relation thereto, and references herein to Currency-Linked Notes shall be deemed to refer to Currency-Linked Warrants where the context so permits.

***Volatility of exchange rates*** - Exchange rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in rates of exchange between the Reference Currency and the Principal Currency, such as a devaluation of the Reference Currency against the Principal Currency resulting in a decrease in the value of interest payments and the principal payable on the Notes at maturity. As a consequence, the market value of the Notes may also fall.

***Emerging market risk*** - Because of the special risks associated with investing in emerging markets, Currency-Linked Notes which are linked to a Reference Currency of an emerging market should be considered speculative. Economies in emerging markets generally are heavily dependent upon international trade and, accordingly, may be affected adversely by trade barriers, foreign exchange controls (including taxes), managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also may be affected adversely by their economic, financial, military and political conditions and the supply and demand for the Reference Currencies in the global markets.

***Non-deliverability of the Reference Currency*** - Currency-Linked Notes which are payable in an emerging market currency may provide that, if the Reference Currency is not available at or about the time when a payment is due to be made under the Notes because of circumstances beyond the control of the Issuer, then the Issuer is entitled to make the payments in US dollars or delay making the payment. These circumstances could include the imposition of exchange controls or a disruption in the currency market which prevents the Issuer from obtaining the Reference Currency.

***FX Disruption*** – Prospective investors in the Currency-Linked Notes should note that, following the occurrence of FX Disruption, the Notes will be redeemed by payment of the Early Redemption Amount which will occur as soon as the Calculation Agent determines that it is practical to calculate the Early Redemption Amount and to effect payment of it, which may be subject to delays and may result in a loss to the investors.

#### **(10) Risks relating to Credit-Linked Notes**

##### ***General factors relating to Credit-Linked Notes***

This section must be read in conjunction with the sections of this Base Prospectus entitled "*Risks relating to the Notes and Warrants generally*" and "*Risks relating to the Notes*". This section does not apply to Emerging Market Credit Linked Notes.

The occurrence of certain events or circumstances, in each case as specified in the Final Terms (each, a "**Credit Event**") will affect the value of Credit-Linked Notes and the Issuer's obligation to pay principal may be replaced by an obligation to pay other amounts calculated by reference to the value of the credit of the underlying reference entity, reference entities, reference obligation(s) and/or underlying obligation(s). The Issuer's obligations in respect of Credit-Linked Notes are not dependent on the existence of actual credit exposure of the Issuer to one or more underlying reference entities and the Issuer need not itself suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

If a Credit Event, as specified in the relevant Final Terms, occurs in relation to which a Credit Event Notice (as defined in the relevant Final Terms) has been given in respect of one or more reference entities, the Notes will be redeemable at the option of the Issuer exercised at any time thereafter, and irrespective of whether the relevant Credit Event is continuing, and the Issuer's obligation to pay the principal of the Notes upon redemption shall be replaced with an obligation to pay other amounts, as described above.

In particular, investors in Credit-Linked Notes should note that:

- (a) the Issuer's obligations to pay interest on the Notes and to redeem the Notes at their principal amount may be subject to the conditions precedent that no Credit Event Notice has been given. If any Credit Event Notice is given on or before the Maturity Date or (if applicable) the Extended Maturity Date (as defined in the relevant Final Terms) then, unless specified otherwise, (1) no interest in respect of the interest period current on the date on which such Credit Event Notice is given or any subsequent period shall be payable by the Issuer (but without prejudice to any interest payments already made to Noteholders or which became due and payable before the

## Part A – Product Supplement for Notes Generally – Risk Factors

Credit Event Notice was given); and (2) the Issuer may or may not be obliged to redeem the Notes at their principal amount;

- (b) the Issuer's obligation to redeem the Notes may be replaced by an obligation to pay a cash amount (which may be zero) calculated by reference to the value of certain reference obligations, as specified in the Final Terms; and
- (c) it shall be the responsibility of the Noteholders to ensure that their accounting, regulatory and all other treatments of the Notes are consistent with the conditional nature of the Noteholders' entitlement to receive the payments referred to above.

The Issuer may exercise its right to deliver a Credit Event Notice at any time after the occurrence of a Credit Event even if the Credit Event is not continuing at the time such right is exercised. Noteholders will have no right to compel the Issuer to exercise its rights and no right to control the timing of such exercise. Furthermore, Noteholders will have no right to remedy, waive or rescind the Credit Event or take any action to mitigate the ultimate loss which may be imposed upon them by virtue of their interest in the Notes and will bear the risk of any change in the value of obligations of the affected reference entity between the date of the Credit Event and the Auction Final Price Determination Date (as defined in Condition 6(o) applying to Credit-Linked Notes) or, if the Fallback Settlement Method applies, the Valuation Date (as defined in the relevant Final Terms). During this period there could be a substantial decrease in the value of such obligations.

If a Credit Event occurs and the Issuer gives a Credit Event Notice, the following risks may arise:

- (a) In respect of Credit-Linked Notes that are redeemed following the occurrence of a Credit Event, the amount payable in respect of the Notes may be determined by reference to the Auction Final Price determined according to an auction procedure set out in the applicable Credit Derivatives Auction Settlement Terms. There is a possibility that the Calculation Agent (or one of its affiliates) would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation) submitting bids, offers and physical settlement requests with respect to the relevant Deliverable Obligations. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), the Calculation Agent (or an affiliate of it) will be under no obligation to consider the interests of any Noteholder.
- (b) In respect of a Credit Event relating to Credit-Linked Notes, a Credit Event may not be triggered unless either (i) a request is submitted to ISDA within 60 calendar days of the occurrence of such potential Credit Event for the relevant Credit Derivatives Determinations Committee to consider whether the relevant event constitutes a Credit Event (and the Credit Derivatives Determinations Committee subsequently Resolves that such event does constitute a Credit Event) or (ii) a Credit Event Notice (and, if applicable copies of relevant Publicly Available Information) is delivered by the Issuer to the Noteholders within 60 calendar days of the occurrence of such Credit Event and is effective during the Notice Delivery Period. For Succession Events, the look-back mechanics operate in a similar way to the above to provide a cut-off date for any Succession Event to apply to the relevant Credit Linked Notes. The actual look-back period for a Succession Event is either (i) 90 calendar days from the date on which a request is given to a Credit Derivatives Determinations Committee regarding a Succession Event (if the Credit Derivatives Determinations Committee subsequently Resolves that a Succession Event has occurred) or (ii) 90 calendar days from the date on which the Calculation Agent determines that a Succession Event has occurred. These provisions mean that both (i) there is a time limit on the ability to act on a Credit Event or Succession Event and (ii) it is possible that the Notes could be affected by a Credit Event or Succession Event that took place prior to the Trade Date.
- (c) If the Fallback Settlement Method applies, under the terms of the Notes, the Issuer will be free to select for the purposes of constituting the Portfolio any obligations of the reference entity in respect of which such Credit Event has occurred (whether as principal, guarantor or otherwise) which satisfy the requirements for a Valuation Obligation. Such obligations are likely to be in default at the time of delivery. Furthermore, in selecting such obligations the Issuer will not be required to consider the interests of the Noteholders or mitigate their losses. The Issuer will have complete discretion to select the cheapest, most illiquid obligations of the reference entity so long

as such obligations satisfy the requirements for a Valuation Obligation under the terms of the Notes.

Not all of the Credit Events require an actual default with respect to a reference entity's obligations. Thus Noteholders could bear losses based on a deterioration in the credit of a reference entity short of a default. Also, not all of the Credit Events are triggered by events which are easily ascertainable and disputes can and have arisen as to whether a specific event did or did not constitute a Credit Event. Under the terms of the Notes, the Issuer's or Calculation Agent's good faith, reasonable determination that a Credit Event has or has not occurred will be binding on the Issuer and the holders, and may be different than the view of the holders or other financial institutions, rating agencies or commentators.

The Issuer shall be under no obligation to give notice of any Credit Event and no delay in giving, or omission to give, notice of any Credit Event(s) with regard to the reference entity or reference entities in question shall prejudice the Issuer's right to give notice with respect to such Credit Event or any other Credit Event in relation to such reference entity provided such notice is given no later than the Maturity Date or (if applicable) the Extended Maturity Date.

The trading value of the Notes will be affected by factors that interrelate in complex ways. The Notes may lose 100 per cent. of their value. It is important for investors to understand that the effect of one factor may offset the increase in the trading value of the Notes caused by another factor, and that the effect of one factor may exacerbate the decrease in the trading value of the Notes caused by another factor. For example, a drop in the creditworthiness of a reference entity may more than offset any increase in the Issuer's creditworthiness.

***No representation by Issuer or Calculation Agent***

The Issuer and Calculation Agent make no representation whatsoever with respect to the underlying Reference Entity or Reference Entities, reference obligations or underlying obligations on which it is relying or is entitled to rely.

***Dealings by Issuer, Calculation Agent and affiliates***

The Issuer, the Calculation Agent and their respective affiliates may deal in the underlying reference obligations or underlying obligations and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, the reference entity or entities, any affiliate of the reference entity or entities, and/or any other person or entity having obligations relating to the reference entity and may act with respect to such business in the same manner as each of them would if these Notes had not been issued, regardless of whether any such action might have an adverse effect on the reference entity or entities, the reference obligation(s), or underlying obligation(s) or the Noteholders or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event).

***No disclosure of information***

The Issuer, the Calculation Agent and their respective affiliates may, whether by virtue of the types of relationships described herein or otherwise, on the issue date of the Notes or at any time thereafter, be in possession of information in relation to the reference entity or entities or any underlying obligation(s) that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholders. There is no obligation on the part of the Issuer, the Calculation Agent or their respective affiliates to disclose to the Noteholders any such relationship or information (whether or not confidential).

***Potential conflict of interest***

HSBC Bank plc as Calculation Agent or Issuer will be entitled to make certain determinations and judgements under the Conditions including (*inter alia*) as to whether an event constituting a Credit Event has occurred. In making such determinations and judgements, potential conflicts of interest may exist between HSBC Bank plc and the Noteholders. In its capacity as Calculation Agent or Issuer, HSBC Bank plc does not act as a fiduciary for or as an advisor to any of the Noteholders in respect of any such determination or judgement or otherwise.

***Credit risk***

The Notes will provide investors with a return linked to the credit of the Issuer and the Reference Entity or Reference Entities and will not provide protection of principal or a guarantee of interest. The investors are exposed to the credit risk of the Issuer and the Reference Entity or Reference Entities. In relation to the Issuer, investors are exposed to the risk that the Issuer is not able to meet its obligations created by the Notes.

***Amendments by Calculation Agent***

The Calculation Agent may from time to time amend any provision of the Conditions to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions (including without limitation with respect to settlement by reference to auctions following a Restructuring Credit Event) and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent and the Issuer determine in a commercially reasonable manner are necessary to reflect market practice for credit derivative transactions.

***No post-issuance information***

Unless otherwise specified in the relevant final terms, the Issuer shall not be providing the investors with any post-issuance information regarding the Reference Entity, Reference Entities or underlying obligation. In addition, prospective investors should understand that the historical performance of the Reference Entity, Reference Entities or underlying obligation should not be viewed as predictive of future results.

***Additional Risks relating to Leveraged Credit-Linked Notes***

Leveraged Credit-Linked Notes provide investors with a leveraged exposure to the credit of the related reference entity or reference entities so that investors are exposed to a notional Credit-Linked calculation amount greater than the Aggregate Principal Amount of the Notes. In relation to such Notes a notional Reference Transaction is valued on a regular basis by the Calculation Agent and if the offered side spread is greater than a specified amount, a Trigger Event will occur and the Issuer may elect either to issue additional Notes of the same Series (but so that the calculation amount relating to the Notes is not changed) or to redeem the Notes at an amount equal to the Note Value. In such circumstances the Note Value may be significantly less than the Aggregate Principal Amount of such Notes and could be zero. A Trigger Event may occur notwithstanding that no Credit Event may have occurred. Accordingly investors in leveraged Credit-Linked Notes risk losing all or some of their capital as a result of movements in the credit spreads relating to the underlying reference entities even if no Credit Event occurs.

**(B) Factors relating to Emerging Market Credit Linked Notes**

This section must be read in conjunction with the sections of this Base Prospectus entitled "Risks relating to the Notes and Warrants generally" and "Risks relating to the Notes". This section relates only to Emerging Market Credit Linked Notes.

***General factors relating to Emerging Market Credit-Linked Notes***

***No representation by Issuer or Calculation Agent***

The Issuer and the Calculation Agent make no representation to any party, with respect to the Reference Entity or the Reference Obligation, on which is the Noteholders are relying or are entitled to rely.

***Dealings by Issuer, Calculation Agent and affiliates***

The Issuer, the Calculation Agent and their respective affiliates may deal in the Reference Obligation and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, the Reference Entity, any affiliate of the Reference Entity and/or any other person or entity having obligations relating to the Reference Entity or any such affiliate, and may act with respect to such business in the same manner as each of them would if the Notes had not been issued, regardless of whether any such action might have an adverse effect on the



## **Part A – Product Supplement for Notes Generally – Risk Factors**

Reference Entity, any Reference Obligation or the Noteholders or otherwise (including, without limitation, any action which might constitute or give rise to an Early Redemption Event or Credit Event).

### *No disclosure of information*

The Issuer, the Calculation Agent and their respective affiliates may, whether by virtue of the types of relationships described herein or otherwise, on the Issue Date or at any time thereafter, be in possession of information in relation to the Reference Entity that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholders. There is no obligation on the part of the Issuer, the Calculation Agent or their respective affiliates to disclose to the Noteholders any such relationship or information (whether or not confidential).

### *Potential conflict of interest*

HSBC Bank plc as Calculation Agent will be entitled to make certain determinations and judgements under the Conditions including (inter alia) as to whether an Early Redemption Event or Credit Event has occurred. In making such determinations and judgements, potential conflicts of interest may exist between the Issuer, the Calculation Agent and the Noteholders. In its capacity as Calculation Agent, HSBC Bank plc does not act as a fiduciary for or as an adviser to any of the Noteholders in respect of any such determination or judgement or otherwise.

### *Credit Risk*

The Notes will provide investors with a return linked to the credit of the Issuer and the Reference Entity and will not provide protection of principal or a guarantee of interest. The investors are exposed to the credit risk of the Issuer and the Reference Entity. In relation to the Issuer, investors are exposed to the risk that the Issuer is not able to meet its obligations created by the Notes. For further information on how investors are exposed to the credit risk of the Reference Entity (by virtue of the potential occurrence of an Early Redemption Event or Credit Event), please see "Early Redemption Events and Credit Events" below.

### *Redemption for Tax Reasons*

The Issuer may redeem the Notes in whole if the Issuer would be required to pay certain tax gross up payments in respect of the Notes or to make deductions in respect of certain taxes from payments in respect of the Notes. The amount payable by the Issuer on such redemption will be the Early Redemption Amount. The amount so payable by the Issuer may be less than amounts invested in the Notes.

### *Currency Risk*

Exchange rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in rates of exchange between (i) the Specified Currency, (ii) the Reference Obligation Currency and (iii) the relevant local currency of the investor's domicile.

### *Calculation Agent Discretion*

All calculations and determinations made by the Calculation Agent in relation to the Notes shall (save in the case of manifest error at the time the relevant determination is made) be final and binding on the Issuer and all Noteholders. The Calculation Agent shall have no obligations to the Noteholders, and shall only have the obligations expressed to be binding on it pursuant to the Conditions.

### *Early Redemption Events and Credit Events*

If an Early Redemption Event or Credit Event has occurred in respect of the Reference Entity, the Issuer may elect to redeem the Notes by way of either Physical Settlement or Cash Settlement on the Physical Settlement Date or the Cash Settlement Date, as applicable. In particular, Noteholders should note that:

- (a) the Issuer's obligations to pay interest (if applicable) on the Notes and to redeem the Notes at their principal amount are subject to the condition precedent that the Issuer has not elected to redeem the Notes and, if the Issuer has elected to redeem the Notes, then (1) interest (if applicable) will cease to accrue with effect from the immediately preceding Interest Payment

Date and (2) the Issuer will not redeem the Notes at their principal amount and the sole obligation of the Issuer with regard to redemption of the Notes will be as set out in the Conditions; and

- (b) it shall be the responsibility of the Noteholders to ensure that their accounting, regulatory and all other treatments of the Notes are consistent with the conditional nature of the Noteholders' entitlement to receive the payments referred to above.

The Issuer shall be under no obligation to elect to redeem the Notes and no delay in giving, or omission to make, such election shall prejudice the Issuer's right make such election.

***The Notes can be redeemed by physical delivery of the Reference Obligation***

If an Early Redemption Event or Credit Event occurs, the Notes may, at the option of the Issuer, be redeemed by delivery of the Reference Obligation to the Noteholders, which may have a value at such date substantially less than the par value of the Notes. The Notes may redeem below par or may redeem at zero.

***Payments on the Notes calculated by reference to a Notional Holder***

Prospective purchasers of the Notes should be aware that payments of interest (if applicable) and principal in relation to the Notes are calculated on the basis of the amounts received in the Reference Obligation Currency by a Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation. Amounts received by Noteholders are therefore dependent on where the Notional Holder is (notionally) domiciled and may be less than the Noteholder would receive if it were to hold the Reference Obligation directly.

**Emerging Markets Risk Factors**

***General Emerging Markets Risk***

Investors in emerging markets or securities linked to emerging markets should be aware that these markets are subject to greater risks than well developed western markets, including in some cases significant legal and political risks.

***Possible Negative Effects on the Notes***

There may be a high degree of uncertainty and volatility associated with obligors from emerging market countries (including the Reference Entity) and the performance and payment under the Notes may be directly impacted by certain political, economic and legal events and conditions. The price of the Reference Obligations (which are linked to an emerging market country) may therefore be volatile and investment in the Notes (which are credit-linked and market-linked to such Reference Obligations) will involve additional risks and special considerations not typically associated with investing in credit-linked Notes which are linked to other more established economies. Such risks may include:

- (a) restrictions on foreign investment and on repatriation of capital invested in emerging markets;
- (b) currency exchange rate fluctuations;
- (c) potential price volatility and lesser liquidity of securities traded in emerging markets;
- (d) social, economic and political risks, including the risk of nationalisation or expropriation of assets, diplomatic developments, war, revolution, confiscatory taxation, taxation of income earned in foreign nations or other taxes or restrictions imposed with respect to investment in foreign nations;
- (e) lower levels of disclosure and regulation in foreign securities markets than in similar markets in developed countries;
- (f) risks related to custodial arrangements and delays or other factors in the settlement of securities transactions; and
- (g) accounting, auditing, financial and other reporting standards in emerging markets are not equivalent to those in more developed markets.

There may be a high degree of government regulation in such markets. Action by governments may directly affect foreign investment in companies in those countries and may also have a significant indirect effect on the price which may be achieved on the realisation of investments, all of which may affect the value of the Notes.

The value of Notes which are linked to a Reference Entity which is an emerging market country (or incorporated in an emerging market country) may be directly affected by changes in government policies, taxation, restrictions on foreign investment and on foreign currency convertibility and repatriation, and other developments in the legal, regulatory and political climate which may occur without advance notice or retrospectively. Governments of some emerging market countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many companies, including some of the largest in the country. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the prices and yields of securities linked to such emerging market countries.

#### ***Legal and Regulatory Framework***

The sophisticated legal and regulatory systems necessary for the proper and efficient functioning of modern capital markets may yet to have been developed in some emerging market countries. A high degree of legal uncertainty may therefore exist as to the nature and extent of investors' rights and the ability to enforce those rights in the courts. Many advanced legal concepts which now form significant elements of mature legal systems are not yet in place or, if they are in place, have yet to be tested in the courts. It is difficult to predict with any degree of certainty the outcome of judicial proceedings (often because the judges themselves have little or no experience of complex business transactions), or even the quantum of damages which may be awarded following a successful claim. It may also be difficult to obtain and enforce a judgment relating to emerging markets debt in the jurisdiction in which the majority of the assets of an obligor is located. As a result it may be difficult and time consuming to take control of or liquidate any collateral securing Reference Obligations.

#### ***Settlement Procedures***

Many emerging market countries have only recently developed organised securities markets, and the institutions on which they depend, with the result that the procedures for settlements, clearing and registration of securities transactions can give rise to technical and practical problems. In the worst cases this may lead to disputes over title to securities; in other cases, inefficient systems may result in delayed payments. In addition, since most emerging markets have civil law systems, which do not recognise a distinction between legal and beneficial ownership, it is not usually possible to use nominees. Risks may also arise in relation to local custody arrangements; the provision of custody services is a relatively novel practice in most emerging markets, and the controls put in place in more mature markets may not be available.

#### ***Exchange controls and repatriation of profits***

Most emerging market countries operate exchange controls affecting the transfer of funds in and out of the country and the convertibility of the local currency. In some cases the currency is non-convertible although many currencies are "semi-convertible". Particular care must be taken to ensure that exchange control formalities are complied with and all relevant licences are obtained. Moreover the value of investments can fluctuate significantly due to volatile exchange rates and high inflation. Some countries also impose restrictions on the ability of foreign investors to repatriate profits or the proceeds of sale of their investments without an official permit.

#### ***Shareholder rights***

The level of disclosure of information relating to a company's business and ownership to shareholders, and to the stock exchange on which its shares are listed, is much less extensive in most emerging markets than in more sophisticated markets. Thus shareholders have little knowledge of, and less control over, the business decisions of the management. There is usually little or no legal protection for minority shareholders, whilst management have no fiduciary duty to the company or the shareholders as a whole. Although many emerging markets now have insider dealing laws, it cannot be assumed that the regulatory authorities have both the ability and the will to enforce the legislation rigorously. Similarly, although

money laundering regulations have been introduced in some jurisdictions, their practical effect has yet to be assessed. If the Reference Entity is a company, Noteholders should be aware of these risks.

***Market liquidity***

The stock exchanges of emerging market countries are generally much smaller (in terms of market capitalisation, turnover, and number of stocks traded) than their more developed counterparts. This in itself can affect the value of an investment and is likely to result in increased price volatility.

***Accounting standards***

In some emerging market countries, accounting standards and practices vary significantly from internationally accepted standards. It is therefore difficult to obtain reliable historic financial information even where accountancy laws have been reformed to bring them into line with international standards (a problem which hyper-inflation has exacerbated in some markets). Great care must therefore be taken to assess asset and business valuations. Obligors in emerging market countries may not generally be subject to uniform accounting, auditing and financial reporting standards and auditing practices and requirements may not be comparable to those applicable to obligors located in developed countries.

***Political risks***

A common feature of emerging markets countries is the rapid pace of political and social change, often related to the transition from a centrally planned economy to a modern market economy. Far reaching political reforms have inevitably resulted in new constitutional and social tensions, and the possibility of continuing instability and even a reaction against market reforms cannot be discounted. There is a particular risk in these countries that guarantees of investor protection may not always be honoured, and that policies encouraging foreign investment may be abandoned or reversed. At worst, this could lead to renationalisation of privatised industries and expropriation of private property without compensation. However, a number of relevant countries have investment protection and promotion agreements which give an added degree of protection from such risks.

***Economic risks***

The economies of individual emerging market countries may differ favourably or unfavourably from the economies of developed countries in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resource self-sufficiency and the balance of payments position. Investment performance can be affected by the nature of the underlying economic infrastructure, which in many emerging market countries is significantly less developed than in mature economies. Poor telecommunications and transport systems, and inefficient banking sectors, may hinder business development. The limited supply of domestic savings, coupled with the absence of mechanisms and institutions through which new capital can easily be raised, may give rise to problems in obtaining funding. In some cases the high level of external debt has exacerbated this problem. Other concerns which investors should take into account are inconsistent and restrictive tax regimes, and potential liability for inherited environmental problems. Industrial pollution has often gone unchecked for decades, whilst tough new legislation may impose heavy financial penalties on the new owners of a business or property. In the past, a number of emerging market countries' markets have experienced significant adverse economic developments, including substantial depreciation in currency exchange rates against major currencies, increased interest rates and inflation, reduced economic growth rates, increases in foreign currency debts, corporate bankruptcies, declines in market values of listed shares and government-imposed austerity measures.

\* \* \* \* \*

## INCORPORATION BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus, save that any documents incorporated by reference in any of the documents set forth below do not form part of this Base Prospectus:

- (a) the registration document relating to the Issuer dated 25 May 2012 and filed with the UK Listing Authority pursuant to Article 11 of the Prospectus Directive (the "**Registration Document**");
- (b) the Annual Report and Accounts of the Issuer and its subsidiary undertakings for the years ended 31 December 2010 and 2011 submitted to and filed with the FSA (the "**Financial Information**");
- (c) the Terms and Conditions of the Notes contained at pages 21 to 65 and the Terms and Conditions of the Warrants contained at pages 66 to 95 in the base prospectus relating to the Programme dated 1 August 2005 (the "**2005 Conditions**");
- (d) the Terms and Conditions of the Notes contained at pages 55 to 97 and the Terms and Conditions of the Warrants contained at pages 346 to 379 in the base prospectus relating to the Programme dated 2 August 2006 (the "**2006 Conditions**");
- (e) the Terms and Conditions of the Notes contained at pages B1 to B-26, D-16 to D-66 and E-7 to E-8 and the Terms and Conditions of the Warrants contained at pages C-1 to C-15, D-150 to D-170 in the base prospectus relating to the Programme dated 2 August 2007 (the "**2007 Conditions**");
- (f) the Terms and Conditions of the Notes contained at pages B-1 to B-28, D-18 to D-43 and H-11 to H-12, and the Terms and Conditions of the Warrants contained at C-1 to C-16 and D-74 to D-94, in the previous base prospectus of the Issuer dated 31 July 2008 (the "**2008 Conditions**");
- (g) the Terms and Conditions of the Notes contained at pages B-1 to B-29, D-18 to D-44, H-10 to H-11 and J-14 to J-17, and the Terms and Conditions of the Warrants contained at C-1 to C-17, D-76 to D-96 and I-9 to I-131, in the previous base prospectus of the Issuer dated 30 July 2009 (the "**2009 Conditions**");
- (h) the Terms and Conditions of the Notes contained at pages B1 to B-31, D-21 to D-53, H-10 to H-11 and J-15 to J-18 and the Terms and Conditions of the Warrants contained at C-1 to C-19, D-111 to D-134 and I-9 to I-76, in the previous base prospectus of the Issuer dated 27 July 2010 (the "**2010 Conditions**");
- (i) the Terms and Conditions of the Notes contained at pages B1 to B-32, D-55 to D-109, H-10 to H-41 and I-6 to I-61 and the Terms and Conditions of the Warrants contained at C-1 to C-19 and D-135 to D-150, in the previous base prospectus of the Issuer dated 27 July 2011 (the "**2011 Conditions**"),

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference and in respect of which a supplement to this Base Prospectus is prepared modifies or supersedes such statement. Any documents incorporated by reference in the Registration Document or the Financial Information does not form part of the Base Prospectus. To the extent that only certain parts of the above documents are specified to be incorporated by reference herein, the non-incorporated parts of such documents are either not relevant for investors or covered elsewhere in this Base Prospectus.

The Issuer will at its registered office and at the offices of the Principal Paying Agent and Principal Warrant Agent make available for inspection during normal business hours and free of charge, upon oral or written request, a copy of this Base Prospectus (or any document incorporated by reference in this Base Prospectus and any future filings or financial statements published by the Issuer). Written or oral requests for inspection of such documents should be directed to the specified office of the Principal Paying Agent or the Principal Warrant Agent.

## **CLEARING AND SETTLEMENT**

Custodial and depositary or safekeeping links have been established with Euroclear, Clearstream, Luxembourg, DTC and CREST to facilitate the initial issuance of Notes and Warrants and, in relation to Euroclear, Clearstream, Luxembourg and DTC only, cross-market transfers of Notes and Warrants between investors associated with secondary market trading. Transfers within Euroclear, Clearstream, Luxembourg, DTC and CREST will be in accordance with the usual rules and operating procedures of the relevant system.

### **CREST**

Please see refer to Condition 1(d) of the Notes and Condition 1(d) of the Warrants for information regarding clearing and settlement through CREST.

### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal and interest (if any) with respect to book-entry interests in the Notes and Warrants held through Euroclear and Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent, in the case of Notes, or the Principal Warrant Agent, in the case of Warrants, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

### **DTC**

DTC is a limited-purpose trust company organised under the laws of the State of New York and a "banking organisation" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for DTC participants and facilitates the clearance and settlement of securities transactions between DTC participants through electronic book-entry changes in accounts of DTC participants. DTC participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organisations. Indirect access to DTC is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Holders of book-entry interests in the Notes and Warrants holding through DTC will receive, to the extent received by the Principal Paying Agent, in the case of Notes, or the Principal Warrant Agent, in the case of Warrants, all distributions of principal and interest (if any) with respect to book-entry interests in the Notes and Warrants from the Principal Paying Agent through DTC. Distributions in the United States will be subject to relevant US tax laws and regulations.

### **Interests in Global Registered Notes held through DTC, Euroclear and Clearstream, Luxembourg**

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Registered Note to such persons may be limited. Because DTC, Euroclear and Clearstream, Luxembourg can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Registered Note or a Global Registered Warrant to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

The aggregate holdings of book-entry interests in the Notes and Warrants in Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book-entry accounts of each such institution.

In respect of Registered Notes, as necessary, the Registrar will adjust the amounts of Notes and Warrants on the Register for the accounts of (i) Euroclear and Clearstream, Luxembourg and (ii) DTC to reflect the amounts of Notes and Warrants held through Euroclear and Clearstream, Luxembourg and DTC, respectively. Beneficial ownership in Notes will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg and DTC. Euroclear, Clearstream, Luxembourg or DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes and Warrants will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes and Warrants. The Registrar will be responsible for maintaining a record of the aggregate holdings of Notes and Warrants registered in the name of the common depository (or its nominee) or the Common Safekeeper (or its nominee) for Euroclear and Clearstream, Luxembourg, a nominee for DTC and/or Holders of Notes represented by Definitive Registered Notes or Holders of Warrants represented by Definitive Registered Warrants. The Principal Paying Agent, in the case of Notes, or the Principal Warrant Agent, in the case of Warrants, will be responsible for ensuring that payments received by it from the Issuer for Holders of interests in the Notes or Warrants holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear and Clearstream, Luxembourg, as the case may be. The Principal Paying Agent and the Principal Warrant Agent, as the case may be, will also be responsible for ensuring that payments received by it from the Issuer for Holders of interests in the Notes or Warrants holding through DTC are credited to DTC.

The Issuer will not impose any fees in respect of the book-entry interests in the Notes or Warrants; however, Holders of book-entry interests in the Notes or Warrants may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream, Luxembourg or DTC.

Interests in an Unrestricted Global Registered Note and a Restricted Global Registered Note will be in uncertificated book-entry form. Purchasers electing to hold book-entry interests in the Notes through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional eurobonds. Book-entry interests in the Global Registered Notes will be credited to Euroclear participants' securities clearance accounts on the business day following the relevant issue date against payment (value such issue date), and to Clearstream, Luxembourg participants' securities custody accounts on the relevant issue date against payment in same day funds. DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Notes through DTC will follow the delivery practices applicable to securities eligible for DTC's Same-Day Funds Settlement ("**SDFS**") system. DTC participant securities accounts will be credited with book-entry interests in the Notes following confirmation of receipt of payment to the Issuer on the relevant issue date.

#### **Secondary Market Trading in relation to Global Registered Notes**

*Trading between Euroclear and/or Clearstream, Luxembourg participants:* Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds (subject, in the case of a transfer of an interest in the Notes from accountholders of a beneficial interest in an Unrestricted Global Registered Note to an accountholder wishing to purchase a beneficial interest in a Restricted Global Registered Note (and vice versa), to the certification procedure provided in the Issuing and Paying Agency Agreement).

*Trading between DTC participants:* Secondary market sales of book-entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's SDFS system in same-day funds, if payment is effected in US dollars, or free of payment, if payment is not effected in US dollars. Where payment is not effected in US dollars, separate payment arrangements outside DTC are required to be made with the DTC participants.

*Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser:* When book-entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in a Restricted Global Registered Note to the account of a Euroclear or Clearstream, Luxembourg

accountholder wishing to purchase a beneficial interest in an Unrestricted Global Registered Note (subject to the certification procedures provided in the Issuing and Paying Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the Custodian will instruct the Registrar to (i) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Restricted Global Registered Note and (ii) increase the amount of Notes registered in the name of the common depositary (or its nominee) or the Common Safekeeper (or its nominee) for Euroclear and Clearstream, Luxembourg, and evidenced by the Unrestricted Global Registered Note. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

*Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser:* When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in a Restricted Global Registered Note (subject to the certification procedures provided in the Issuing and Paying Agency Agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7.45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg or the Common Safekeeper (as the case may be) and the Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg or the Common Safekeeper (as the case may be) will (a) transmit appropriate instructions to the Custodian who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the Registrar to (i) decrease the amount of Notes registered in the name of the common depositary (or its nominee) or the Common Safekeeper (or its nominee) for Euroclear and Clearstream, Luxembourg and evidenced by the Unrestricted Global Registered Note and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Restricted Global Registered Note.

Although the foregoing sets out the procedures of Euroclear, Clearstream, Luxembourg and DTC in order to facilitate the transfers of interests in the Notes among participants of Euroclear, Clearstream, Luxembourg and DTC, none of Euroclear, Clearstream, Luxembourg or DTC is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Principal Paying Agent, the Registrar, any Paying Agent, any Transfer Agent, any Dealer or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act, will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg and DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described above.



## TAXATION

**Transactions involving the Notes and Warrants may have tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes. Potential purchasers who are in any doubt about the tax position of any aspect of transactions involving the Notes and Warrants should consult their own tax advisers.**

### **United Kingdom Taxation - Notes**

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest and certain other payments in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("**HMRC**"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with any other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any Series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other Series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

#### **(A) United Kingdom Withholding Tax**

1. Interest on Notes issued for a term of less than one year (and which are not issued under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax.
2. Notes issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on such Notes may be made without withholding or deduction for or on account of United Kingdom income tax. Securities will be regarded as "listed on a recognised stock exchange" for this purpose if (and only if) they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. The London Stock Exchange is a recognised stock exchange for these purposes, and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be included in the United Kingdom official list and admitted to trading on the Regulated Market of the London Stock Exchange.

3. In addition to the exemptions set out in paragraphs 1 and 2 above, interest on the Notes may be paid without withholding or deduction for or on account of United Kingdom income tax so long as the Issuer is a "bank" for the purposes of section 878 of the Income Tax Act 2007 and so long as such payments are made by the Issuer in the ordinary course of its business. In accordance with the published practice of HMRC, such payments will be accepted as being made by the Issuer in the ordinary course of its business unless either:
  - (a) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the FSA whether or not it actually counts towards tier 1, 2 or 3 capital for regulatory purposes; or
  - (b) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.
4. In all other cases, falling outside the exemptions described in paragraphs 1, 2 and 3 above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty or to any other exemption which may apply.
5. On 27 March 2012, HM Revenue and Customs published a Consultation Document on "Possible changes to income tax rules on interest", which includes proposals relating to the imposition of United Kingdom withholding tax. One potential change is that the quoted Eurobond exemption from withholding tax on UK interest (see paragraph 2 above) will not be available where Notes are issued between group companies and listed on a stock exchange on which there is no substantial or regular trading in the Notes. It is also proposed that the withholding tax obligation in respect of UK interest payments be extended so that it may apply to interest on Notes issued for a term of less than one year (see paragraph 1 above). However, the Issuer notes that the Consultation Document does not propose any changes to the UK withholding tax exemption set out in paragraph 3 above.
6. Any payments made by the Issuer under the Deed of Covenant may not qualify for the exemptions from United Kingdom withholding tax described above.

**(B) United Kingdom Withholding Tax - Other Payments**

Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes, it would potentially be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment, a manufactured payment, rent or similar income or royalties for United Kingdom tax purposes (which will be determined by, amongst other things, the terms and conditions specified by the Final Terms of the Note). In such a case, the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding depending on the nature of the payment), subject to any exemption from withholding which may apply and to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double tax treaty.

**(C) Provision of information**

1. Noteholders should note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Holder. In certain circumstances, the information so obtained may be passed by HMRC to the tax authorities of certain other jurisdictions.
2. For the above purposes, "interest" should be taken, for practical purposes, as including payments made by a guarantor in respect of interest on Notes.
3. The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute "deeply discounted securities" for the purposes of section 430 of the Income Tax (Trading and Other Income) Act 2005 (although, in this regard, HMRC published guidance for the year 2012/2013 indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).

4. Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

**(D) Other Rules Relating to United Kingdom Withholding Tax**

1. Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above, but may be subject to reporting requirements as outlined above.
2. Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.
3. Where interest or any other payment has been paid under deduction of United Kingdom income tax, Noteholders or Couponholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
4. The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders or Couponholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law.
5. The above summary under the heading of United Kingdom Taxation – Notes assumes that there will be no substitution of the Issuer pursuant to Condition 15 (*Meetings of Noteholders, Modifications and Substitution*) of the Notes and does not consider the tax consequences of any such substitution.

**United Kingdom Taxation - Warrants**

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments in respect of the Warrants and of the treatment of Warrants for the purposes of United Kingdom stamp duty and stamp duty reserve tax. It is based on current law and the practice of HMRC, which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Warrants. The comments in relation to United Kingdom withholding tax relate only to the position of persons who are absolute beneficial owners of the Warrants. The following is a general guide and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all tax considerations that may be relevant to a prospective purchaser. Warrantholders who are in any doubt as to their tax position should consult their professional advisers. Warrantholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Warrants are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Warrants. In particular, Warrantholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Warrants even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

**(A) Withholding Tax**

Payments under the Warrants which do not amount to interest, rent or annual payments (and are not treated as, or as if they were, interest, rent or annual payments for United Kingdom tax purposes) may be made without any withholding or deduction for or on account of United Kingdom tax.

(B) **Stamp Duty and Stamp Duty Reserve Tax**

United Kingdoms stamp duty or stamp duty reserve tax may be payable on any issue, transfer or agreement to transfer the Warrants or any interest in the Warrants.

**EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in or certain limited types of entities established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive; which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

**THIS BASE PROSPECTUS AND ANY ACCOMPANYING BASE PROSPECTUS SUPPLEMENTS AND FINAL TERMS ARE NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING US FEDERAL, STATE OR LOCAL TAX PENALTIES. THIS BASE PROSPECTUS WAS WRITTEN AND PROVIDED BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE NOTES ADDRESSED HEREIN BY THE ISSUER AND/OR THE DEALER. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

**UNITED STATES TAXATION**

The following summary describes certain of the principal US federal income tax consequences resulting from the purchase, ownership and disposition of Notes that are principal protected. Investors are directed to review any discussion of Notes that are not principal protected in a relevant prospectus supplement or relevant Final Terms. This summary does not purport to consider all the possible US federal income tax consequences of the purchase, ownership and disposition of the Notes and is not intended to reflect the individual tax position of any beneficial owner of Notes. The summary is based upon the Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, existing and proposed US Treasury regulations promulgated thereunder, published rulings by the US Internal Revenue Service ("**IRS**") and court decisions, all as of the date hereof, all of which authorities are subject to change or differing interpretations, which changes or differing interpretations could apply retroactively. This summary is limited to investors who purchase the Notes at initial issuance and hold the Notes as "capital assets" within the meaning of section 1221 of the Code (i.e., generally, property held for investment) and does not purport to deal with investors in special tax situations, such as financial institutions, tax exempt organisations, insurance companies, regulated investment companies, dealers in securities or currencies, persons purchasing Notes other than at original issuance, persons holding notes as a hedge against currency risks or as a position in a "straddle," "conversion transaction," or "constructive sale" transaction for tax purposes, or persons whose functional currency (as defined in section 985 of the Code) is not the US dollar. The summary does not include any description of the tax laws of any state, local or foreign governments that may be applicable to the Notes or the holders thereof.

Prospective purchasers of the Notes should consult their own tax advisers concerning the application of US federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

As used herein, the term "**US Holder**" means a beneficial owner of a Note who or which is for US federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organised in or under the laws of the United States or of any state thereof (including the District of Columbia), or (iii) any other person who is subject to US federal income taxation on a net income basis with respect to the Notes. As used herein, the term "**Non-US Holder**" means a beneficial owner of a Note that is not a US Holder. In the case of a holder of Notes that is a partnership for US federal income tax purposes, each partner will take into account its allocable share of income or loss from the Notes, and will take such income or loss into account under the rules of taxation applicable to such partner, taking into account the activities of the partnership and the partner.

### **Treatment of Notes**

Except as otherwise provided in a prospectus supplement or the Final Terms, the Issuer intends to treat Notes that are principal protected as indebtedness for US federal income tax purposes; however, the IRS is not bound by this determination and the Notes could be recharacterised. Any such recharacterisation could materially affect the timing or character of the income required to be recognised by US Holders for US federal income tax purposes. Prospective investors are urged to consult with their tax advisers as to the likelihood and likely effect of any such recharacterisation. The remainder of this summary assumes the Notes discussed herein are properly characterised as indebtedness for US federal income tax purposes.

### **US Holders of Notes**

#### **Payments of Interest**

Except as described below, payments of interest on a Note will be taxable to a US Holder as ordinary interest income at the time such payments are accrued or are received, in accordance with the US Holder's regular method of accounting for US federal income tax purposes.

#### **Original Issue Discount**

##### ***General***

The following summary is a general discussion of the US federal income tax consequences to US Holders of the purchase, ownership and disposition of a Note issued with original issue discount ("**OID**") (a "**Discount Note**"). Special rules apply to OID on a Discount Note that is denominated in a Foreign Currency. See "*Foreign Currency Notes — OID*".

For US federal income tax purposes, OID is the excess of the stated redemption price at maturity of a Note over its issue price, if such excess equals or exceeds a *de minimis* amount (generally defined as 1/4 of 1-per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity from its issue date). The issue price of each Note in an issue of Notes is the first price at which a substantial amount of such issue of Notes has been sold (ignoring sales to bond houses, broker-dealers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers). The stated redemption price at maturity of a Note generally is the sum of all payments provided for by the Note other than qualified stated interest payments. The term "**qualified stated interest**" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate.

Payments of qualified stated interest on a Note are taxable to a US Holder as ordinary interest income at the time such payments are accrued or are received, in accordance with the US Holder's regular method of accounting for US federal income tax purposes. A US Holder of a Discount Note having a maturity of more than one year from the date of issue must include OID in income as ordinary interest income for US federal income tax purposes as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of such US Holder's regular method of tax accounting. In general, the amount of OID included in income by the initial US Holder of a Discount Note is the sum of the daily portions of OID with respect to such Discount Note for each day during the taxable year on which such US Holder held such Discount Note. The "daily portions" of OID on any Discount Note are determined by allocating to each day in an accrual period a rateable portion of the OID allocable to that

accrual period. An "accrual period" may be of any length and the accrual periods may vary in length over the term of the Discount Note as long as (i) each accrual period is no longer than one year, and (ii) each scheduled payment of principal and interest occurs either on the final day of an accrual period or on the first day of an accrual period. The amount of OID allocable to each accrual period is generally equal to the excess of (i) the product of the Discount Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) over (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Discount Note at the beginning of the first accrual period is its issue price of the Discount Note. Thereafter, the "adjusted issue price" of a Discount Note is the sum of the issue price of the Discount Note plus the amount of OID previously includable in the gross income of the holder reduced by the amount of any payments previously made on the Discount Note other than payments of qualified stated interest. Under these rules, US Holders generally will have to include in income increasingly greater amounts of OID in successive accrual periods.

#### ***Election to Treat all Interest as OID***

A US Holder of a Note may elect to include in gross income all interest that accrues on the Note by using the constant yield method described in "*— Original Issue Discount — General*" with certain modifications. The election must be made for the taxable year in which the US Holder acquires the Note and will generally apply only to the Note (or Notes) identified by the US Holder in a statement attached to the US Holder's timely filed US federal income tax return. The election may not be revoked without the consent of the IRS. If a US Holder makes the election with respect to a Note with "amortisable bond premium" (as described in "*— Amortisable Bond Premium*"), then the electing US Holder is deemed to have elected to apply amortisable bond premium against interest with respect to all debt instruments with amortisable bond premium (other than debt instruments the interest on which is excludible from gross income) held by the electing US Holder as of the beginning of the taxable year in which any Note (with respect to which the election is made) is acquired and any such debt instrument thereafter acquired. The deemed election with respect to amortisable bond premium may not be revoked without the consent of the IRS.

#### **Variable Rate Debt Instruments**

Generally, Notes that are issued with a variable rate of interest (a "**Floating Rate Note**") are subject to special rules whereby a Floating Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total non-contingent principal payments due under the Floating Rate Notes by more than an amount equal to the lesser of (i) 0.015 multiplied by the product of the total non-contingent principal payments and the number of complete years to maturity from the issue date or (ii) 15 per cent. of the total non-contingent principal payments, (b) it does not provide for any stated interest other than stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it provides that a qualified floating rate or objective rate in effect at any time during the term of the Note is set at a current value of that rate (i.e., the value of the rate on any day that is no earlier than three months prior to the first rate day on which the value is in effect and no later than one year following that first day).

A "qualified floating rate" is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Notes are denominated. Although a multiple of a qualified floating rate will generally not itself constitute a qualified floating rate, a variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35 will constitute a qualified floating rate. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Floating Rate Notes together will constitute a single qualified floating rate. Two or more qualified floating rates will be conclusively presumed to meet the requirements of the previous sentence if the values of all rates on the issue date are within 25 basis points of each other. A variable rate is not a qualified floating rate if it is subject to certain restrictions (including caps floors, governors, or other similar restrictions) unless such restrictions are fixed throughout the term of the Floating Rate Note or are not reasonably expected to significantly affect the yield on the Floating Rate Note.

An "objective rate" is a rate other than a qualified floating rate that is determined using a single fixed formula and that is based upon objective financial or economic information, other than information that is within the control of the issuer or a related party, or that is unique to the circumstances of the issuer or a related party such as dividends, profits or the value of the issuer's (or related party's) stock (but not the issuer's credit quality). Despite the foregoing, a variable rate of interest on Floating Rate Notes will not constitute an objective rate if it is reasonably expected that the average value of such rate during the first half of the Floating Rate Notes term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Floating Rate Notes' term. A "qualified inverse floating rate" is any objective rate where such rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to reflect inversely contemporaneous variations in the qualified floating rate (disregarding any caps, floors, governors or other restrictions that are fixed throughout the term of the Floating Rate Notes or are not reasonably expected to significantly affect the yield on the Floating Rate Notes).

Generally, if a Floating Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and the value of the variable rate on the Floating Rate Notes' issue date is intended to approximate the fixed rate, then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be. A fixed rate and a variable rate will be conclusively presumed to meet the previous requirements if the value of the variable rate on the issue date of the Floating Rate Notes does not differ from the value of the fixed rate by more than 25 basis points.

If a Floating Rate Note provides for stated interest at a single qualified floating rate or objective rate that is unconditionally payable in cash or in property (other than debt instruments of the issuer) or that will be constructively received by the US Holder at least annually, then (a) all stated interest with respect to the Note is qualified stated interest, (b) the amount of qualified stated interest and the amount of OID, if any, is determined by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Note, and (c) the qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period under the foregoing rules.

If a Floating Rate Note does not provide for stated interest at a single qualified floating rate or objective rate, or at a single fixed rate (other than at a single fixed rate for an initial period of one year or less), the amount of qualified stated interest and OID on the Note are generally determined by (i) determining a fixed rate substitute for each variable rate provided under the Floating Rate Note (generally, the value of each variable rate as of the issue date or, in the case of an objective rate that is not a qualified inverse floating rate, a rate that reflects the yield that is reasonably expected for the Note), (ii) constructing the equivalent fixed rate debt instrument (using the fixed rate substitutes described above), (iii) determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument (by applying the general OID rules as described in "*— Original Issue Discount — General*"), and (iv) making the appropriate adjustments for actual variable rates during the applicable accrual period.

If a Floating Rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate and in addition provides for stated interest at a single fixed rate (other than a single fixed rate for an initial period), the amount of interest and OID is determined as in the immediately preceding paragraph with the modification that the Floating Rate Note is treated, for purposes of the first three steps of the determination, as if it provided for a qualified floating rate (or qualified inverse floating rate, if the Note provides for a qualified inverse floating rate) rather than the fixed rate. The qualified floating rate (or qualified inverse floating rate) replacing the fixed rate must be such that the fair market value of the Note as of the issue date would be approximately the same as the fair market value of an otherwise identical debt instrument that provides for a qualified floating rate (or qualified inverse floating rate) rather than a fixed rate.

## Notes that are Contingent Payment Debt Instruments

### *Interest Accruals on the Notes*

For US federal income tax purposes certain of the Notes may be contingent payment debt instruments ("CPDIs"). A CPDI is any class of Notes which provide for one or more payments, either of interest or principal, that are contingent (usually as to timing of payment or amount of payment). If the Issuer intends to treat a Note as a CPDI, this will be specified in the applicable Final Terms with respect to such Note.

Under Treasury Regulations governing the treatment of CPDIs (the "**CPDI Regulations**"), regardless of a US Holder's regular method of accounting, accruals of income, gain, loss and deduction with respect to a CPDI are determined under the "non-contingent bond method." Under the non-contingent bond method, a US Holder of a CPDI will accrue OID over the term of such Note based on the Notes' comparable yield. In general, the comparable yield of a CPDI is equal to the yield at which the Issuer would issue a fixed rate, non-contingent debt instrument with terms and conditions otherwise similar to those of the CPDI, including level of subordination, term, timing of payments, and general market conditions. The applicable Final Terms for any Note that is a CPDI will specify its comparable yield. A US Holder will accrue OID at the comparable yield even if the comparable yield differs from the stated Interest Rate on the CPDI (if any).

The amount of OID allocable to each accrual period will be the product of the "adjusted issue price" of the CPDI at the beginning of each such accrual period and the comparable yield. The "adjusted issue price" of a CPDI at the beginning of an accrual period will equal the issue price *plus* the amount of OID previously includible in the gross income of US Holder *minus* the amount of any Projected Payments (as defined below) with respect to such Note. The amount of OID includible in the income of each US Holder will generally equal the sum of the "daily portions" of the total OID on the CPDI allocable to each day on which a US Holder held such Note. Generally, the daily portion of the OID is determined by allocating to each day in any accrual period a ratable portion of the OID allocable to such accrual period. Such OID is included in income and taxed at ordinary income rates.

The Issuer also is required by the CPDI Regulations to determine, solely for US federal income tax purposes, a projected payment schedule of the projected amounts of payments (the "**Projected Payments**") on any Note that is a CPDI. The schedule must produce the comparable yield. The applicable Final Terms for any Note that is a CPDI will specify the Projected Payments for such Note. Under the non-contingent bond method, the Projected Payments are not revised to account for changes in circumstances that occur while the Notes are outstanding. See "*Adjustments to Interest Accruals*" below.

For US federal income tax purposes, the Issuer's reasonable determination of the comparable yield and schedule of Projected Payments is generally respected and will be binding on the holders of the Notes, unless such holder timely discloses and justifies the use of other estimates to the IRS.

THE COMPARABLE YIELD AND THE SCHEDULE OF PROJECTED PAYMENTS ARE NOT PROVIDED FOR ANY PURPOSE OTHER THAN THE DETERMINATION OF US HOLDERS' INTEREST ACCRUALS AND ADJUSTMENTS THEREOF AND DO NOT CONSTITUTE AN ASSURANCE BY THE ISSUER AS TO THE ACTUAL YIELD OF THE NOTES. THE ISSUER MAKES NO REPRESENTATION AS TO WHAT SUCH ACTUAL YIELD WILL BE, AND THE COMPARABLE YIELD DOES NOT NECESSARILY REFLECT THE EXPECTATIONS OF THE ISSUER REGARDING THE ACTUAL YIELD.

### *Adjustments to Interest Accruals*

If, during any taxable year, the sum of any actual payments with respect to a CPDI for that taxable year (including, in the case of the taxable year which includes the maturity date, the amount of cash received at maturity) exceeds the total amount of Projected Payments for that taxable year, the difference will produce a "Net Positive Adjustment" under the CPDI Regulations, which will be treated as additional interest for the taxable year. If the actual amount received in a taxable year is less than the amount of Projected Payments for that taxable year, the difference will produce a "Net Negative Adjustment" under the CPDI Regulations, which will (i) reduce the US Holder's interest income for that taxable year and (ii) to the extent of any excess after the application of (i), give rise to an ordinary loss to the extent of the US



Holder's interest income on the Notes during prior taxable years (reduced to the extent such interest was offset by prior Net Negative Adjustments).

### **Short-Term Notes**

Generally, an individual or other-cash basis US Holder of Notes having a fixed maturity date not more than 1 year from the date of issue ("**Short-Term Notes**") is not required to accrue OID for US federal income tax purposes unless it elects to do so. An election by a cash basis US Holder applies to all short-term obligations acquired on or after the beginning of the first taxable year to which the election applies, and for all subsequent taxable years unless the consent is secured from the IRS to revoke the election. Accrual-basis US Holders and certain other US Holders, including banks, regulated investment companies, dealers in securities, common trust funds, US Holders who hold Short-Term Notes as part of certain identified hedging transactions, certain pass-through entities and cash-basis US Holders who so elect, are required to accrue OID on Short-Term Notes on either a straight-line basis or, at the election of the US Holder, under the constant yield method (based on daily compounding). In the case of a US Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Notes will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant yield method) through the date of sale or retirement. US Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

### **Amortisable Bond Premium**

Generally, a US Holder that purchases a Note for an amount that is in excess of the sum of all amounts payable on the Note after its acquisition date (other than payments of qualified stated interest) will be considered to have purchased the Note with "amortisable bond premium" equal to such excess. A US Holder of such a Note will not be subject to OID and may elect to amortise such premium using a constant yield method over the remaining term of the Note and may offset qualified stated interest otherwise required to be included in respect of the Note with respect to an accrual period by the bond premium allocable to the accrual period. If the bond premium allocable to the accrual period exceeds the qualified stated interest allocable to the accrual period, the excess is treated as a bond premium deduction for the accrual period. However, the amount treated as a bond premium deduction is limited to the amount by which the US Holder's total interest inclusions on the Note in prior accrual periods exceed the total amount treated by the US Holder as a bond premium deduction on the Note in prior accrual periods. If the bond premium allocable to an accrual period exceeds the sum of the qualified stated interest allocable to the accrual period and the amount treated as a bond premium deduction for the accrual period as described above, the excess is carried forward to the next accrual period and is treated as bond premium allocable to that period. Special rules apply for determining the amortisation of bond premium on Notes that are classified as "variable rate debt instruments", Notes that provide for certain alternative payment schedules, and Notes that provide for certain contingencies. Any election to amortise bond premium with respect to any Note (or other general debt obligations) applies to all taxable debt obligations held by the US Holder at the beginning of the first taxable year to which the election applies and to all debt obligations thereafter acquired in such taxable year and all subsequent tax years. The election may not be revoked without the consent of the IRS.

### **Sale, Exchange or Retirement of a Note**

Except as discussed above, upon the sale, exchange or retirement of a Note, a US Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement (other than amounts representing accrued and unpaid interest, which amounts will be taxable as ordinary income) and such US Holder's adjusted tax basis in the Note. A US Holder's adjusted tax basis in a Note generally will equal such US Holder's initial investment in the Note increased by any OID included in income, decreased by the amount of any payments that are not qualified stated interest payments and any amortisable bond premium applied to reduce interest income with respect to such Note. Such gain or loss generally will be long-term capital gain or loss if the Note has been held by such US Holder for more than one year at the time of such sale, exchange or retirement.

Certain of the Notes may be redeemable at the option of the Issuer prior to their stated maturity and/or may be repayable at the option of the holder prior to their stated maturity. Notes containing such features may be subject to the rules that differ from the general rules discussed above. US Holders intending to

purchase Notes with such features should consult their own tax advisers regarding the US federal income tax consequences to them of the purchase, holding and disposition of such Notes, since the OID consequences will depend, in part, on the particular terms and features of such Notes.

### **Foreign Currency Notes**

The following summary relates to Notes that are denominated in a currency or basket of currencies other than the US dollar ("**Foreign Currency Notes**" and "**Foreign Currency**", respectively). It does not apply to US Holders whose functional currency is not the US dollar.

#### ***Payments of Interest In a Foreign Currency***

##### ***Cash Method***

A US Holder who uses the cash method of accounting for US federal income tax purposes and who receives a payment of interest on a Note (other than OID) will be required to include in income the US dollar value of the Foreign Currency payment (determined on the date such payment is received) regardless of whether the payment is in fact converted to US dollars at that time, and such US dollar value will be the US Holder's tax basis in such Foreign Currency.

##### ***Accrual Method***

A US Holder who uses the accrual method of accounting for US federal income tax purposes, or who otherwise is required to accrue interest prior to receipt, will be required to include in income the US dollar value of the amount of interest income (including OID and reduced by amortisable bond premium to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a Note during an accrual period. The US dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within each taxable year. A US Holder may elect, however, to translate such accrued interest income using the rate of exchange on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, using the rate of exchange on the last day of the first taxable year. If the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a US Holder may translate such interest using the rate of exchange on the date of receipt. The above election will apply to other obligations held by the US Holder and may not be revoked without the consent of the IRS. Prior to making such an election, a US Holder of Notes should consult his own tax adviser as to the consequences resulting from such an election with respect to his own particular situation.

A US Holder will recognise exchange gain or loss (which will be treated as ordinary income or loss) with respect to accrued interest income on the date such income is received. The amount of ordinary income or loss recognised will equal the difference, if any, between the US dollar value of the Foreign Currency payment received (determined on the date such payment is received) in respect of such accrual period and the US dollar value of interest income that has accrued during such accrual period (as determined above).

#### ***Purchase, Sale, Exchange and Retirement of Notes***

A US Holder who purchases a Note with previously owned Foreign Currency will recognise ordinary income or loss in an amount equal to the difference, if any, between such US Holder's tax basis in the Foreign Currency and the US dollar fair market value of the Foreign Currency used to purchase the Note, determined on the date of purchase.

Generally, upon the sale, exchange or retirement of a Note, a US Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and such US Holder's adjusted tax basis in the Note. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the Note has been held by such US Holder for more than one year. To the extent the amount realised represents accrued but unpaid interest, however, such amounts must be taken into account as ordinary interest income, with exchange gain or loss computed as described in "*Payments of Interest In a Foreign Currency*" above. If a US Holder receives Foreign Currency on such a sale, exchange or retirement the amount realised will be based on the US dollar value of the Foreign Currency on the date the payment is received or the instrument is disposed of (or deemed disposed of). A US Holder's adjusted tax basis in a Note will equal the cost of the Note to such US Holder, increased by the amounts of any OID previously included in

income by the US Holder with respect to such Note and reduced by any amortised acquisition or other premium and any principal payments received by the US Holder. A US Holder's tax basis in a Note, and the amount of any subsequent adjustments to such holder's tax basis, will be the US dollar value of the Foreign Currency amount paid for such Note, or of the Foreign Currency amount of the adjustment, determined on the date of such purchase or adjustment.

Gain or loss realised upon the sale, exchange or retirement of a Note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between the US dollar value of the Foreign Currency principal amount of the Note, determined on the date such payment is received or the Note is disposed of, and the US dollar value of the Foreign Currency principal amount of the Note, determined on the date the US Holder acquired the Note. Such Foreign Currency gain or loss will be recognised only to the extent of the total gain or loss realised by the US Holder on the sale, exchange or retirement of the Note.

### ***OID***

In the case of a Discount Note, CPDI or Short-Term Note, (i) OID is determined in units of the Foreign Currency, (ii) accrued OID is translated into US dollars as described in "*— Payments of Interest In a Foreign Currency — Accrual Method*" above and (iii) the amount of Foreign Currency gain or loss on the accrued OID is determined by comparing the amount of income received attributable to the discount (either upon payment, maturity or an earlier disposition), as translated into US dollars at the rate of exchange on the date of such receipt, with the amount of OID accrued, as translated above.

### ***Amortisable Bond Premium***

Amortisable bond premium on a Note will be computed in the units of the Foreign Currency in which the Note is denominated (or in which the payments are determined). Amortisable bond premium properly taken into account will reduce the interest income in units of the Foreign Currency. Exchange gain or loss is realised with respect to the bond premium with respect to a Note issued with amortisable bond premium by treating the portion of premium amortised with respect to any period as a return of principal. With respect to any US Holder that does not elect to amortise bond premium, the amount of bond premium will constitute a market loss when the bond matures.

### ***Exchange of Foreign Currencies***

A US Holder will have a tax basis in any Foreign Currency received as interest or on the sale, exchange or retirement of a Note equal to the US dollar value of such Foreign Currency, determined at the time the interest is received or at the time of the sale, exchange or retirement. Any gain or loss realised by a US Holder on a sale or other disposition of Foreign Currency (including its exchange for US dollars or other use) will be ordinary income or loss.

### ***Foreign Tax Credit***

The total gross amount of interest, OID, plus any additional amounts (pursuant to Condition 7 (*Taxation*) of the Conditions) with respect thereto, will constitute interest income subject to US federal income tax. This amount will be considered income from sources outside the United States.

The amount of foreign tax, if any, withheld on this gross amount will be considered to be a foreign income tax that may either be deducted when computing US federal taxable income or, subject to limitations personal to the US Holder, claimed as a credit against US federal income tax liability. A US Holder may be required to provide the IRS with a certified copy of the receipt evidencing payment of withholding tax imposed in respect of payments on a Note in order to claim a foreign tax credit in respect of such foreign withholding tax.

Potential purchasers of Notes should carefully consider the applicable Final Terms for information regarding the US federal income tax consequences of payments by the Issuer of other taxes and of additional amounts.

### **Information Reporting and Backup Withholding**

Payments of interest made within the United States or through certain US-related financial intermediaries generally are subject to information reporting and to backup withholding, unless, the Noteholder (i) is a corporation or comes within certain other exempt categories listed below, and if required, demonstrates this fact, or (ii) in the case of backup withholding, provides certain information discussed below. For each calendar year in which the Notes are outstanding, each DTC participant or indirect participant holding an interest in a Note on behalf of a beneficial owner of a Note and each paying agent making payments in respect of a Registered Note will generally be required to provide the IRS with certain information, including such beneficial owner's name, address, taxpayer identification number (either such beneficial owner's Social Security number, its employer identification number or its IRS individual taxpayer identification number, as the case may be), and the aggregate amount of interest (including OID) and principal paid to such beneficial owner during the calendar year. These reporting requirements, however, do not apply with respect to certain beneficial owners, including corporations, securities broker-dealers, other financial institutions, tax-exempt organisations, qualified pension and profit sharing trusts and individual retirement accounts.

In the event that a US beneficial owner of a Note fails to establish its exemption from such information reporting requirements or is subject to the reporting requirements described above and fails to supply its correct taxpayer identification number in the manner required by applicable law, or underreports its tax liability, as the case may be, the DTC participant or indirect participant holding such interest on behalf of such beneficial owner or paying agent making payments in respect of a Note may be required to "backup" withhold a tax on each payment of interest and principal with respect to Notes. This backup withholding tax is not an additional tax and may be credited against the beneficial owner's US federal income tax liability if the required information is furnished to the IRS. Compliance with the certification procedures contained in IRS Forms W-8BEN, W-8ECI or W-8EXP as appropriate will establish an exemption from information reporting and backup withholding for those Non-US Holders who are not otherwise exempt recipients.

US Holders should consult their own tax advisers regarding any reporting obligations they may have as a result of their acquisition, ownership or disposition of Notes.

### **Reportable Transactions**

A US taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A US Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds US\$50,000 in a single taxable year, if the US Holder is an individual or trust, or higher amounts for other non-individual US Holders. In the event the acquisition, holding or disposition of Notes constitutes participation in a reportable transaction for purposes of these rules, a US Holder will be required to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of US\$10,000 in the case of a natural person and US\$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Accordingly, if a US Holder realises a loss on any Note (or, possibly, aggregate losses from the Notes) satisfying the monetary thresholds discussed above, the US Holder could be required to file an information return with the IRS, and failure to do so may subject the US Holder to the penalties described above. In addition, the Issuer and its advisers may also be required to disclose the transaction to the IRS, and to maintain a list of US Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Notes.

### **Additional Reporting Requirements**

Individuals and, to the extent provided by the US Secretary of Treasury in regulations or other guidance, certain domestic entities that hold an interest in a "specified foreign financial asset" will be required to attach certain information regarding such assets to their income tax return for any year in which the aggregate value of all such assets exceeds US \$50,000. A "specified foreign financial asset" includes any depository or custodial accounts at foreign financial institutions, non-publicly traded debt or equity interest in a foreign financial institution, and to the extent not held in an account at a financial institution, (i) stocks or securities issued by non-US persons; (ii) any financial instrument or contract held for investment that has an issuer or counterparty which is not a US person; and (iii) any interest in a non-US

## **Part A – Product Supplement for Notes Generally**

entity. Penalties may be imposed for the failure to disclose such information regarding specified foreign financial assets. US Holders are advised to consult their tax advisers regarding the potential reporting requirements that may be imposed on them by this legislation with respect to their ownership of the Notes.

## CERTAIN ERISA CONSIDERATIONS

The US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain restrictions on employee benefit plans ("**ERISA Plans**") that are subject to Title I of ERISA and on persons who are fiduciaries with respect to such ERISA Plans. In accordance with ERISA's general fiduciary requirements, a fiduciary with respect to any such ERISA Plan who is considering the purchase of Notes or Warrants on behalf of such ERISA Plan should determine, to the extent applicable, whether such purchase is permitted under their governing ERISA Plan documents and is prudent and appropriate for the ERISA Plan in view of its overall investment policy and the composition and diversification of its portfolio. Other provisions of ERISA and Section 4975 of the US Internal Revenue Code of 1986, as amended (the "**Code**") prohibit certain transactions between an ERISA Plan or other plan subject to Section 4975 of the Code (such plans and ERISA Plans, together "**Plans**") and persons who have certain specified relationships to the Plan ("parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of Section 4975 of the Code). Thus, a Plan fiduciary, to the extent permitted, considering the purchase of Notes or Warrants should consider whether such a purchase might constitute or result in a non-exempt prohibited transaction under section 406 of ERISA or Section 4975 of the Code.

The Issuer or dealers selling Notes or Warrants may each be considered a "party in interest" or a "disqualified person" with respect to many Plans. If permitted, the purchase of Notes or Warrants by a Plan with respect to which the Issuer or the dealers selling Notes or Warrants is a party in interest or a disqualified person may constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, depending in part on the type of Plan fiduciary making the decision to acquire Notes or Warrants and the circumstances under which such decision is made. There can be no assurance that any exception or exemption from the prohibited transaction rules will be available with respect to any particular transaction involving Notes or Warrants, or that, if an exemption is available, it will cover all aspects of any particular transaction. Any purchaser that is a Plan (to the extent Plans are permitted to purchase Notes or Warrants) should consult with counsel regarding the application of the exemption or any other statutory or administrative exemption.

Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA) and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to Section 406 of ERISA or Section 4975 of the Code. However, such plans may be subject to the provisions of applicable federal, state or local or other laws, rules or regulations ("**Similar Law**") similar to the foregoing provisions of ERISA or the Code. Fiduciaries of such plans ("**Similar Law Plans**") should consider applicable Similar Law when investing in Notes or Warrants.

Unless otherwise provided in a prospectus supplement or the Final Terms, each purchaser or transferee by its purchase of any offered Note or Warrant (or any interest therein) will be deemed to represent, on each day from the date on which the purchaser or transferee acquires an offered Note or Warrant through and including the date on which the purchaser or transferee disposes of its interest in such offered Note or Warrant, either that (a) it is not (i) a Plan, including any entity whose underlying assets include, or are deemed to include, the assets of any Plan for purposes of ERISA or the Code (each of the foregoing, a "**benefit plan investor**") or (ii) a Similar Law Plan or (b) it is a Similar Law Plan (that is not a benefit plan investor) and its purchase, holding and disposition of such Note or Warrant (or any interest therein) will not constitute or result in a violation of any Similar Law. Any purported purchase or transfer of any Notes or Warrants that does not comply with the foregoing shall be null and void *ab initio*.

The sale of Notes or Warrants to a Plan or a Similar Law Plan is in no respect a representation by the Issuer or any of its affiliates that such an investment meets all relevant legal requirements with respect to investments by Plans or Similar Law Plans generally or any particular Plan or Similar Law Plan, or that such an investment is appropriate for a Plan or a Similar Law Plan generally or any particular Plan or Similar Law Plan.

The above discussion does not apply to the Market Access Securities and investors in the Market Access Securities should refer to "*Certain ERISA Considerations – Market Access Securities*" in Part E of this Base Prospectus. Furthermore, the above discussion may be modified or supplemented with respect to a particular offering of Notes or Warrants, including the addition of further ERISA restrictions on purchase and transfer. In addition, the purchaser or transferee of a Note or Warrant may be required to deliver to

## **Part A – Product Supplement for Notes Generally**

the Issuer and the relevant dealers a letter, in the form available from the Issuer and dealers, containing certain representations, including those contained in the preceding paragraphs.

## GENERAL INFORMATION

1. The continuation of the Programme and the issue of Notes and Warrants under the Programme have been duly authorised by and pursuant to resolutions of a committee of the board of directors of the Issuer dated 15 May 2012.
2. The Notes and Warrants have been accepted for clearance through Euroclear and Clearstream, Luxembourg, and may also be accepted for clearance through CREST, DTC, and any other clearing system specified in the applicable Final Terms relating to the Notes or Warrants (which Final Terms shall also specify any further appropriate information relating to such other clearing system). The appropriate common code and the International Securities Identification Number in relation to the Notes and Warrants of each Series will be set out in the relevant Final Terms. The address of Euroclear Bank S.A./N.V. is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium. The address of Clearstream Banking, *société anonyme* is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of CREST is 33 Cannon Street, London EC4M 5SB, UK. The address of DTC is 55 Water Street – 1SL, New York, NY 10041-0099, USA.
3. Settlement arrangements will be agreed between the Issuer, the relevant Dealer and the Principal Paying Agent or, as the case may be, the Registrar, the CREST Registrar or Principal Warrant Agent in relation to each Tranche of Notes or Warrants.
4. In the case of unlisted Notes, Definitive Notes may not in all circumstances be printed from engraved steel plates. If they are not to be so printed, a statement to that effect will be made in the relevant Final Terms.
5. In relation to the Issuer, any transfer of, or payment in respect of, a Note, Warrant or Coupon involving the government of any country which is at the relevant time the subject of United Nations sanctions, any person or body resident in, incorporated in or constituted under the laws of any such country or exercising public functions in any such country, or any person or body controlled by any of the foregoing or by any person acting on behalf of the foregoing, may be subject to restrictions pursuant to such sanctions.
6. The Issuer will, at its registered office and at the specified offices of the Paying Agents and Warrant Agents, make available for inspection during normal office hours, free of charge, upon oral or written request, a copy of this Base Prospectus and any document incorporated by reference in this Base Prospectus. Written or oral requests for such documents should be directed to the specified office of any Paying Agent or Warrant Agent.
7. For so long as Notes or Warrants are capable of being issued under the Programme, the following documents may be inspected during normal business hours at the registered office of the Issuer:
  - (a) the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement (including the scheduled forms of the Notes) and the Deed of Covenant;
  - (b) the Master Warrant Issuance Agreement and the Warrant Agency Agreement (to which is scheduled the form of Global Warrant); and
  - (c) any Final Terms, save that Final Terms relating to a Note that is not listed or a Series of Warrants that is not listed will only be available for inspection by a holder of such Note or Warrant and such holder must provide evidence satisfactory to the Issuer as to the identity of such Holder.
8. Any instrument effecting or evidencing the transfer of a Warrant and executed in the United Kingdom will be inadmissible as evidence in United Kingdom civil proceedings unless duly stamped. An instrument of transfer executed outside the United Kingdom may also be inadmissible in United Kingdom civil proceedings unless duly stamped after it has been first received in the United Kingdom.
9. Generally, any notice, document or information to be sent or supplied by the Bank to its shareholder(s) may be sent or supplied in accordance with the Companies Act 2006 (the "Act")



## **Part A – Product Supplement for Notes Generally**

(whether authorised or required to be sent or supplied by the Act or otherwise) in hard copy form or in electronic form. If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Bank is unable effectively to convene a general meeting by notices sent through the post, subject to the Act, a general meeting may be convened by a notice advertised in at least one United Kingdom national newspaper. Such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day on which the advertisement first appears. In any such case the Bank shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

10. Notices to the Noteholders are made in accordance with the Conditions of the relevant Notes, as supplemented or varied in each case by the applicable Final Terms.

PART B - INFORMATION RELATING TO THE NOTES GENERALLY

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions applicable to the Notes (the "**Conditions**") of each Series, which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Final Terms, will be incorporated by reference into each Note in global form (subject to the section entitled "Summary of provisions relating to the Notes while in global form") and which will be endorsed on the Definitive Notes (if any) issued in exchange for Notes in global form representing each Tranche, details of the relevant Tranche being as set out in the relevant Final Terms. The Final Terms in relation to any Tranche may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following terms and conditions, replace or modify the following terms and conditions for the purpose of such Tranche. Terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes While in Global Form" below. Certain of such provisions are summarised in these Conditions in italicised text.*

The Notes are issued by HSBC Bank plc (the "**Issuer**") pursuant to a programme for the issuance of notes and warrants (the "**Programme**") established by the Issuer, are constituted by, and have the benefit of, a deed of covenant dated 27 July 2011 (the "**Deed of Covenant**"). The Notes also have the benefit of a master note issuance agreement dated 24 February 1999 as modified, supplemented and/or restated on 25 February 2000, 29 March 2001, 18 June 2002, 1 August 2005, 29 June 2006, 2 August 2006, 2 August 2007, 31 July 2008, 30 July 2009, 27 April 2010, 27 July 2010, 27 July 2011 and 19 June 2012 (as further modified and/or amended from time to time, the "**Master Note Issuance Agreement**") and made between the Issuer and HSBC Bank plc as dealer (the "**Dealer**", which expression shall include any successor Dealer specified in the relevant Final Terms) and an issuing and paying agency agreement dated 24 February 1999 as modified, supplemented and/or restated on 25 February 2000, 29 March 2001, 18 June 2002, 1 August 2005, 29 June 2006, 2 August 2006, 2 August 2007, 31 July 2008, 30 July 2009, 27 April 2010, 27 July 2010, 27 July 2011 and 19 June 2012 (as further modified and/or amended from time to time, the "**Issuing and Paying Agency Agreement**") and made between the Issuer, HSBC Bank plc and HSBC France as calculation agents (HSBC Bank plc or, as the case may be, HSBC France being the "**Calculation Agent**" with respect to the Notes if so specified in the relevant Final Terms, which expression includes any successor or other Calculation Agent specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement), HSBC Bank plc and HSBC Bank USA, N.A. as transfer agent (HSBC Bank plc or, as the case may be, HSBC Bank USA, N.A. being the "**Transfer Agent**", which expression shall include any additional or successor or other Transfer Agent specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement), HSBC Bank plc as the principal paying agent (HSBC Bank plc being the "**Principal Paying Agent**", which expression shall include any additional or successor or other Principal Paying Agent specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement and, together with any additional paying agent specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement or the Computershare Agency Agreement (as defined below), the "**Paying Agents**"), HSBC Bank plc as issue agent (HSBC Bank plc being the "**Issue Agent**", which expression shall include any additional or successor or other Issue Agent specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement) and HSBC Bank plc and HSBC Bank USA, N.A. as registrar (HSBC Bank plc or, as the case may be, HSBC Bank USA, N.A. being the "**Registrar**", which expression shall include any additional or successor or other Registrar specified in the relevant Final Terms or appointed pursuant to the Issuing and Paying Agency Agreement).

In addition, the Issuer has entered into an agreement with Computershare Investor Services plc dated 23 April 2010 (such agreement, as amended and/or supplemented and/or restated from time to time, the "**Computershare Agency Agreement**") appointing the latter as registrar and paying agent (the "**CREST Registrar**", which expression shall include any successor registrar and paying agent) with respect to Uncertificated Registered Notes (as defined below).

All Notes will be issued in series (each, a "**Series**") and each Series may comprise one or more tranches (each, a "**Tranche**") of Notes issued on different issue dates. Each Tranche will be the subject of final terms ("**Final Terms**"), a copy of which will be attached to or endorsed on or incorporated by reference in each Note of such Tranche. Other than the issue date, the issue price and the date for the first payment of interest, the Notes of each Series will have identical terms and conditions save that a Series may

## Part B - Information relating to the Notes Generally

comprise Bearer Notes and Registered Notes and Notes in more than one denomination. The Notes of each Tranche will have identical terms and conditions save that a Tranche may comprise Bearer Notes and Registered Notes and may comprise of Notes of different denominations.

Copies of the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement, the Deed of Covenant and the Computershare Agency Agreement are available for inspection by Holders (as defined below) of Notes, and copies of the relevant Final Terms, the Base Prospectus and any supplemental prospectus may be obtained in each case during normal business hours at the specified office of the Issuer and of the Paying Agent in London or, in the case of Uncertificated Registered Notes, the CREST Registrar. The Holders (as defined in Condition 1(b)) for the time being of Notes (the "**Noteholders**", which expression shall, in the case of Bearer Notes, include reference to the Holders of the Coupons appertaining thereto) and of any coupons (the "**Coupons**") or talons (the "**Talons**") (the "**Couponholders**") are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Master Note Issuance Agreement and the relevant Final Terms which are applicable to them.

Words and expressions defined in the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement or the Computershare Agency Agreement or used in the relevant Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between any of the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement, the Computershare Agency Agreement and the relevant Final Terms, the relevant Final Terms will prevail.

### 1. **Form, Denomination and Title**

#### (a) ***Form; Certifications***

Notes are issued in bearer form ("**Bearer Notes**"), in registered form ("**Registered Notes**") or in uncertificated registered form ("**Uncertificated Registered Notes**") as set out in the relevant Final Terms. Bearer Notes issued in definitive form are referred to as "**Definitive Notes**". Definitive Notes will be serially numbered. In the case of Registered Notes, a certificate will be issued to each Noteholder in respect of its registered holding. Each such certificate will be numbered serially with an identifying number which will be recorded in the register (the "**Register**") maintained by the Registrar in respect of the Registered Notes. No single Tranche or Series of Notes offered in reliance on Rule 144A may include Bearer Notes.

Notes may be issued on a partly paid basis ("**Partly Paid Notes**") if so specified in the relevant Final Terms and any further or alternative terms applicable thereto (including, without limitation, terms concerning payments of additional subscription amounts to be paid by the Noteholder after the Issue Date) shall be as set out in the relevant Final Terms.

#### (b) ***Bearer Notes***

##### (i) ***Denomination***

Subject to Condition 9 (*Redenomination*), Bearer Notes will be in the denomination(s) set out in the relevant Final Terms. Bearer Notes of one denomination will not be exchangeable after their initial delivery for Notes of any other denomination.

##### (ii) ***General; Title***

Interest-bearing Definitive Notes will, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery Coupons, presentation of which will be a prerequisite to the payment of interest in certain circumstances specified below. Interest-bearing Definitive Notes will also, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery, a Talon for further coupons and the expression "Coupons" shall, where the context so permits, include Talons.

Notes, the principal amount of which is repayable in instalments ("**Instalment Notes**") which are Definitive Notes will have endorsed thereon a grid for recording the repayment of principal or will, if so specified in the relevant Final Terms, have attached thereto at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.

## Part B - Information relating to the Notes Generally

Subject as set out below, title to Bearer Notes will pass by delivery. References herein to the "**Holders**" of Bearer Notes or of Coupons are to the bearers of such Bearer Notes or such Coupons.

To the extent permitted by law, the Issuer, the Principal Paying Agent, any other Paying Agents and the Registrar may deem and treat the Holder of any Bearer Note or of any Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of receiving payment on account thereof and for all other purposes.

(iii) *Bearer Notes issued in reliance on TEFRA D*

Bearer Notes, and their Coupons, issued in reliance on TEFRA D will bear the following legend "Any United States person who holds this obligation will be subject to the limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

(c) **Registered Notes**

(i) *Denomination*

Registered Notes will be in the denomination(s) and multiples set out in the relevant Final Terms.

(ii) *General; Title*

Title to Registered Notes passes by registration in the Register. References herein to the "**Holders**" of Registered Notes are to the persons in whose names such Registered Notes are so registered in the Register.

To the extent permitted by law, the Issuer, the Principal Paying Agent, any other Paying Agents and the Registrar may deem and treat the person in whose name any Registered Note is registered (and, if more than one, the first named thereof) as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of receiving payment on account thereof and for all other purposes.

(iii) *Regulations concerning transfer and registration of Registered Notes*

All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations (the "**Regulations**") concerning exchange and transfer of Registered Notes scheduled to the Issuing and Paying Agency Agreement. The Regulations may be amended, supplemented or replaced by the Issuer with the prior written approval of the Registrar but without the consent of the Holders of any Notes. A copy of the current Regulations are available for inspection during usual business hours at the specified office of the Registrar and the Transfer Agents.

(iv) *Rule 144A Legends*

Upon the transfer, exchange or replacement of Registered Notes bearing either (A) a private placement legend for the purpose of Rule 144A under the Securities Act in the case of Restricted Global Registered Notes or Rule 144A Global Registered Notes or (B) a private placement legend for the purpose of Rule 144A and Regulation S in the case of Combined Global Registered Notes (each, the "**Rule 144A Legend**"), each as set forth in the form of the relevant Registered Notes, the Registrar shall deliver only Registered Notes that also bear the relevant legend unless there is delivered to the Issuer and to the Registrar such satisfactory evidence, which may include an opinion, reasonably satisfactory to the Issuer, of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States, that neither the Rule 144A Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A, Rule 144 or Regulation S

## Part B - Information relating to the Notes Generally

under the Securities Act or that such Registered Notes are not "restricted securities" within the meaning of Rule 144 under the Securities Act.

### (d) *Uncertificated Registered Notes*

The Uncertificated Registered Notes shall be issued in uncertificated registered form in accordance with the Uncertificated Securities Regulations 2001, including any modification or re-enactment thereof for the time being in force (the "**Uncertificated Securities Regulations**"). The Uncertificated Registered Notes are participating securities for the purposes of the Uncertificated Securities Regulations. Title to the Uncertificated Registered Notes is recorded on the relevant Operator (as defined below) register of corporate securities. The CREST Registrar on behalf of the Issuer shall maintain a record of uncertified corporate securities (the "**Record**") in relation to the Uncertificated Registered Notes and shall procure that the Record is regularly updated to reflect the Operator register of corporate securities in accordance with the rules of the Operator. Subject to this requirement, (i) each person who is for the time being shown in the Record as the holder of a particular number of Uncertificated Registered Notes shall be treated by the Issuer and the CREST Registrar as the holder of such number of Uncertificated Registered Notes for all purposes (and the expressions "**Noteholder**" and "**Holder**" and related expressions shall be construed accordingly), and (ii) none of the Issuer and the CREST Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Record which the CREST Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to the Uncertificated Registered Notes.

Uncertificated Registered Notes will be in the denomination(s) and multiples set out in the relevant Final Terms.

Title to Uncertificated Registered Notes will pass upon registration of the transfer in the Operator register of corporate securities. All transactions in relation to Uncertificated Registered Notes (including transfers of Uncertificated Registered Notes) in the open market or otherwise must be effected through an account at the Operator subject to and in accordance with the rules and procedures for the time being of the Operator.

No provision of these Conditions as amended in accordance with the applicable Final Terms shall (notwithstanding anything contained therein) apply or have effect to the extent that it is in any respect inconsistent with (I) the holding of title to Uncertificated Registered Notes in uncertificated form, (II) the transfer of title to Uncertificated Registered Notes by means of a relevant system or (III) the Uncertificated Securities Regulations. Without prejudice to the generality of the preceding sentence and notwithstanding anything contained in these Conditions or the applicable Final Terms, so long as the Uncertificated Registered Notes are participating securities, (A) the Operator register of corporate securities relating to the Uncertificated Registered Notes shall be maintained at all times in the United Kingdom, (B) the Uncertificated Registered Notes may be issued in uncertificated form in accordance with and subject as provided in the Uncertificated Securities Regulations, and (C) for the avoidance of doubt, the Conditions and the applicable Final Terms in relation to any Uncertificated Registered Note shall remain applicable notwithstanding that they are not endorsed on any certificate for such Uncertificated Registered Note.

As used herein each of "**Operator register of corporate securities**", "**participating securities**", "**record of uncertificated corporate securities**" and "**relevant system**" is as defined in the Uncertificated Securities Regulations and the relevant Operator (as such term is used in the Uncertificated Securities Regulations) is CREST (or any additional or alternative operator from time to time approved by the Issuer and the CREST Registrar in relation to the Uncertificated Registered Notes and in accordance with the Uncertificated Securities Regulations. Any reference herein to the "**Operator**" shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator from time to time and notified to the holders of the Uncertificated Registered Notes in accordance with Condition 13.

If at any time:

- (i) a Noteholder ceases for any reason to be a member of CREST; or

## **Part B - Information relating to the Notes Generally**

- (ii) the Uncertificated Registered Notes cease for any reason to be participating securities capable of being held in CREST,

then the Issuer shall, in accordance with the rules and procedures governing CREST, ensure that Registered Notes are issued in exchange for the Uncertificated Registered Notes and that such Registered Notes are registered in such names as the Operator shall notify to the Issuer.

### **2. Status**

The Notes are direct, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and, at their date of issue, (save for certain obligations required to be preferred by law) with all other unsecured and unsubordinated obligations of the Issuer for the time being outstanding.

### **3. Fixed Rate Note Provisions**

#### **(a) Application**

This Condition 3 is applicable to the Notes only if the Fixed Rate Note provisions are specified in the relevant Final Terms as being applicable.

#### **(b) Accrual of interest**

Fixed Rate Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 8 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Final Redemption Amount or any other redemption amount, as the case may be, is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 3 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the day the Calculation Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment, in which case the Notes will continue to bear interest as aforesaid).

#### **(c) Fixed Coupon Amount**

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one denomination (as specified in the relevant Final Terms), shall be the relevant Fixed Coupon Amount in respect of the relevant denomination.

#### **(d) Calculation of interest amount**

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (as defined in Condition 18 (*Definitions*)) (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note (as specified in the relevant Final Terms) divided by the Calculation Amount. For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

### **4. Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note Provisions**

#### **(a) Application**

This Condition 4 is applicable to the Notes only if the Floating Rate Note provisions, the Index-Linked Interest Note provisions or other variable-linked interest Note provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

Floating Rate Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 8 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Final Redemption Amount or any other redemption amount, as the case may be, is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the day the Calculation Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment, in which case the Notes will continue to bear interest as aforesaid).

(c) ***Screen Rate Determination***

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
  - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time;
  - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the principal financial centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) ***ISDA Determination***

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in

relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

(e) ***Index-Linked Interest and other variable-linked interest***

If the Index-Linked Interest Note provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.

(f) ***Maximum or Minimum Rate of Interest***

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(g) ***Calculation of Interest Amount***

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(h) ***Calculation of other amounts***

If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

(i) ***Publication***

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s), to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum denomination, the Calculation Agent shall not be obliged to publish each



Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum denomination.

(j) ***Notifications etc.***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

5. **Variable Coupon Amount Notes and Zero Coupon Notes**

In the case of Notes which bear interest at a variable rate or rates ("**Variable Coupon Amount Notes**"), the dates on which interest shall be payable and the method of calculation of the interest payable (including the formula or other method of calculating the interest payable) on each such date shall be as set out in the relevant Final Terms.

If any amount in respect of any Note which is non-interest bearing (a "**Zero Coupon Note**") is not paid when due, interest shall accrue on the overdue amount at a rate determined in accordance with the provisions of the relevant Final Terms.

6. **Redemption and Purchase**

(a) ***At Maturity***

Unless previously redeemed or purchased and cancelled, and subject as otherwise set out in the relevant Final Terms, each Note will be redeemed by the Issuer at an amount (the "**Final Redemption Amount**") as determined by the Calculation Agent in its sole and absolute discretion and as calculated in accordance with the formula or other means specified in the relevant Final Terms, where applicable, in the relevant Specified Currency on the date specified in the relevant Final Terms as the scheduled date on which such Note is to be redeemed (the "**Maturity Date**") (or, in the case of Instalment Notes, in such number of instalments and in such amounts ("**Instalment Amounts**") as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms), in accordance with the provisions set out in the relevant Final Terms.

(b) ***Redemption for Taxation Reasons***

If the Issuer satisfies the Principal Paying Agent immediately prior to the giving of the notice referred to below that, in respect of a Series of Notes:

- (i) on a subsequent date for the payment of interest on such Series of Notes the Issuer would be required to pay any additional amounts in accordance with the provisions of Condition 7 (*Taxation*); or
- (ii) if the Issuer were to seek to redeem such Notes (for which purpose no regard shall be had to whether or not the Issuer would otherwise be entitled to redeem such Notes), the Issuer would (notwithstanding its having made such endeavours as the Principal Paying Agent shall determine, in its sole and absolute discretion, to be reasonable) be required to pay any additional amounts in accordance with the provisions of Condition 7 (*Taxation*);

the Issuer may, having given not less than 30 nor more than 45 days' notice (ending, in the case of Floating Rate Notes, on an Interest Payment Date) to the Noteholders in respect of such Series of Notes, redeem all, but not some only, of such Notes, at their Early Redemption Amount as determined by the Issuer in its sole and absolute discretion and calculated in accordance with the formula or other means specified in the relevant Final Terms together with interest accrued and unpaid, if any, to the date fixed for redemption **provided that** no such notice of redemption shall be given earlier than 90 days (or in the case of Floating Rate Notes or Variable Coupon Amount Notes a number of days which is equal to the lesser of the aggregate of the number of days in the

then current Interest Period plus 60 days and 90 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

The Issuer may exercise such option in respect of any Note notwithstanding the prior exercise by the Holder thereof or the Issuer of their respective options to require the redemption of such Note under paragraph (d) and (c) respectively, below, if the due date for redemption under this paragraph (b) would occur prior to that under paragraph (d) and (c), respectively, but not otherwise and, in such circumstances, the exercise of the option under paragraph (d) and (c), respectively shall be rendered ineffective.

Subject only to the obligation of the Issuer to use such endeavours as aforesaid, it shall be sufficient to establish the circumstances required to be established pursuant to this Condition 6(b) if the Issuer shall deliver to the Principal Paying Agent a certificate of an independent legal adviser or accountant satisfactory to the Principal Paying Agent to the effect either that such a circumstance does exist or that, upon a change in or amendment to the laws of the United Kingdom (including any regulations pursuant thereto), or in the interpretation or administration thereof, which at the date of such certificate is proposed and in the opinion of such legal adviser or accountant is reasonably expected to become effective on or prior to the date on which the relevant payment of principal or interest in respect of the Notes would otherwise be made, becoming so effective, such circumstances would exist.

(c) ***Redemption at the Option of the Issuer***

Where the Notes are specified in the relevant Final Terms as being redeemable at the option of the Issuer, the Issuer may at any time (in the case of Fixed Rate Notes or Zero Coupon Notes), on any Interest Payment Date (in the case of Floating Rate Notes or Variable Coupon Amount Notes) or otherwise as set out in the relevant Final Terms, having given not less than 5 nor more than 30 days' notice (or such other notice period as may be specified in the relevant Final Terms) to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Redemption Amount (Call) as determined by the Issuer in its sole and absolute discretion and as calculated in accordance with the formula or other means specified in the relevant Final Terms, together with interest accrued but unpaid thereon to the date fixed for redemption.

Where a Minimum Redemption Amount and/or a Maximum Redemption Amount is specified in the relevant Final Terms, the Redemption Amount (Call) shall not be less than the Minimum Redemption Amount and shall not be more than the Maximum Redemption Amount.

If the Notes of a Series are to be redeemed in part only on any date in accordance with this paragraph (c):

- (i) in the case of Bearer Notes (other than a Note which is a Temporary Global Note or a Permanent Global Note), the Notes to be redeemed shall be drawn by lot in such European city as the Principal Paying Agent may specify, or identified in such other manner or in such other place as the Principal Paying Agent may approve and deem appropriate and fair, subject to the rules and procedures of Euroclear and/or Clearstream, Luxembourg (such redemption to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion); and
- (ii) in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, **provided always that** the amount redeemed in respect of each Note shall be equal to the minimum denomination thereof or an appropriate multiple thereof,

subject always to compliance with all applicable laws and the requirements of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation.

## Part B - Information relating to the Notes Generally

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 12 (*Replacement, Exchange and Transfer*) which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

(d) ***Redemption at the Option of the Noteholder***

Where the Notes are specified in the relevant Final Terms as being redeemable at the option of Noteholders, then where a Noteholder has given:

- (i) not less than 15 nor more than 30 days' notice to the Issuer in accordance with Condition 13 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Issue Agent,

(which notices shall be irrevocable), the Issuer shall, following receipt of such notice from the Noteholder and confirmation from the Issue Agent that it has been duly notified, redeem, subject to any terms specified in the relevant Final Terms, so many of the Notes in respect of which such Noteholder has exercised such option as are outstanding on the Optional Redemption Date and at the Redemption Amount (Put) as determined by the Issuer in its sole and absolute discretion as calculated in accordance with the formula or other means specified in the relevant Final Terms, together with interest accrued but unpaid thereon to the date fixed for redemption.

Where a Minimum Redemption Amount and/or a Maximum Redemption Amount is specified in the relevant Final Terms, the Redemption Amount (Put) shall not be less than the Minimum Redemption Amount and shall not be more than the Maximum Redemption Amount.

In order for any such notice given by a Noteholder to be effective, the Noteholder shall, on or prior to the date on which such notice is given, deposit the Note or Notes in respect of which such notice is given (together, in the case of an interest-bearing Definitive Note, with any unmatured Coupons appertaining thereto) with, in the case of a Bearer Note, any Paying Agent, or, in the case of a Registered Note, the Registrar together with a duly completed redemption notice in the form which is available from the specified office of any of the Paying Agents or, as the case may be, the Registrar. The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 6(b) (*Redemption for Taxation Reasons*), 6(c) (*Redemption at the Option of the Issuer*) or Condition 6(h) (*Illegality*).

(e) ***Purchases***

Each of the Issuer and any person directly or indirectly connected with the Issuer may at any time purchase Notes at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer cancelled.

(f) ***Cancellation***

All Notes which are redeemed pursuant to paragraph (a), (b), (c) or (d) of this Condition 6 shall, and the all Notes purchased pursuant to paragraph (e) of this Condition 6 may, at the option of the Issuer, be cancelled forthwith (together with, in the case of Definitive Notes, all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). All Notes redeemed or purchased and cancelled as aforesaid may not be re-issued or resold.

(g) ***Zero Coupon Notes***

Where Zero Coupon Notes are redeemed by the Issuer prior to the Maturity Date, they shall be redeemed at a redemption amount determined in accordance with the provisions set out in the relevant Final Terms.

(h) ***Illegality***

The Issuer shall have the right to terminate its obligations under the Notes, if the Calculation Agent shall have determined in its absolute discretion, that the performance of such obligations shall have become unlawful or impracticable in whole or in part, in particular as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive or with any requirement or request of any governmental, administrative, legislative or judicial authority or power. In such circumstances the Notes shall be redeemable at the option of the Issuer in accordance with Condition 6(c) (*Redemption at the Option of the Issuer*) even if Condition 6(c) (*Redemption at the Option of the Issuer*) is specified as "Not applicable" in the relevant Final Terms and as if references therein to "Redemption Amount (Call)" were references to "Early Redemption Amount".

(i) ***Other Redemption Provisions***

The relevant Final Terms may provide for other circumstances in which Notes may or shall be redeemed, the amount payable on such redemption in respect of principal only, principal and interest or interest only and whether or not Notes so redeemed shall or may be cancelled pursuant to Condition 6(f) (*Cancellation*).

**7. Taxation**

Except as otherwise set out in the relevant Final Terms, all payments by the Issuer of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature, present or future, as are imposed or levied by or on behalf of the United Kingdom unless the Issuer is required by law to withhold or deduct any such taxes, duties, assessments or governmental charges.

In the event that the Issuer is so required by law to withhold or deduct, it will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders or Couponholders, as the case may be, after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes and/or, as the case may be, Coupons, in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) to, or to a third party on behalf of, a Holder of a Note or Coupon who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of it having some connection with the United Kingdom or any other relevant jurisdiction, other than the mere holding of such Note or Coupon; or
- (b) unless it is proved, in the case of Bearer Notes, to the satisfaction of the Principal Paying Agent or the Paying Agent to whom the same is presented, or, in the case of Registered Notes, to the satisfaction of the Registrar, that the Holder is unable to avoid such withholding or deduction by satisfying any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authorities or by notifying (and/or presenting evidence of such notification to) any tax authorities of such payment of principal or interest or by presenting the relevant Note or Coupon at the specified office of another Paying Agent; or
- (c) more than 30 days after the Relevant Date (defined below) except, in the case of Bearer Notes, to the extent that the Holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (d) in the case of Registered Notes, unless it is proved to the satisfaction of the Registrar that the Holder, immediately upon becoming the Holder, (i) was eligible for the benefits of a tax treaty with the United Kingdom or any other relevant jurisdiction that provides for a complete exemption from withholding taxes on payments under the Notes, or (ii) was otherwise entitled to a complete exemption from withholding taxes on payments under the Notes; or

## Part B - Information relating to the Notes Generally

- (e) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (f) to, or to a third party on behalf of, a Holder who is not the sole beneficial owner of the Note or any Coupon, or a portion of either, or that is a fiduciary or partnership, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due but, in the case of Bearer Notes, if the full amount of the money payable has not been received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly given to the relevant Holders in accordance with Condition 13 (*Notices*).

If the Issuer becomes resident for tax purposes in any taxing jurisdiction other than the United Kingdom, references in this Condition 7 to the United Kingdom shall be construed as references to the United Kingdom and/or such other jurisdiction.

Any reference in these Conditions to principal or interest or both in respect of the relevant Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable under this Condition 7;
- (ii) the principal amount payable on the relevant Notes on the Maturity Date;
- (iii) the principal amount payable on redemption of the relevant Notes prior to such Maturity Date; and
- (iv) any premium and any other amounts which may be payable under or in respect of the relevant Notes.

Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of US Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the US Internal Revenue Service ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

### 8. **Payments**

#### (a) ***Bearer Notes***

Payments of principal and interest (if any) in respect of Bearer Notes will (subject as provided below) be made against presentation and (save in the case of partial payment or payment of an Instalment Amount (other than the final Instalment Amount)) surrender of the relevant Note or, in the case of payments of interest, surrender of the relevant Coupon at the specified office of any Paying Agent outside the United States (subject to the next paragraph). No payments on Bearer Notes will be made by mail to an address in the United States or by transfer to an account maintained by the Holder in the United States.

Payments of amounts due in respect of interest on Bearer Notes and exchanges of Talons for Coupon sheets will not be made at the specified office of any Paying Agent in the United States or its possessions (as defined in the US Internal Revenue Code and Regulations thereunder)

## Part B - Information relating to the Notes Generally

unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (b) such payment or exchange is permitted by applicable United States law, in which case the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

If the due date for payment of any amount due in respect of any Bearer Note is not both a Relevant Financial Centre Day and, if such Bearer Note is a Definitive Note or if the Final Terms so specify, a local banking day (each as defined below), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Conditions 3, 4 or 5, as appropriate.

Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Note which is a Definitive Note with Receipts will be made against presentation of the Note together with the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Note to which they appertain will not represent any obligation of the Issuer. Accordingly, the presentation of a Note without the relative Receipt or the presentation of a Receipt without the Note to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

Upon the due date for redemption of any Definitive Note other than a Fixed Rate Note, all unmatured Coupons and Talons (if any) relating to such Definitive Note (whether or not attached) shall become void and no payment shall be made in respect of them.

Definitive Notes which are Fixed Rate Notes should be presented for payment with all unmatured Coupons appertaining thereto, failing which the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, that portion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon within a period of ten years from the Relevant Date (as defined in Condition 7 (*Taxation*)) for the payment of such principal, whether or not such Coupon has become void pursuant to Condition 11 (*Prescription*) or, if later, five years from the date on which such Coupon would have become due.

Notwithstanding the above, if any Definitive Notes should be issued with a Maturity Date and an interest rate or rates such that, on the presentation for payment of any such Definitive Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required to be deducted would be greater than the amount otherwise due for payment, then, upon the due date for redemption, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that the amount required to be deducted would not be greater than the amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Note to become void, the relevant Paying Agent shall, in its sole and absolute discretion, determine which unmatured Coupons are to become void, and shall select, in its sole and absolute discretion, for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

Upon any Definitive Notes becoming due and repayable prior to their Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

In relation to Definitive Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside the United States (save as provided above) in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 11

(*Prescription*) below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the due date for the payment of interest on which the final Coupon comprised in the relative Coupon sheet matures.

If (otherwise than by reason of the application of the above) the due date for redemption of any Bearer Note is not the due date for the payment of a Coupon appertaining thereto, interest accrued in respect of such Note from and including the last preceding due date for the payment of a Coupon (or from the Issue Date or the Interest Commencement Date, as the case may be) will be paid only against surrender of such Bearer Note and all unmatured Coupons appertaining thereto.

(b) ***Registered Notes***

Payment of the amount due on final redemption in respect of Registered Notes will be made against presentation and, save in the case of partial payment of any such amount, surrender of the relevant certificate at the specified office of the Registrar or of the Transfer Agent. If the due date for payment of the Final Redemption Amount or any other redemption amount, as the case may be, of any Registered Note is not both a Relevant Financial Centre Day and, if such Registered Note is not in global form or if the Final Terms so specify, a local banking day (each as defined below), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 3 (*Fixed Rate Note Provisions*), Condition 4 (*Floating Rate Note and Index-Linked Note Provisions*), or Condition 5 (*Variable Coupon Amount Notes and Zero Coupon Notes*), as appropriate.

Payment of amounts (whether principal, interest or otherwise) due (other than on final redemption) in respect of Registered Notes will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which either Euroclear or Clearstream, Luxembourg, in which such Registered Note is being held is open for business.

Payment will be made in the currency in which such amount is due either by cheque posted to the Noteholder's registered address (or, in the case of joint Holders, the first-named) not later than the relevant due date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first-named) has applied to the Registrar or to the Transfer Agent and the Registrar or, as the case may be, the Transfer Agent has acknowledged such application for payment to be made to a designated account denominated in the relevant Specified Currency (as defined in Condition 18 (*Definitions*)), in each case as specified in paragraph (c) below.

(c) ***Uncertificated Registered Notes***

The Issuer shall pay or cause to be paid when due payments of principal and interest (if any) in respect of Uncertificated Registered Notes to the relevant Noteholder's cash memorandum account (as shown in the records of the Operator), such payment to be made in accordance with the rules of the Operator. Each of the persons shown in the Operator register of corporate securities as holder of a particular principal amount of Uncertificated Registered Notes must look solely to the settlement bank or institution at which its cash memorandum account is held for its share of each such payment so made by or on behalf of the Issuer.

(d) ***General Provisions***

The following provisions apply to both Bearer Notes and Registered Notes (and do not apply to Uncertificated Registered Notes). Payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in the relevant Specified Currency (as defined in Condition 18 (*Definitions*)) either by cheque or, at the option of the payee, by transfer to an account in the relevant Specified Currency specified by the payee other than, for payments in respect of Bearer Notes, any such account in the United States.

## Part B - Information relating to the Notes Generally

Payments and deliveries will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*).

Without prejudice to the generality of the foregoing, the Issuer reserves the right to require any person receiving payment of principal or, as the case may be, payment of interest with respect to any Note or Coupon to provide a Paying Agent with such certification or information as may be required to enable the Issuer or any parent or holding company of the Issuer or any subsidiary of any such parent or holding company to comply with the requirements of the US Federal Income Tax laws or such other laws as the Issuer or any such parent or holding company or subsidiary thereof may be required to comply with.

Any amount payable with respect to a Note shall be rounded to the nearest applicable sub-unit of the currency in which such amount is payable (one half of any such sub-unit being rounded upwards).

### 9. **Redenomination**

#### (a) **General**

Where redenomination is specified in the relevant Final Terms as being applicable, and in respect of Notes denominated in a National Currency Unit (as defined in Condition 18 (*Definitions*)), the Issuer may, without the consent of the Noteholders, upon giving at least 30 days' prior notice to the Noteholders in accordance with Condition 13 (*Notices*), designate a Redenomination Date.

With effect from the Redenomination Date:

- (i) each Note shall (unless already so provided by mandatory provisions of applicable law) be deemed to be redenominated into such amount of euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into euro at the rate for the conversion of the relevant Specified Currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with EC regulations); **provided, however, that** if the Issuer determines, with the agreement of the Principal Paying Agent, then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendments;
- (ii) if Notes are in definitive form:
  - (A) all unmatured Coupons denominated in the relevant Specified Currency (whether or not attached to the Notes) will become void with effect from the date (the "**Euro Exchange Date**") on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Noteholders that replacement Notes and Coupons denominated in euro are available for exchange (**provided that** such Notes and Coupons are available) and no payments will be made in respect thereof;
  - (B) the payment obligations contained in all Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 9(a)(ii)) shall remain in full force and effect; and
  - (C) new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in the relevant Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice;
- (iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the relevant Specified Currency ceases to be a sub-division of the euro,



## Part B - Information relating to the Notes Generally

payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro, as though references in the Notes to the Specified Currency were to euro. Such payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Communities; and;

- (iv) such other changes will be made to the terms and conditions of the Notes as the Issuer may decide, with the prior approval of the Principal Paying Agent, to conform such Notes to conventions then applicable to Notes denominated in euro. Any such other changes will not take effect until after it has been notified to the Noteholders in accordance with Condition 13 (*Notices*).

Neither the Issuer nor the Principal Paying Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of euro or any currency conversion or rounding effected in connection therewith.

### (b) **Interest**

Following redenomination of the Notes pursuant to (a) above:

- (i) where Notes are in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (ii) in respect of Fixed Rate Notes where interest is payable annually, any interest required to be calculated for a period of less than one year in respect of the Notes shall be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (a) the number of those days falling in a leap year divided by 366 and (b) the number of those days falling in a non-leap year divided by 365); **provided, however, that** if the Issuer determines, with the agreement of the Principal Paying Agent, that the market practice in respect of internationally offered euro denominated securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendment;
- (iii) in respect of Fixed Rate Notes where interest is payable quarterly or semi-annually, the amount of interest payable in respect of each Note on any Interest Payment Date shall be calculated by applying the Rate of Interest to the principal amount of such Note, dividing the product by four or two (as the case may be) and rounding the figure down to the nearest euro 0.01. If interest is required to be calculated for any other period, it shall be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (a) the number of those days falling in a leap year divided by 366 and (b) the number of those days falling in a non-leap year divided by 365); **provided, however, that** if the Issuer determines, with the agreement of the Principal Paying Agent, that the market practice in respect of internationally offered euro denominated securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendment;
- (iv) in respect of Floating Rate Notes, the Interest Amount payable in respect of the Notes for each Interest Period will be calculated by applying the Rate of Interest for such Interest Period to the principal amount of such Note during the Interest Period, multiplying the product by the actual number of days in such Interest Period divided by 360 and rounding the resulting figure down to the nearest euro 0.01; and

- (v) in respect of Floating Rate Notes, the Rate of Interest for any subsequent Interest Period shall be determined by the Calculation Agent on the basis of provisions which it determines, in its sole and absolute discretion, reflects the market practice in respect of internationally offered euro denominated securities.

**10. Events of Default**

If any one or more of the following events (each an "**Event of Default**") shall occur and be continuing in relation to a Series of Notes:

- (a) there is a default for more than fourteen days in the repayment of any principal due on the Notes of such Series or any of them or in the payment of any interest due in respect of the Notes of such Series or any of them, **provided that** it shall not be such a default to withhold or refuse any such payment (1) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment or (2) in cases of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given at any time during the said period of fourteen days by independent legal advisers acceptable to the Principal Paying Agent as to such validity or applicability; or
- (b) an order is made or an effective resolution is passed for the winding up of the Issuer in England (otherwise than in connection with a scheme of reconstruction or amalgamation the terms of which shall previously have been approved in writing by an Extraordinary Resolution of the Holders of the relevant Series of Notes),

then any Noteholder may, by written notice to the Issuer, effective upon the date of receipt thereof by the Issuer (such date the "**Early Redemption Date**"), declare the Note held by the Holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount, as specified in the relevant Final Terms, together with interest accrued and unpaid until the date of its redemption, without presentment, demand, protest or other notice of any kind.

**11. Prescription**

Notes and Coupons will become void unless presented for payment within a period of ten years and five years, respectively, from the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect thereof. Any monies paid by the Issuer to the Principal Paying Agent for the payment of the principal or interest in respect of any Notes or Coupons and remaining unclaimed when such Notes or Coupons become void will then revert to the Issuer and all liability of the Principal Paying Agent with respect thereto will thereupon cease.

There shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 11 or Condition 8 (*Payments*).

**12. Replacement, Exchange and Transfer**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office (in the case of a Bearer Note or Coupon) of the Issue Agent or (in the case of Registered Notes) of the Registrar or of the Transfer Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

Upon the terms and subject to the conditions set out in the Issuing and Paying Agency Agreement and the relevant Final Terms, a Registered Note may be exchanged for a Registered Note or Notes of equal aggregate principal amount in such different authorised denominations as may be requested by the Noteholder by surrender of such Registered Note at the specified office of the Registrar or of the Transfer Agent, together with a written request for the exchange.

Upon the terms and subject to the conditions set out in the Issuing and Paying Agency Agreement, a Registered Note, in definitive form, may be transferred in whole or in part only

## Part B - Information relating to the Notes Generally

(provided that such part is, or is an appropriate multiple of, the minimum denomination set out in the Final Terms) by the Holder or Holders surrendering the Registered Note for registration of transfer at the specified office of the Registrar or the Transfer Agent, duly endorsed by, or accompanied by a written instrument to transfer in form satisfactory to the Issuer and the Registrar or the Transfer Agent, duly executed by the Holder or Holders thereof or his or their attorney duly authorised in writing. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

If so set out in the relevant Final Terms, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon the terms and subject to the conditions set forth in the Issuing and Paying Agency Agreement. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of the Principal Paying Agent or of the Registrar or the Transfer Agent, together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined below) where the exchange date would, but for the provisions of this paragraph, occur between the Record Date (as defined in Condition 8(b) (*Payments - Registered Notes*)) for such payment of interest and the date on which such payment of interest fall due.

Each new Registered Note to be issued upon the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date be available for delivery at the specified office of the Registrar or the Transfer Agent, or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder.

As used herein:

- (a) **"Relevant Banking Day"** means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Note for a Registered Note where such request for exchange is made to the Principal Paying Agent or the Transfer Agent, in the place where the specified office of the Principal Paying Agent or, as the case may be, the Transfer Agent is located;
- (b) the **"exchange date"** shall be the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in accordance with the foregoing provision; and
- (c) the **"transfer date"** shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with the foregoing provisions.

The costs and expenses of effecting any exchange or registration of transfer pursuant to the foregoing provisions, except for the expenses of delivery by other than regular mail or insurance charges that may be imposed in relation hereto, shall be borne by the Issuer.

The Registrar or the Transfer Agent, as the case may be, shall not be required to register the transfer or exchange of Registered Notes for a period of 15 days preceding the due date for any payment of principal or interest in respect of such Notes.

### 13. Notices

#### (a) *Notices to Noteholders*

All notices to the Holders of Notes or the Coupons appertaining thereto will be valid: (i) if published, in the case of Bearer Notes and Coupons, in one leading daily newspaper with circulation in London (which is expected to be the *Financial Times* or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe);

(ii) in the case of Registered Notes, if mailed to their registered addresses (as advised by the Registrar) or to that of the first named of them in the case of joint Holders; **provided that**, in each case, in the case of Notes admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system the rules of such listing authority, stock exchange and/or quotation system by which the Notes have then been admitted to listing, trading and/or quotation have been complied with; and (iii) in the case of Uncertificated Registered Notes, if sent by first class mail or (if posted to an address overseas) by airmail to the holders at their respective addresses appearing in the Record and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Uncertificated Registered Notes are listed by or on a competent authority or stock exchange and the rules of that competent authority or stock exchange so require, such notice will be published in a daily newspaper of general circulation in the places or places required by that competent authority or stock exchange. Any such notice shall be deemed to have been given on the date of such publication or delivery or, if published more than once, on the date of the first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

Holders of any Coupons appertaining to Bearer Notes will be deemed for all purposes to have notice of the contents of any notice given to the Holders of such Bearer Notes in accordance herewith.

*All notices to Holders of Notes or the Coupons appertaining thereto will be valid, in the case of Notes in global form, if delivered to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, depositary or common safekeeper (as may be agreed between the Issuer and the Dealer) for communication by them to the persons shown in their respective records as having interests therein; **provided that**, in each case, in the case of Notes that have been admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, the rules of such listing authority, stock exchange and/or quotation system have been complied with. Any such notice shall be deemed to have been given on the date of such delivery or, if the Notes are admitted to listing, trading and/or quotation and publication is required under the applicable rules of the relevant listing authority, stock exchange and/or quotation system, on the date of publication or, if published more than once, on the date of the first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in the required newspapers).*

(b) **Notices from Noteholders**

Notices given by any Noteholder shall be in writing and given by lodging the same, together with relevant Note or Notes (if applicable), with the Principal Paying Agent or other Paying Agent or with the Registrar (as the case may be) at its specified office.

14. **Paying Agents, Calculation Agents, Issue Agents, Transfer Agents and Registrars**

- (a) The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Calculation Agents, the initial Issue Agent, the initial Transfer Agent, the initial Registrar and their respective initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent, Calculation Agent, Issue Agent, Transfer Agent or Registrar and/or approve any change in the specified office through which any Paying Agent, Calculation Agent, Issue Agent, Transfer Agent or Registrar acts, **provided that**:

- (i) so long as any Series of Notes have been admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, there will at all times be, in relation to such Series, a Paying Agent (in the case of a Series wholly or partly in the form of Bearer Notes), and a Transfer Agent and a Registrar (in the case of a Series wholly or partly in the form of Registered Notes), each with a specified office in such place as may be required by the rules and regulations of the relevant listing authority, stock exchange and/or quotation system by which the Notes have then been admitted to listing, trading and/or quotation;

## Part B - Information relating to the Notes Generally

- (ii) so long as any Bearer Notes are outstanding, there will at all times be a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000;
  - (iii) so long as any Bearer Notes are outstanding, there will at all times be a Principal Paying Agent; and
  - (iv) so long as any Registered Notes are outstanding, there will at all times be a Registrar and a Transfer Agent.
- (b) In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the second paragraph of Condition 8(a) (*Payments - Bearer Notes*). Any variation, termination, appointment or change shall only take effect (other than in the case of an insolvency, when it shall be of immediate effect) after notice has been given to the Noteholders in accordance with Condition 13 (*Notices*).

### 15. Meetings of Noteholders, Modification and Substitution

#### (a) *Meetings of Noteholders*

The Master Note Issuance Agreement contains provisions for convening meetings of the Holders of the Notes of any Series to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Issuing and Paying Agency Agreement) of a modification of the Notes or any of the provisions of the Master Note Issuance Agreement. Such a meeting may be convened by the Issuer or by Holders of the Notes of any Series holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders of the Notes of any Series whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes (including modifying the date of maturity of the Notes, reducing or cancelling the amount of principal payable in respect of the Notes or altering the currency of payment of the Notes), the quorum shall be one or more persons holding or representing not less than 75 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing a clear majority, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders of the Notes of any Series shall be binding on all the Noteholders, whether or not they are present at the meeting.

#### (b) *Modification*

The Issue Agent and the Issuer may agree, without the consent of the Noteholders, to:

- (i) any modification (except as mentioned above) of the Master Note Issuance Agreement or the Conditions which is not materially prejudicial to the interests of the Noteholders as a whole; or
- (ii) any modification of the Notes or the Master Note Issuance Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated; or
- (iii) any modification of the Notes which is made to correct an inconsistency between the final terms and conditions of the Note issue (comprising these Conditions as amended or supplemented by the relevant Final Terms) and the relevant termsheet relating to the Notes.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

(c) **Substitution**

The Issue Agent and the Issuer may also agree, without the consent of the Noteholders, to the substitution of a subsidiary or holding company of the Issuer or any subsidiary of any such holding company (the "**New Issuer**") in place of the Issuer as principal debtor under the Notes of any Series and the Coupons appertaining thereto (if any), **provided that** such Notes and the Coupons appertaining thereto (if any) are irrevocably guaranteed by the Issuer. In the event of any such substitution, any reference in these Conditions to the Issuer shall be construed as a reference to the New Issuer. Any such substitution shall be promptly notified to the relevant Noteholders in accordance with Condition 13 (*Notices*). In connection with such right of substitution, the Issuer shall not be obliged to have regard to the consequences of the exercise of such right for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Noteholder shall be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon such Noteholder.

16. **Provision of Information**

The Issuer shall, during any period in which it is not subject to and in compliance with the periodic reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, duly provide to any Holder of a Note which is a "**restricted security**" within the meaning of Rule 144(a)(3) under the Securities Act or to any prospective purchaser of such securities designated by such Holder, upon the written request of such Holder or (as the case may be) prospective Holder addressed to the Issuer and delivered to the Issuer or to the specified office of the Registrar, the information specified in Rule 144A(d)(4) under the Securities Act.

17. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Holders of Notes of any Series or Holders of the Coupons appertaining thereto (if any) to create and issue further notes ranking equally in all respects (or in all respect save as specified in the relevant Final Terms) with the Notes of such Series so that the same shall be consolidated and form a single series with such Notes for the time being outstanding.

18. **Definitions**

As used in these Conditions, the following expressions shall have the following meanings:

"**Business Centre**" means the city or cities specified as such in the relevant Final Terms;

"**Business Day**" means:

- (i) in relation to any sum payable in euro, a Euro Business Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the principal financial centre of the relevant currency and in each (if any) Business Centre;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day

## Part B - Information relating to the Notes Generally

that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention", "Floating Rate Convention" or "Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**"Calculation Amount"** has the meaning given in the relevant Final Terms;

**"Clearing System"** means, in relation to a Series of Notes, Euroclear, Clearstream, Luxembourg, DTC, CREST and/or any other clearing system located outside the United States specified in the relevant Final Terms in which Notes of the relevant Series are for the time being held, or, in relation to an individual Note, in which that Note is for the time being held;

**"Clearstream, Luxembourg"** means Clearstream Banking, *société anonyme*, Luxembourg;

**"Combined Global Registered Note"** means a Registered Note in global form eligible for sale in the United States to "qualified institutional buyers" pursuant to Rule 144A under the Securities Act and to non-US Persons (as defined in Regulation S under the Securities Act) pursuant to Rule 144A and/or Regulation S under the Securities Act;

**"CREST"** means CRESTCo. Limited;

**"Day Count Fraction"** means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in the relevant Final Terms and:

- (i) if **"Actual/Actual"**, **"Actual/Actual (ISDA)"**, **"Act/Act"** or **"Act/Act (ISDA)"** is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **"Actual/Actual (ICMA)"** or **"Act/Act (ICMA)"** is so specified means:
  - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

## Part B - Information relating to the Notes Generally

- (b) where the Calculation Period is longer than one Regular Period, the sum of:
- (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any one year; and
  - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (iii) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;
- (iv) if "**Actual/360**", "**Act/360**" or "**A/360**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;
- (v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D<sub>1</sub>** is greater than 29, in which case **D<sub>2</sub>** will be 30;

- (vi) if "**30E/360**" or "**Eurobond Basis**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;



## Part B - Information relating to the Notes Generally

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if "**30E/360 (ISDA)**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Termination Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30;

"**DTC**" means the Depository Trust Company;

"**Early Redemption Amount**" has the meaning given in the relevant Final Terms;

"**Euro Business Day**" or "**TARGET Business Day**" means a day on which TARGET2 is open for settlement of payments in euro;

"**Euroclear**" means Euroclear Bank S.A./N.V.;

"**Fair Market Value**" means, in relation to any Note which is to be redeemed early, its fair market value immediately prior to the early redemption date, as determined by the Issuer and/or the Calculation Agent (as applicable) acting in good faith and in a commercially reasonable manner, less any reasonable costs and expenses of the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and/or funding arrangements;

"**First Interest Payment Date**" means the date specified in the relevant Final Terms;

"**Final Redemption Amount**" has the meaning ascribed thereto in Condition 6(a) (*Redemption and Purchase - At Maturity*);

**"Interest Determination Date"** means the day determined by the Calculation Agent, in its sole and absolute discretion, to be customary for fixing the Reference Rate applicable to deposits in the relevant currency for the relevant Interest Period; **provided that** where so specified in the relevant Final Terms, such day shall be a day (i) if such currency is euro, which is a Euro Business Day, and (ii) if such currency is any other currency, on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre or centres of the country of such currency (or where such currency is a National Currency Unit (as defined in Condition 21(i) (*Effects of European Monetary Union*)) and the Notes have been redenominated into euro pursuant to Condition 9 (*Redenomination*), the former principal financial centre or centres);

**"Interest Payment Date"** means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**"Interest Period"** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**"ISDA Definitions"** means the 2006 ISDA Definitions (as amended and supplemented as at the date of issue of the first Tranche of the Notes of the relevant Series), as published by the International Swaps and Derivatives Association, Inc;

**"local banking day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the city in which the Principal Paying Agent, the Paying Agent, or the Registrar or the Transfer Agent to which the relevant Note or Coupon is presented for payment is located;

**"National Currency Unit"** means the national currency unit of any Participating Member State that becomes a denomination of the euro by reason of Council Regulation (EC) No. 1103/97, Council Regulation (EC) No. 974/98 or any other applicable laws;

**"Optional Redemption Date"** means such date on which the Notes are being redeemed pursuant to Condition 6(c) (*Redemption at the Option of the Issuer*) or 6(d) (*Redemption at the Option of the Noteholder*);

**"Participating Member State"** means any member state of the European Union that has adopted or adopts the single currency in accordance with the Treaty;

**"Redemption Amount (Call)"** means such amount as determined by the Issuer in its sole and absolute discretion and as calculated in accordance with the formula or other means specified in the relevant Final Terms, pursuant to Condition 6(c) (*Redemption at the Option of the Issuer*);

**"Redemption Amount (Put)"** means such amount as determined by the Issuer in its sole and absolute discretion and as calculated in accordance with the formula or other means specified in the relevant Final Terms, pursuant to Condition 6(d) (*Redemption at the Option of the Noteholder*);

## Part B - Information relating to the Notes Generally

**"Redenomination Date"** means a date (being, in the case of interest-bearing Notes, a date on which interest in respect of such Notes is payable) which:

- (i) is specified by the Issuer in the notice given to the Noteholders pursuant to Condition 9(a) (*Redenomination - General*); and
- (ii) falls on or after such date as the country of the Specified Currency becomes a Participating Member State (as defined in Condition 21(i) (*Effects of European Economic and Monetary Union*));

**"Reference Bank(s)"** means four major banks selected by the Calculation Agent in the market that is most closely connected with Reference Rate;

**"Reference Rate"** has the meaning given in the relevant Final Terms;

**"Regular Period"** means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (iii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**"Relevant Financial Centre Day"** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre or centres for the currency in which payment falls to be made (or, where such currency is a National Currency Unit and the Notes have been redenominated into euro pursuant to Condition 9 (*Redenomination*), the former principal financial centre or centres) and in any other place set out in the Final Terms. In the case of payments which fall to be made in euro (save for payments in relation to Notes which have been redenominated into euros pursuant to Condition 9 (*Redenomination*)), a Euro Business Day. The Relevant Financial Centre Days in relation to any Tranche determined in accordance with the above provisions as at the Issue Date shall be specified in the relevant Final Terms;

**"Relevant Financial Centre"** has the meaning given in the relevant Final Terms;

**"Relevant Screen Page"** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**"Relevant Time"** has the meaning given in the relevant Final Terms;

**"Restricted Global Registered Note"** means a Registered Note in global form issued and sold solely within the United States or to US Persons (as defined in Regulation S under the Securities Act) in reliance on Rule 144A of the Securities Act;

**"Specified Currency"** has the meaning given in the relevant Final Terms;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007; and

"**Treaty**" means the Treaty establishing the European Communities, as amended.

19. **Third Party Rights**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

20. **Governing Law**

(a) ***Governing law***

The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law.

(b) ***English courts***

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising from or connected with the Notes (including any Dispute regarding the existence, validity or termination of the Notes) or the consequences of their nullity.

**PRO FORMA FINAL TERMS FOR NOTES**

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.]*

[Notes issued pursuant to these Final Terms are securities to be listed under Listing Rule [17/19] <sup>1</sup>.]

**FINAL TERMS**

Final Terms dated [•]

Series No.: [•]

Tranche No.: [•]

**HSBC Bank plc**

**Programme for the Issuance of Notes and Warrants**

**Issue of**

**[Aggregate Principal Amount of Tranche]**

**[(to be consolidated and form a single series with the existing [Insert details of existing Tranche(s)]) issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

**[Title of Notes]**

**PART A - CONTRACTUAL TERMS**

This document constitutes the Final Terms relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme, which [together with the supplemental prospectus[es] dated [•]] constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>2</sup>.

[If these Final Terms indicate that they relate to an issue of Certificates, then all references herein and in the Prospectus to Notes shall be deemed to be references to "Certificates" for the purposes of this Issue.]

[This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus.]<sup>3</sup> Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus is available for viewing at [address] [and] [website] and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

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<sup>1</sup> To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securitised derivatives. Notes which include an element of principle protection will generally be eligible for listing under Listing Rule 17 but in some circumstances will be eligible for listing under Listing Rule 19.

<sup>2</sup> Only for Notes which are publicly offered and admitted to trading on a regulated market.

<sup>3</sup> Only for Notes which are publicly offered and admitted to trading on a regulated market.

## Part B - Information relating to the Notes Generally – *Pro Forma* Final Terms for Notes

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions (the "**Conditions**"), which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Notes. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>4</sup> and must be read in conjunction with the Base Prospectus dated 19 June 2012 which [together with the supplemental prospectus[(es)] dated [•]], constitute[s] a [base] prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive]<sup>5</sup>. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus. The Prospectus and the Conditions are available for viewing during normal business hours at [address] [and] [website] and copies may be obtained from [address].

*[For Notes offered and sold in the United States of America include:*

### IMPORTANT NOTICES

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

### NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

### AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

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<sup>4</sup> Only for Notes which are publicly offered and admitted to trading on a regulated market.

<sup>5</sup> Only for Notes which are publicly offered and admitted to trading on a regulated market.

## Part B - Information relating to the Notes Generally – *Pro Forma* Final Terms for Notes

**It is advisable that prospective investors considering acquiring any Notes understand the risks of transactions involving the Notes and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "Risk Factors" in the Prospectus.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

1. Issuer: HSBC Bank plc
2. (i) Issuer: HSBC Bank plc  
(ii) Arranger(s): HSBC Bank plc
3. (i) Series number: [ ]  
(ii) [Tranche number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]*  
(iii) Whether issue is of Notes or Certificates: [Notes/Certificates] (if the issue is of Certificates, all references in these Final Terms and in the Prospectus to Notes shall be deemed to be "Certificates" for the purposes of this issue)
4. Specified Currency or Currencies:  
(i) of denomination: [ ]  
(iv) of payment: [ ]
5. Aggregate Principal Amount [of Notes admitted to trading]<sup>6</sup>:  
[(i) Series:] [ ]  
[(ii) Tranche:] [ ]
6. (i) Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from [insert date] (*in the case of fungible interest-bearing issues only, if applicable*)]  
(ii) Commission payable: [[ ] per cent./None/Information not provided]  
(iii) Selling concession: [[ ] per cent./None/Information not provided]
7. (i) Denomination(s) [ ]<sup>7</sup>

<sup>6</sup> Delete for debt securities with a denomination per unit of less than EUR 100,000.

## Part B - Information relating to the Notes Generally – *Pro Forma* Final Terms for Notes

(Condition 1(b)):

- (ii) Calculation Amount<sup>8</sup>: [ ]
8. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [specify/ Issue Date/ Not applicable ]
9. Maturity Date:  
(Condition 6(a)) [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year. In case of undated Notes, specify undated.] [If Index- Linked provisions apply please add: or, if later, the [fifth/specify] Business Day following the [Valuation Date/specify]] [adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "**Business Day**"]
10. Interest basis:  
(Conditions 3 to 5) [[ ] per cent. Fixed Rate]  
[(specify reference rate)  
+/- [ ] per cent. Floating Rate]  
[Variable Coupon Amount]  
[Zero Coupon Notes]  
[Index-Linked Notes]  
[Other (specify)]  
(further particulars specified below)
11. Redemption basis:  
(Condition 6) [Redemption at par]  
[Index-Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (specify)]
12. Change of interest or redemption basis: [Specify details of any provision for convertibility of Notes to another interest or redemption/payment basis]
13. Put/Call options: [Condition 6[(c)][(d)] will apply as specified below]
14. (i) Status of the Notes:  
(Condition 2) Unsubordinated, unsecured
- (ii) Date [Board] approval for [ ] [and [ ], respectively]] (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)] [Not applicable]  
issuance of Notes obtained:
15. Method of distribution: [Syndicated/Non-syndicated]

### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

<sup>7</sup> If denominations in excess of and smaller than the minimum specified denomination are to be permitted then the Issuer should normally waive its right to elect to exchange the Permanent Global Note for definitive Notes in paragraph (d) of the Permanent Global Note - see item 29(iii) below.

<sup>8</sup> The applicable Calculation Amount (which is used for the calculation of redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.



**Part B - Information relating to the Notes Generally – Pro Forma Final Terms for Notes**

16. Fixed Rate Note provisions: [Applicable/Not applicable]  
(Condition 3) (If not applicable, delete the remaining sub-paragraphs of this paragraph.)
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/ monthly] in arrear]
- (ii) Interest Payment Date(s): [dd/mm, dd/mm, dd/mm and dd/mm] in each year  
[adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "**Business Day**"] / [not adjusted]
- (iii) Fixed Coupon Amount(s): [[ ] per Calculation Amount] [Not applicable]
- (iv) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / Not applicable / other (specify)]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ Not applicable / other (give details)]
- (vi) Business Centre(s): [Not applicable/give details]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not applicable/give details] (Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis)
17. Floating Rate Note provisions: [Applicable/Not applicable]  
(Condition 4) (If not applicable, delete the remaining sub-paragraphs of this paragraph.)
- (i) [Interest Period(s)] / [Specified Period]<sup>9</sup>: [specify]
- (ii) Interest Payment Dates: [specify dates]
- (iii) First Interest Payment Date: [ ]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
- (v) Business Centre(s): [Not applicable/give details]
- (vi) Screen Rate Determination: [Applicable / Not applicable]
- (1) Reference Rate: [specify LIBOR or other]
- (2) Interest Determination Date(s): [ ]
- (3) Relevant Screen Page: [ ]
- (4) Relevant Financial Centre: [ ]

<sup>9</sup> Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

**Part B - Information relating to the Notes Generally – Pro Forma Final Terms for Notes**

- (vii) ISDA Determination: [Applicable / Not applicable]
- (1) Floating Rate Option: [ ]
- (2) Designated Maturity: [ ]
- (3) Reset Date: [ ]
- (viii) Margin(s): [[+/-][ ] per cent. per annum] [Not applicable]
- (ix) Day Count Fraction: [ ]
- (x) Relevant time: [ ]
- (xi) Minimum Rate of Interest: [[ ] per cent. per annum] [Not applicable]
- (xii) Maximum Rate of Interest: [[ ] per cent. per annum] [Not applicable]
- (xiii) Fall-back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
18. Variable Coupon Amount Note provisions: [Applicable/Not applicable]  
(Condition 5) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Payment Dates: [ ]
- (ii) Method of calculating interest: [ ]
- (iii) Business Centre(s): [not applicable/give details]
19. Zero Coupon Note provisions: [Applicable/Not applicable]  
(Condition 5) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of interest on overdue amounts: [ ]
- (ii) Redemption formula: [ ]
20. Index-Linked Interest Note/other variable-linked interest Note Provisions: [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/other variable: [give or annex details – if appropriate, cross-refer to the definition of Valuation Date in paragraph 35 below]
- (ii) Calculation Agent responsible for calculating the interest due: [ ]
- (iii) Provisions for determining interest where calculated by reference to Index and/or Formula and/or other variable: [ ]
- (iv) Provisions for determining interest where calculation by reference to Index and/or [ ]  
*[Need to include a description of market disruption]*

## Part B - Information relating to the Notes Generally – *Pro Forma* Final Terms for Notes

- Formula and/or other variable is impossible or impracticable or otherwise disrupted: *or settlement disruption events and adjustment provisions*] [See Condition 21 and paragraph 35 below]
- (v) Interest or calculation period(s): [ ]
- (vi) Interest Payment Dates: [ ]
- (vii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other (*give details*)]
- (viii) Business Centre(s): [ ]
- (ix) Minimum Rate/Amount of Interest: [[ ] per cent. per annum]
- (x) Maximum Rate/Amount of Interest: [[ ] per cent. per annum]
- (xi) Day Count Fraction: [ ]
21. Dual Currency Note provisions/Multi-currency provisions: [Applicable/Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Currencies: [ ]
- (ii) Rate(s) of exchange: [*give details*]<sup>10</sup>
- (iii) Provisions applicable where calculation by reference to rate of exchange impossible or impracticable: [*Need to include a description of Market disruption or settlement disruption events and adjustment provisions.*]

### PROVISIONS RELATING TO REDEMPTION

22. Issuer's optional redemption (Call): [Applicable/Not applicable] (*Condition 6(c)*) (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Redemption Amount (Call): [[ ] per Calculation Amount (*specify — if not par, also specify details of any formula*)]
- (ii) Series redeemable in part: [[ ] per Calculation Amount (*specify — otherwise redemption will only be permitted of entire Series*)]
- (iii) Call option date(s)/Call option period: [*specify*]
23. Noteholder's optional redemption (Put): [Applicable/Not applicable] (*Condition 6(d)*) (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Redemption Amount (Put): [[ ] per Calculation Amount / (*specify — if not par, also specify details of any formula*)]

<sup>10</sup> *If denomination per unit is less than EUR100,000, include details of where past and future performance and volatility of the relevant rate(s) can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying.*

**Part B - Information relating to the Notes Generally – Pro Forma Final Terms for Notes**

- (ii) Put Option date(s)/Put Option Period: *[specify]*
24. Final Redemption Amount of each Note: *[[ ] per Calculation Amount (specify — if not par, also specify details of any formula)]*  
(Condition 6(a))
25. Final Redemption Amount of each Note in cases where the Final Redemption Amount is Index-Linked or other variable-linked: *[Applicable/Not applicable]*
- (i) Index/Formula/other variable: *[give annex details]*
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: *[ ]*
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable; *[Need to include a description of market disruption or settlement disruption events and adjustment provisions] [See Condition 21 and paragraph 35 below]*
- (iv) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: *[ ]*
- (v) Minimum Final Redemption Amount: *[ ]*
- (vi) Maximum Final Redemption Amount: *[ ]*
26. Instalment Notes: *[specify/Not applicable]*  
(Condition 6(a)) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Instalment Amounts: *[ ]*
- (ii) Dates for payment of Instalments: *[ ]*
27. Early Redemption Amount: *Yes*
- (i) Early Redemption Amount (upon redemption for taxation reasons, illegality or following an Event of Default): *[[100] per cent. of the Calculation Amount/Fair Market Value/other (specify details)]*  
(Conditions 6(b), 6(h) or 10)
- (ii) Other redemption provisions: *[[100] per cent. of the Calculation Amount/Fair Market Value/ Not applicable / other (specify details)]*  
(Condition 6(i))

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

28. Form of Notes:  
(Condition 1(a))

**Part B - Information relating to the Notes Generally – Pro Forma Final Terms for Notes**

- (i) Form of Notes: [Bearer Notes/Registered Notes/ Uncertificated Registered Notes]
- (ii) Bearer Notes exchangeable for Registered Notes: [Yes/No] *[Answer will be no where no Registered Notes or where the issue is wholly or partly a Rule 144A issue]*
29. [New Global Note [(delete if Registered Note)]/ Issued under the new safekeeping structure [(delete if Bearer Note)]: [Yes/No]
30. If issued in bearer form:
- (i) Initially represented by a Temporary Global Note or Permanent Global Note: *[specify] [Notes may only be represented initially by a Permanent Global Note if these Final Terms specifies that TEFRA C Rules apply]*
- (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes: *Yes [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive notes only in limited circumstances specified in the Permanent Global Note / (specify)]*  
*(Condition 1(a))*
- (iii) Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or Registered Notes: *[Yes/No] [If yes, specify: the Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.]*
- (iv) Coupons to be attached to Definitive Notes:<sup>11</sup> *[Yes/No/Not applicable]*  
*[N.B. This will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems - see provisions contained in Permanent Global Note]*
- (v) Talons for future Coupons to be attached to Definitive Notes:<sup>12</sup> *[Yes/No/Not applicable]*  
*[N.B. The above comment also applies here]*
- (vi) (a) Definitive Notes to be security printed: *[Yes/No]*  
*[N.B. The above comment also applies here]*
- (b) if the answer to (a) is yes, whether steel engraved plates will be used:<sup>13</sup> *[Yes/No/Not applicable]*
- (vii) Definitive Notes to be in ICMA or successor's format: *[Yes/No]*  
*[N.B. The above comment also applies here]*
- (viii) Issuer or Noteholder to pay costs of security printing: *[Issuer/Noteholder/Not applicable]*
31. Exchange Date for exchange of Temporary Global Note: *[Not earlier than 40 days after the Issue Date / (specify)]*

<sup>11</sup> *Definitive Notes will typically have coupons attached to them if interest bearing.*

<sup>12</sup> *Talons will be needed if there are 27 or more coupons.*

<sup>13</sup> *Answer to (a) and (b) should generally be 'yes' in all cases where Definitive Notes are to be printed.*

## Part B - Information relating to the Notes Generally – *Pro Forma* Final Terms for Notes

32. Payments:  
(Condition 8)
- (i) Method of payment: [Condition 8 applies / (specify if other than by cheque or transfer to a designated account)]
- (ii) Relevant Financial Centre Day: [specify all places]
- (iii) Local banking day specified for payments in respect of the Notes in global form: [Yes/ No]<sup>14</sup>
33. Partly Paid Notes: [Yes/No]  
(Condition 1)
- (If yes, specify number, amounts and dates for, and method of, payment of instalments of subscription monies and any further additional provisions (including forfeiture dates in respect of late payments of partly paid instalments) [specify]
34. Redenomination:  
(Condition 9)
- (i) Redenomination: [Applicable/Not applicable]
- (ii) Exchange: [Applicable/Not applicable]
35. Other final terms: [Not applicable/specify/See Annex]  
(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)
36. Valuation Date: [ ]

### DISTRIBUTION

37. (i) If syndicated, names [, addresses and underwriting commitments]<sup>15</sup> of Relevant Dealer(s)/Lead Manager(s): [Not applicable / HSBC Bank plc/other - give name]  
[Give addresses and underwriting commitments]<sup>15</sup>
- (ii) If syndicated, names [, addresses and underwriting commitments]<sup>15</sup> of other Dealers/Managers (if any): [Not applicable/other - give name]  
[Give addresses and underwriting commitments]<sup>15</sup>  
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)
- (iii) Date of Subscription Agreement:<sup>15</sup> [ ]

<sup>14</sup> This should specify "No" unless, exceptionally, location of Principal Paying Agent is to be included as a business day for the purposes of payments whilst Notes are in global form in the clearing systems.

<sup>15</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

**Part B - Information relating to the Notes Generally – Pro Forma Final Terms for Notes**

- (iv) Stabilising Manager(s) (if any): [Not applicable/*give name*]
38. If non-syndicated, name [and address]<sup>15</sup> of Relevant Dealer: [Not applicable/*give name [and address]*]<sup>15</sup>
39. Total commission and concession: [[ ] per cent. of the Aggregate Principal Amount / Information not provided]<sup>15</sup>
40. Selling restrictions: [For Bearer Notes: TEFRA C Rules/TEFRA D Rules/TEFRA Not Applicable]
- United States of America: [Notes may not be offered or sold within the United States of America or, to or for the account or the benefit of, a US person (as defined in Regulation S)]
- [Notes may be offered or sold within the United States of America or to, or for the account or the benefit of, a US person (as defined in Regulation S) only in compliance with the provisions set forth under "*Transfer Restrictions*."]
- Non-exempt Offer: [Not applicable][An offer of the Notes may be made by the Managers [and [*specify, if applicable*]] other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s)*] - which must be jurisdictions where the Prospectus and any supplements have been passported] ("**Public Offer Jurisdictions**") during the period from [*specify date*] until [*specify date*] ("**Offer Period**"). See further paragraphs 25 to 36 of Part B below.
- Additional selling restrictions: [*specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement*]
41. Stabilisation: [Not applicable / **In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Managers) in accordance with all applicable laws and rules.**]

**[LISTING AND ADMISSION TO TRADING APPLICATION]**

These Final Terms comprise the final terms required for issue and admission to trading of the Notes described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

*[In offers of Notes pursuant to Rule 144A insert:*

**TRANSFER RESTRICTIONS**

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of these Final Terms and the accompanying Prospectus, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that these Final Terms and the accompanying Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the accompanying Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Prospectus or any documents referred to herein.

Each purchaser of Notes in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (i) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (ii) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (iii) The purchaser understands that the Rule 144A Global Registered Notes, the Restricted Global Registered Notes and any US Definitive Registered Notes (as defined in "*Summary of Provisions relating to the Notes while in Global Form*" in the accompanying Base Prospectus) issued in exchange for interests therein will bear a legend (the "**Rule 144A Legend**") to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE [AND THE SECURITIES, IF ANY, TO BE DELIVERED UPON EXERCISE THEREOF]<sup>16</sup> HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

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<sup>16</sup> To be included if the underlying securities have not been registered under the Securities Act.



## Part B - Information relating to the Notes Generally – *Pro Forma* Final Terms for Notes

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN A PROSPECTUS SUPPLEMENT OR APPLICABLE FINAL TERMS, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "Plan" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("**SIMILAR LAW**") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

In addition, each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Base Prospectus.]

### [RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. *[[Relevant third party information]* has been extracted from *[specify source]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced inaccurate or misleading.]]

**Part B - Information relating to the Notes Generally – *Pro Forma* Final Terms for Notes**

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

## PART B - OTHER INFORMATION

### 1. LISTING

(i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of the Financial Services Authority [on or around the Issue Date/ *[insert date]*] pursuant to Listing Rule [17/19]<sup>17</sup>. No assurance can be given as to whether or not, or when, such application will be granted/*other (specify)*/Not applicable]

(ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading [on the Regulated Market/*other (specify)*] with effect from [the Issue Date/ *[insert date]*]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Notes admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*<sup>18</sup>

*(NB: Notes admitted to trading to the UK Regulated Market will also be admitted to the Official List as a matter of course.)*

[(iii) Estimated total expenses of admission to trading:] [Information not provided / Not applicable / (specify amount)]<sup>19</sup>

### 2. RATINGS

Ratings: [The long term senior debt of HSBC Bank plc has been rated:]

[S&P: [ ]]  
[Moody's: [ ]]  
[Fitch: [ ]]  
[[Other]: [ ]]

[The Notes have not specifically been rated.]/[The Notes have been assigned a rating of [ ] by [ ].]<sup>20</sup>

[Each of [Fitch, S&P and Moody's] are established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended).]

<sup>17</sup> To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securitised derivatives.

<sup>18</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>19</sup> Only required for debt securities with a denomination per unit of at least EUR100,000.

<sup>20</sup> Select only if Notes are rated.

[For these purposes, ["**S&P**" means Standard and Poor's Credit Market Services Europe Limited,] ["**Moody's**" means Moody's Investor Services Limited] [and] ["**Fitch**" means Fitch Ratings Limited].]

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]

3. **NOTIFICATION**

[The Financial Services Authority ("**FSA**") [has been requested to provide/has provided - *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the Financial Market Association (Austria), the Financial Services and Markets Authority (Belgium), the Autorité des marchés financiers (France), the Federal Financial Supervisory Authority (Germany), the Central Bank of Ireland (Ireland), the Commissione Nazionale per le Società e la Borsa (Italy), the Commission de Surveillance du Secteur Financier (Luxembourg), the Malta Financial Services Authority (Malta), the Comisión Nacional del Mercado de Valores (Spain) and the Netherlands Authority for the Financial Markets (Netherlands) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.] [Not applicable]

4. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

"Save as discussed in ["*Subscription and Sale of Notes*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

## Part B - Information relating to the Notes Generally – *Pro Forma* Final Terms for Notes

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)]*

### 5. **[REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

(i) Reasons for the offer: [ ]

*(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*

(ii) Estimated net proceeds: [ ]<sup>21</sup>

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses: [Include breakdown of expenses]<sup>22</sup>

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount may be less than 100 per cent of the nominal value of the Notes), it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)]*

### 6. **[Fixed Rate Notes only - YIELD]**

Indication of yield:

[Calculated as [include details of method of calculation in summary form] on the Issue Date]<sup>23</sup>

[As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]]

### 7. **[Floating Rate Notes only - HISTORIC INTEREST RATES]**

[Details of historic [LIBOR/EURIBOR/other (specify)] rates can be obtained from [Reuters].]<sup>24</sup>

### 8. **[Index-Linked, Equity-Linked or other variable-linked Interest Notes only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]<sup>25</sup>**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained [and a clear and comprehensive explanation of*

<sup>21</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>22</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>23</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>24</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>25</sup> Refer to Prospectus Rules, Annex XII, paragraph 4.2.2 for disclosure requirements

*how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]*<sup>26</sup>. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Also include appropriate index disclaimers. Where the underlying is not an index, need to include equivalent information.]<sup>27</sup>

*(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)*

The Issuer [intends to provide post-issuance information (specify what information will be reported and where it can be obtained)] [does not intend to provide post-issuance information].]

9. **[Dual Currency/Multi-currency Notes only - PERFORMANCE OF EXCHANGE RATE(S) [AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS]**<sup>28</sup>

*(Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident])*<sup>28</sup>.

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)*

**OPERATIONAL INFORMATION**

- |     |   |  |
|-----|---|--|
| 10. | ISIN Code:  | <input type="checkbox"/> /Not applicable]  |
| 11. | Common Code:  | <input type="checkbox"/> /Not applicable]  |
| 12. | CUSIP:  | <input type="checkbox"/> /Not applicable]  |
| 13. | Valoren Number:   | <input type="checkbox"/> /Not applicable]  |
| 14. | SEDOL:  | <input type="checkbox"/> /Not applicable]  |
| 15. | Intended to be held in a manner which would allow Eurosystem eligibility: | <input type="checkbox"/> Yes] <input type="checkbox"/> No] <sup>29</sup><br><i>[Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg[, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]] and does not necessarily mean that the Notes will be recognised as eligible collateral for</i> |

<sup>26</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>27</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount is less than 100 per cent. of the nominal value of the Notes).

<sup>28</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>29</sup> Under current ECB collateral eligibility requirements, in order to be eligible as collateral a security must, among other things, be denominated in Euro and listed on a regulated market or certain non-regulated markets such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the ECB's February 2011 "The Implementation of Monetary Policy in the Euro Area - General Documentation on Eurosystem monetary policy instruments and procedures" brochure.

**Part B - Information relating to the Notes Generally – Pro Forma Final Terms for Notes**

*Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][Include this text if "yes" selected, in which case bearer Notes must be issued in NGN form.]*

- |     |  |  |
|-----|--|--|
| 16. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | [CREST/ None/specify other]  |
| 17. | Delivery:  | Delivery [against/free of] payment   |
| 18. | Settlement procedures:   | [Eurobond/Medium Term Note/ other (specify)]   |
| 19. | (i) Principal Paying Agent <sup>30</sup> /Registrar <sup>31</sup> :  | [HSBC Bank plc] [Other (specify)]  |
|     | (ii) Additional Paying Agent(s) (if any):  | [None/ specify]  |
| 20. | Common Depositary:   | [HSBC Bank plc/Not applicable/specify]   |
| 21. | Agent Bank/Calculation Agent:  | [HSBC Bank plc] [HSBC France] [other (specify)]  |
|     | • is Calculation Agent to make calculations?   | [Yes/No]   |
|     | • if not, identify calculation agent:  | [N.B. Calculation agent appointment letter required]   |
| 22. | Notices:<br>(Condition 13)   | [As per Condition 13 / (specify any other means of effecting communication)]   |
| 23. | City in which specified office of Registrar to be maintained:<br>(Condition 14)                                    | [London/Not applicable/specify]  |
| 24. | ERISA Considerations:  | [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Base Prospectus for further information./give details] [Not applicable] |

**TERMS AND CONDITIONS OF THE OFFER** [this section applies only to public offers]

- |     |   |                                |
|-----|---|--------------------------------|
| 25. | Offer Price:  | [Issue Price][other (specify)] |
| 26. | Conditions to which the offer is subject:   | [Not applicable/give details]  |
| 27. | Description of the application process:   | [Not applicable/give details]  |
| 28. | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: | [Not applicable/give details]  |

<sup>30</sup> Delete if Notes are Registered Notes.

<sup>31</sup> Delete if Notes are Bearer Notes.

**Part B - Information relating to the Notes Generally – *Pro Forma* Final Terms for Notes**

- |     |  |  |
|-----|--|--|
| 29. | Details of the minimum and/or maximum amount of application:   | [Not applicable/ <i>give details</i> ] |
| 30. | Details of the method and time limits for paying up and delivering the Notes:  | [Not applicable/ <i>give details</i> ] |
| 31. | Manner in and date on which results of the offer are to be made public:  | [Not applicable/ <i>give details</i> ] |
| 32. | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not applicable/ <i>give details</i> ] |
| 33. | Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:            | [Not applicable/ <i>give details</i> ] |
| 34. | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:      | [Not applicable/ <i>give details</i> ] |
| 35. | Amount of any expenses and taxes specifically charged to the subscriber or purchaser:  | [Not applicable/ <i>give details</i> ] |
| 36. | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:             | [Not applicable/ <i>give details</i> ] |



## **Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes While in Global Form**

### **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

Notes may, subject to all applicable legal and regulatory requirements, be issued in Tranches or Series comprising either Bearer Notes, Registered Notes or Uncertificated Registered Notes as specified in the relevant Final Terms. No single Tranche or Series of Notes offered in reliance on Rule 144A may include Bearer Notes. The summary that follows is only in relation to Bearer Notes and Registered Notes.

Bearer Notes may be issued in the new global note form (a "**New Global Note**" or "**NGN**"), as set out in Part I and Part II of Schedule 1 to the Issuing and Paying Agency Agreement or, if not intended to be issued in NGN form, will be issued in classic global note form (a "**Classic Global Note**" or "**CGN**"), as set out in Part I and Part II of Schedule 2 to the Issuing and Paying Agency Agreement, as specified in the relevant Final Terms, or in such other form as the relevant parties may agree.

The NGN form has been introduced to allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "**Eurosystem**") and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the Eurosystem, **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form were to be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 would only be eligible as collateral for Eurosystem operations if the NGN form was used.

Registered Notes may be issued under the new safekeeping structure (the "**NSS**") or, if not intended to be issued under the NSS, will be issued under the classic safekeeping structure (the "**CSS**") or under such other structure as the relevant parties may agree.

Following the introduction of the NGN form in June 2006, the Eurosystem required the ICSDs to review the custody arrangements for international debt securities in global registered form. Further to this review, the NSS has been introduced to allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the Eurosystem and intra-day credit operations by the Eurosystem either upon issue.

In a press release dated 22 October 2008, "*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*", the ECB announced that it had assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the NSS would be in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the Eurosystem, subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form would be offered by Euroclear and Clearstream, Luxembourg as from 30 June 2010 and that registered debt securities in global registered form held through Euroclear and Clearstream, Luxembourg after 30 September 2010 would only be eligible as collateral in Eurosystem operations if the NSS was used.

#### **Registered Notes**

In the case of Registered Notes, the relevant Final Terms may specify that the Notes will be issued in global form ("**Global Registered Notes**") held in specified clearing systems, as described below, or in definitive form ("**Definitive Registered Notes**").

#### **Global Registered Notes**

If Notes are to be issued in the form of Global Registered Notes, the Issuer will deliver:

- (a) a Regulation S Global Registered Note;
- (b) a Rule 144A Global Registered Note;

**Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes While in Global Form**

- (c) an Unrestricted Global Registered Note and a Restricted Global Registered Note; and/or, as applicable,
- (d) a Combined Global Registered Note

(as each such term is defined below), subject to the Issuing and Paying Agency Agreement (as defined herein) in accordance with their respective terms and as specified in the relevant Final Terms.

**Regulation S Global Registered Notes**

In the case of a Series or Tranche of Registered Notes offered and sold solely outside the United States (as defined in Regulation S) in reliance on Regulation S to non-US persons, such Series or Tranche of Registered Notes may be represented by a Global Registered Note without interest coupons (a "**Regulation S Global Registered Note**"), which will be deposited on or about the closing date (the "**Closing Date**") for the relevant Series or Tranche with the common depositary for Euroclear and/or Clearstream, Luxembourg and registered in the name of a nominee for such common depositary. Interests in any Regulation S Global Registered Note will be exchangeable (in circumstances described below under "*Exchange and Transfer of Global Registered Notes for Definitive Registered Notes*") for Definitive Registered Notes without any Rule 144A legend ("**Regulation S Definitive Registered Notes**").

Each Regulation S Global Registered Note will have an ISIN number and a CUSIP number.

**Rule 144A Global Registered Notes**

In the case of a Tranche of Registered Notes offered and sold solely within the United States or to US Persons (as defined in Regulation S) in reliance on Rule 144A, such Tranche of Registered Notes will be represented by a Global Registered Note without interest coupons (a "**Rule 144A Global Registered Note**"), which, will either be deposited on or about the Closing Date for the relevant Tranche with HSBC Bank USA, National Association as custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, DTC or will be deposited on or about such Closing Date with, and be registered in the names of the common depositary for Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Interests in any Rule 144A Global Registered Note will be exchangeable (in the circumstances described below under "*Exchange and Transfer of Global Registered Notes for Definitive Registered Notes*") for Definitive Registered Notes bearing a Rule 144A legend ("**US Definitive Registered Notes**"). Rule 144A Global Registered Notes (and any US Definitive Registered Notes issued in exchange therefor) will be subject to certain restrictions on transfer contained in such Rule 144A legend appearing on the face of such Note as set out below under "*Transfer Restrictions*".

Each Rule 144A Global Registered Note will have an ISIN number and a CUSIP number.

**Combined Global Registered Note**

The Combined Global Registered Note will be deposited on or about the Closing Date for the relevant Tranche with, and be registered in the name of, the common depositary for Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. A beneficial interest in the Combined Global Registered Note may at all times be held only through Euroclear and/or Clearstream, Luxembourg. In the circumstances described below under "*Exchange and Transfer of Global Registered Notes for Definitive Registered Notes*", interests in any Combined Global Registered Note will be exchangeable for Definitive Registered Notes offered in reliance on Regulation S and/or Rule 144A and represented by combined definitive registered notes ("**Combined Definitive Registered Notes**"). Combined Global Registered Notes (and any Combined Definitive Registered Notes) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Notes as set out below under "*Transfer Restrictions*".

**Unrestricted and Restricted Global Registered Notes**

In the case of a Tranche of Registered Notes offered and sold both pursuant to Regulation S and in reliance on Rule 144A such Tranche of Registered Notes will be represented by two Global Registered Notes, each without interest coupons (in the case of Registered Notes forming part of such Tranche which are sold pursuant to Regulation S, an "**Unrestricted Global Registered Note**" and, in the case of Registered Notes forming part of such Tranche which are sold in reliance on Rule 144A, a "**Restricted Global Registered Note**").

**Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes  
While in Global Form**

The Unrestricted Global Registered Note will be deposited on or about the issue date for the relevant Tranche with, and registered either in the name of the common depository for Euroclear and Clearstream, Luxembourg, or, in relation to Notes issued under the NSS, in the name of the Common Safekeeper (or its nominee). A beneficial interest in the Unrestricted Global Registered Note may at all times be held only through Euroclear and Clearstream, Luxembourg. The Restricted Global Registered Note will either be deposited on or about the issue date for the relevant Tranche with HSBC Bank USA, National Association as custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, DTC or will be deposited on or about such Closing Date with, and be registered in the names of HSBC Issuer Services Common Depository Nominee (UK) Limited as nominee for the common depository for Euroclear and Clearstream, Luxembourg. In the circumstances described below under "*Exchange and Transfer of Global Registered Notes for Definitive Registered Notes*", interests in any Unrestricted Global Registered Note will be exchangeable for Regulation S Definitive Registered Notes and interests in any Restricted Global Registered Note will be exchangeable for US Definitive Registered Notes and Regulation S Definitive Registered Notes. Restricted Global Registered Notes (and any US Definitive Registered Notes issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Notes as set out below under "*Transfer Restrictions*".

Each Unrestricted Global Registered Note and each Restricted Global Registered Note will have an ISIN number and a CUSIP number.

**Exchange of Interests in Unrestricted and Restricted Global Registered Notes; Transfer of Interests in Combined Global Registered Notes; Transfers within and between DTC, Euroclear and Clearstream, Luxembourg**

On or prior to the 40th day after the later of the commencement of the offering of the relevant Tranche and the issue date for that Tranche, a beneficial interest in the relevant Unrestricted Global Registered Note may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Restricted Global Registered Note only upon receipt by the Registrar (as defined in the Issuing and Paying Agency Agreement) of a written certification from the transferor (in the applicable form provided in the Issuing and Paying Agency Agreement) to the effect that such transfer is being made to a person who the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other relevant jurisdiction. After such 40th day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Restricted Global Registered Note, as set out below under "*Transfer Restrictions*".

Beneficial interests in a Restricted Global Registered Note may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Unrestricted Global Registered Note, whether before, on or after such 40th day, only upon receipt by the Registrar of a written certification from the transferor (in the applicable form provided in the Issuing and Paying Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A under the Securities Act (if available) or to the Issuer or its affiliates.

Any beneficial interest in either the Restricted Global Registered Note or the Unrestricted Global Registered Note relating to any Series that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Registered Note relating to such Series will, upon transfer, cease to be a beneficial interest in such Global Registered Note and become a beneficial interest in the other Global Registered Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Registered Note for as long as it remains such an interest.

Beneficial interests in a Combined Global Registered Notes may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Combined Global Registered Note, whether before, on or after such 40th day, only upon receipt by the Registrar of a written certification from the transferor (in the applicable form provided in the Issuing and Paying Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A under the Securities Act (if available) or to the Issuer or its Affiliates.

**Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes  
While in Global Form**

**Owner of Global Registered Notes and Payments**

Subject to certain provisions of the Issuing and Paying Agency Agreement relating to directions, sanctions and consents of Holders of Registered Notes and to meetings of Holders of Notes, so long as DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their common depositary or the Common Safekeeper, as the case may be, is the registered owner or holder of a Global Registered Note, DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Registered Note for all purposes under the Issuing and Paying Agency Agreement and the Notes. Payments of principal, interest and additional amounts, if any, pursuant to Condition 8 (*Payments*), on Global Registered Notes will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee thereof, or common service provider acting as agent for Euroclear and Clearstream, Luxembourg, as the case may be, or the registered holder thereof. None of the Issuer, the Registrar, or any Paying Agent or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

**Exchange and Transfer of Global Registered Notes for Definitive Registered Notes**

In the case of Rule 144A Global Registered Notes or Restricted Global Registered Notes held through DTC, beneficial interests in a Rule 144A Global Registered Note or a Restricted Global Registered Note will be exchangeable for US Definitive Registered Notes: (i) if DTC notifies the Issuer that it is no longer willing or able to properly discharge its responsibilities as depositary with respect to the relevant Restricted Global Registered Note or ceases to be a "clearing agency" registered under the Exchange Act, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depositary; or (ii) if the Issuer, at its option, elects to terminate the book-entry system through DTC; or (iii) if an Event of Default occurs as set out in Condition 10 (*Events of Default*); or (iv) if so specified in the relevant Final Terms, if the holder of the relevant Rule 144A Global Registered Note or Restricted Global Registered Note requests that such interest be exchanged for US Definitive Registered Notes; or (v) at the option of the Issuer, if the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be suffered were the Notes in definitive form (and, in the case of Partly Paid Notes, the Issuer may elect to effect such exchange in part only).

Beneficial interests in a Regulation S Global Registered Note or an Unrestricted Global Registered Note will be exchangeable, in whole but not in part, for Regulation S Definitive Registered Notes and, if held through Euroclear or Clearstream, Luxembourg, pursuant to the relevant Final Terms, beneficial interests in a Rule 144A Global Registered Note or a Restricted Global Registered Note will be exchangeable for US Definitive Registered Notes: (i) if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or (ii) the Issuer, at its option, elects to terminate the book-entry system through Euroclear and Clearstream, Luxembourg; or (iii) the Notes become immediately repayable in accordance with Condition 10 (*Events of Default*); (iv) at the option of the Issuer, if the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be suffered were the Notes in definitive form (and, in the case of Partly Paid Notes, the Issuer may elect to effect such exchange in part only).

Beneficial interests in a Combined Global Registered Note will be exchangeable, in whole but not in part, for Combined Definitive Registered Notes: (i) if Euroclear or Clearstream, Luxembourg or any other clearing system by which the Notes have been accepted for clearing is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or in fact does so; or (ii) if the Issuer, at its option, elects to terminate the book-entry system through Euroclear and/or Clearstream, Luxembourg; (iii) if so specified in the relevant Final Terms, the holder of the relevant Combined Global Registered Note requests that such interest be exchanged for Combined Definitive Registered Notes; or (iv) at the option of the Issuer, if the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be suffered were the Notes in definitive form (and, in the case of Partly Paid Notes, the Issuer may elect to effect such exchange in part only).

**Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes  
While in Global Form**

In such circumstances, (a) the Registrar will be required to notify all Holders of interests in the relevant Global Registered Notes registered in the name of DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their common depository or the Common Safekeeper, as the case may be, of the availability of Definitive Registered Notes and (b) the Issuer will, at the cost of the Issuer, cause sufficient Regulation S Definitive Registered Notes and/or US Definitive Registered Notes, as the case may be, to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Holders. A person having an interest in the relevant Global Registered Note must provide the Registrar with:

- (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver the relevant Definitive Registered Note; and
- (b) in the case of a Rule 144A Global Registered Note or a Restricted Global Registered Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. US Definitive Registered Notes issued in exchange for a beneficial interest in a Rule 144A Global Registered Note or a Restricted Global Registered Note will bear the legends applicable to transfers pursuant to Rule 144A (as set out below under "*Transfer Restrictions*"); or
- (c) in the case of a Combined Global Registered Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A or Regulation S, a certification that the transfer is being made in compliance with the provisions of Rule 144A or Regulation S, as applicable. Combined Definitive Registered Notes issued in exchange for a beneficial interest in a Combined Global Registered Note will bear the legends applicable to transfers pursuant to Rule 144A and Regulation S (as set out below under "*Transfer Restrictions*").

If an Unrestricted Global Registered Note relating to a Series or (if issued in Tranches) Tranche of Notes of which the Restricted Global Registered Note forms a part has, pursuant to its terms, been exchanged in whole, but not in part, for Regulation S Definitive Registered Notes, beneficial interests in the Restricted Global Registered Note may be transferred to a person who wishes to take delivery thereof in the form of a Regulation S Definitive Registered Note. Such Regulation S Definitive Registered Notes shall be registered in such name(s) as DTC, Euroclear or Clearstream, Luxembourg, as applicable, shall direct in writing.

Upon (i) notification to the Registrar by the Custodian (in the case of a Restricted Global Registered Note held in DTC) or the common depository or Common Safekeeper for Euroclear and Clearstream, Luxembourg (in the case of a Restricted Global Registered Note held in Euroclear and Clearstream Luxembourg) that the appropriate debit entry has been made in the account of the relevant participant of DTC and (ii) receipt by the Registrar of a certificate, in the form scheduled to the Issuing and Paying Agency Agreement, given by the transferee of the beneficial interest in the Restricted Global Registered Note and stating that the transfer of such interest has been made in compliance with the transfer restrictions applicable to the Notes, and pursuant to and in accordance with Regulation S under the Securities Act, the Issuer shall procure that the Registrar will (against presentation by DTC or HSBC Bank USA, National Association, as Custodian, or, (as the case may be) the common depository (or HSBC Issuer Services Common Depository Nominee (UK) Limited as its nominee) or the Common Safekeeper (or its nominee) of the Restricted Global Registered Note at the specified office of the Registrar or the Transfer Agent, all in accordance with the provisions of the Issuing and Paying Agency Agreement), decrease the aggregate principal amount of Notes registered in the name of the holder of, and represented by, the Restricted Global Registered Note and shall, without charge, procure, in exchange therefor, the delivery, within five Banking Days of the receipt by the Registrar of the Restricted Global Registered Note of the notification and certification referred to in paragraphs (i) and (ii) above, and registration information required to authenticate and deliver such Regulation S Definitive Registered Notes, of an equal aggregate principal amount of duly authenticated and completed Regulation S Definitive Registered Notes.

The holder of a Registered Note may transfer such Registered Note in accordance with the provisions of Condition 1 (*Form, Denomination and Title*) of the Conditions of the Notes.

**Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes  
While in Global Form**

The holder of a Definitive Registered Note may transfer such Note by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of US Definitive Registered Notes issued in exchange for beneficial interests in a Rule 144A Global Registered Note or a Restricted Global Registered Note bearing the legend as set out below under "*Transfer Restrictions*", or upon specific request for removal of the legend on a US Definitive Registered Note, the Issuer will only deliver US Definitive Registered Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer, that neither the legend nor the restriction on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

The Registrar will not register the transfer of or exchange of interests in a Global Registered Note for Definitive Registered Notes for a period of 15 calendar days preceding the due date for any payment in respect of the Notes.

With respect to the registration of transfer of any US Definitive Registered Notes, the Registrar will register the transfer of any such US Definitive Registered Notes if the transferor, in the form of transfer on such US Definitive Registered Notes, has certified to the effect that such transfer is (i) to persons who the transferor reasonably believes to be qualified institutional buyers within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction, (ii) in accordance with Regulation S, (iii) pursuant to an exemption from Rule 144 under the Securities Act (if available) or (iv) to the Issuer or its affiliates.

Regulation S Definitive Registered Notes may be exchangeable for or transferable to a person wanting to take delivery thereof in the form of interests in a Restricted Global Registered Note, and US Definitive Registered Notes may be transferable to a person wanting to take delivery thereof in the form of interests in an Unrestricted Global Registered Note, in each case, upon receipt by the Registrar of a duly completed certificate in the form of Schedule 7 to the Issuing and Paying Agency Agreement and in accordance with the requirements of the Issuing and Paying Agency Agreement.

**Transfer Restrictions**

Notes offered in the United States in reliance on Rule 144A will be subject to the following transfer restrictions and such Notes will bear the legend set forth below.

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of the Final Terms and the Base Prospectus, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that the Final Terms and the Base Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of the Final Terms and the Base Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of the Final Terms and the Base Prospectus or any documents referred to herein.

Each purchaser of Notes in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (i) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer,

**Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes  
While in Global Form**

and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.

- (ii) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.

THE PURCHASER UNDERSTANDS THAT THE RULE 144A GLOBAL REGISTERED NOTES, THE RESTRICTED GLOBAL REGISTERED NOTES AND ANY US DEFINITIVE REGISTERED NOTES (AS DEFINED IN "SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM" IN THE ACCOMPANYING BASE PROSPECTUS) ISSUED IN EXCHANGE FOR INTERESTS THEREIN WILL BEAR A LEGEND (THE "**RULE 144A LEGEND**") TO THE FOLLOWING EFFECT, UNLESS THE ISSUER DETERMINES OTHERWISE IN ACCORDANCE WITH APPLICABLE LAW:

"THIS NOTE [AND THE SECURITIES, IF ANY, TO BE DELIVERED UPON EXERCISE THEREOF]<sup>32</sup> HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN A PROSPECTUS SUPPLEMENT OR APPLICABLE FINAL TERMS, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "**PLAN**" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("**SIMILAR LAW**") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

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<sup>32</sup> To be included if the underlying securities have not been registered under the Securities Act.

## **Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes While in Global Form**

In addition, each purchaser of Restricted Notes will be required to acknowledge that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it will be required to represent that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above.

### **Bearer Notes**

Bearer Notes treated as issued in bearer form for U.S. federal income tax purposes will be issued in accordance with the provisions of United States Treasury Regulations 1.163-5(c)(1)(ii) and 1.163-5(c)(2)(i)(D) ("**TEFRA D**", which definition shall include any successor rules in substantially the same form as TEFRA D for the purposes of Section 4701 of the U.S. internal Revenue Code), unless the relevant Final Terms provides that such Notes will be issued in accordance with the provisions of United States Treasury Regulations 1.163-5(c)(1)(ii) and 1.163-5(c)(2)(i)(C) ("**TEFRA C**", which definition shall include any successor rules in substantially the same form as TEFRA C for the purposes of Section 4701 of the U.S. internal Revenue Code). Bearer Notes issued in accordance with TEFRA D will be represented upon issue by a temporary global note in bearer form without interest coupons (a "**Temporary Global Note**"). Bearer Notes issued in accordance with TEFRA C will be represented upon issue by a permanent global note in bearer form without interest coupons (a "**Permanent Global Note**") or by a Temporary Global Note. Each Temporary Global Note or, as the case may be, Permanent Global Note which is not intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Temporary Global Note or, as the case may be, Permanent Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Beneficial interests in a Temporary Global Note issued in accordance with TEFRA C will be exchangeable at any time and without any requirement for certification for Bearer Notes in definitive form ("**Definitive Bearer Notes**"), in accordance with the terms of such Temporary Global Note and as specified in the relevant Final Terms. Interests in a Temporary Global Note issued in accordance with TEFRA D will be exchangeable either for Definitive Bearer Notes or for interests in a Permanent Global Note, on or after the date which is forty days after the date on which such Temporary Global Note is issued and upon certification as to non-U.S. beneficial ownership thereof or otherwise as required by U.S. Treasury Regulations, in accordance with the terms of such Temporary Global Note and as specified in the relevant Final Terms.

For the purposes of complying with TEFRA D, Bearer Notes may not be offered or sold to a United States person. "**United States person**" means any person who is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organised under the laws of the United States or any political subdivision thereof or therein or (iii) an estate or trust the income of which is subject to United States taxation regardless of its source.

The forms of Temporary Global Note and Permanent Global Note (each, a "**Global Note**") will contain provisions applicable to the Notes represented thereby, some of which may modify the effect of the Conditions of the Notes. Certain of these are summarised in this section.

All payments, if any, in respect of Bearer Notes when represented by a Temporary Global Note or Permanent Global Note in CGN form or in NGN form, will be made against presentation and surrender or, as the case may be, presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Paying Agents. On each occasion on which a payment is so made, the Issuer shall procure that, in respect of a CGN, record of such payment is noted on a schedule to the relevant Global Note and, in respect of an NGN, the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.



**Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes  
While in Global Form**

In respect of Bearer Notes represented by Global Notes, each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes.

The records of the relevant clearing systems which reflect the amount of Noteholders' interests in the Notes shall be conclusive evidence of the nominal amount of Notes represented by the Global Notes.

An exchange of a Temporary Global Note for Definitive Notes or, as the case may be, a Permanent Global Note will be made only on or after the Exchange Date (as set out in the relevant Final Terms) and provided certification as to the beneficial ownership thereof as required by the US Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system or depositary) has been received. An exchange for Registered Notes will be made at any time after the Exchange Date without any requirement for certification, subject as set out in the relevant Global Note or Final Terms.

The bearer of any Temporary Global Note shall not (unless, upon due presentation of such Temporary Global Note for exchange (in whole or in part) for a Permanent Global Note or for delivery of Definitive Notes, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Notes represented by such Temporary Global Note which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.

If any date on which a payment of principal or interest is due on the Notes of a Tranche occurs whilst any of the Notes of that Tranche are represented by a Temporary Global Note, the related principal or interest payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by the US Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system or depositary) has been received by Euroclear or Clearstream, Luxembourg or any other relevant clearing system or depositary. Payments of amounts due in respect of a Permanent Global Note will be made through any of Euroclear or Clearstream, Luxembourg or any other relevant clearing system or depositary without any requirement for certification.

Interests in a Permanent Global Note will be exchanged, at the cost and expense of the Issuer, by the Issuer in whole (but not, subject to (b)(ii) below, in part only), for Definitive Notes (a) at the option of the holder of such Permanent Global Note, for Definitive Notes, (i) if the Notes of the relevant Series become immediately repayable in accordance with Condition 10 (*Events of Default*), or (ii) if any of Euroclear or Clearstream, Luxembourg or any other relevant clearing system or depositary is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so, or (b) at the option of the Issuer: (i) unless otherwise provided in the Final Terms, where the Issuer or any Paying Agent, by reason of any change in, or amendment to, the laws of the United Kingdom, is or will be required to make any deduction or withholding from any payment under the Notes which would not be required if the Notes were in definitive form or (ii) if the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be suffered were the Notes in definitive form or, as the case may be, in registered form (and, in the case of partly paid Notes, the Issuer may elect to effect such exchange in part only).

The Issuer may, at any time in writing, waive or limit its right to exchange a Permanent Global Note for Definitive Notes in the circumstances described above, where the Issuer at its sole discretion considers such limitation or waiver to be desirable in respect of a particular Series of Notes.

Definitive Bearer Notes will, if interest-bearing and if so specified in the relevant Final Terms, have Coupons and, if applicable, a talon for further Coupons attached. All Definitive Bearer Notes will, if the

**Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes  
While in Global Form**

principal thereof is repayable by instalments, have endorsed thereon a grid for recording the payment of principal.

Following redenomination of the Notes pursuant to Condition 9 (*Redenomination*):

- (i) if Notes are required to be issued in definitive form, they shall be issued at the expense of the Issuer in the denominations of euro 0.01, euro 1,000, euro 10,000, euro 100,000 and such other denominations as the Principal Paying Agent shall determine and notify to the Noteholders; and
- (ii) the amount of interest due in respect of Notes represented by the Temporary Global Note and the Permanent Global Note will be calculated by reference to the aggregate principal amount of such Notes and the amount of such payment shall be rounded down to the nearest euro 0.01.

All notices to the Holders of Notes or the Coupons appertaining thereto will be valid, in the case of Notes in global form, if delivered to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, depositary or common safekeeper (as may be agreed between the Issuer and the Dealer) for communication by them to the persons shown in their respective records as having interests therein; **provided that**, in each case, in the case of Notes that have been admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, the rules of such listing authority, stock exchange and/or quotation system have been complied with. Any such notice shall be deemed to have been given on the date of such delivery or, if the Notes are admitted to listing, trading and/or quotation and publication is required under the applicable rules of the relevant listing authority, stock exchange and/or quotation system, on the date of publication or, if published more than once, on the date of the first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

Holders of any Coupons appertaining to Bearer Notes will be deemed for all purposes to have notice of the contents of any notice given to the Holders of such Bearer Notes in accordance herewith.

## **SUBSCRIPTION AND SALE OF NOTES**

The Dealer has, in a Master Note Issuance Agreement, agreed with the Issuer a basis upon which it may from time to time agree either as principal or agent of the Issuer to subscribe for or purchase, to underwrite or, as the case may be, to procure subscribers or purchasers for Notes. When entering into any such agreement to subscribe for or purchase, to underwrite, or as the case may be, to procure subscribers for or purchasers for any particular Series of Notes, the Issuer and the relevant Dealer(s) will agree details relating to the form of such Notes and the Conditions relating to such Notes, the price at which such Notes will be purchased by the relevant Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription or purchase. The Master Note Issuance Agreement contains provisions for the Issuer to appoint other Dealers from time to time either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### **General**

Other than with respect to the admission to listing, trading and/or quotation by one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the Final Terms, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealer that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealer to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Master Note Issuance Agreement provides that the Dealer shall not be bound by any of the restrictions relating to any specific jurisdiction (set out below) to the extent that such restrictions shall, as a result of change(s) in, or change(s) in official interpretation of, after the date hereof, applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealer described in the first paragraph under the heading "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or (in any other case) in a supplement to this Base Prospectus.

### **Public Offer Selling Restriction Under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a drawdown prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) *Approved prospectus*: if the Final Terms or drawdown prospectus in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus which is not a drawdown prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

## Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

- (b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision only, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including, when implemented, the 2010 PD Amending Directive, to the extent of such implementation, in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

### Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### United States of America

The Notes have not been and will not be registered under the Securities Act or any securities laws of any state of the United States or the securities laws of any other jurisdiction, and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except in accordance with Rule 144A, to non-US persons (as defined in Regulation S) in offshore transactions in reliance of Regulation S or pursuant to an exemption from or a transaction not subject to the registration requirements of the Securities Act and in compliance with any other applicable securities laws.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes and will not offer and sell any Notes within the United States or to, or for the account or benefit of, US persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the first day on which the Tranche of which such Notes are a part was first offered to persons other than distributors and the date of closing of such offering (the "**Distribution Compliance Period**"), as determined and certified to the Issuer by the relevant Dealer (or, in the case of a sale of a Tranche of the Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Issuer shall notify each such Dealer when all such Dealers have so certified), except in accordance with Rule 903 of Regulation S or Rule 144A except as set forth below. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage

## Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S. Each Dealer and its affiliates also have agreed that, at or prior to confirmation of sale of the Notes (other than a sale of the Notes pursuant to Rule 144A), it will have sent to each Dealer, distributor or person receiving a selling concession, fee or other remuneration to which it sells Notes during the Distribution Compliance Period (other than resales pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, US persons to substantially the following effect:

"The Notes covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the first day on which the Tranche of Notes of which such Notes are a part was first offered to persons other than distributors and the date of closing of such offering, as determined and certified by the relevant Dealer or Dealers, except in either case in accordance with Regulation S under, or pursuant to an available exemption from the registration requirements of, the Securities Act. Terms used above have the meaning given to them by Regulation S of the Securities Act."

Terms used in the above paragraph have the meanings given to them by Regulation S.

1. The Notes are being offered and sold outside the United States to non-US persons in reliance on Regulation S. The Master Note Issuance Agreement provides that the Dealers may directly or through their respective US broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.
2. Each Dealer will agree that it will not, acting either as principal or agent, offer or sell any Notes in the United States other than Notes in registered form bearing a restrictive legend thereon, and it will not, acting either as principal or agent, offer, sell, reoffer or resell any of such Notes (or approve the resale of any such Notes):
  - (a) except (A) inside the United States through a US broker dealer that is registered under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), to institutional investors, each of which such Dealer reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A thereunder), or a fiduciary or agent purchasing Notes for the account of one or more qualified institutional buyers or (B) otherwise in accordance with the restrictions on transfer set forth in such Notes, the Master Note Issuance Agreement, the Base Prospectus and the relevant Final Terms; or
  - (b) by means of any form of general solicitation or general advertisement, including but not limited to (A) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast of television or radio and (B) any seminar or meeting whose attendees have been advised by any general solicitation or general advertising.

Prior to the sale of any Notes in registered form bearing a restrictive legend thereof, the selling Dealer shall have provided each offeree that is a US person (as defined in Regulation S) with a copy of this Base Prospectus in the form the Issuer and Dealers shall have agreed most recently shall be used for offers and sales in the United States.

3. Each Dealer will represent and agree that in connection with each sale to a qualified institutional buyer it has taken or will take reasonable steps to ensure that the purchaser is aware that the Notes have not been and will not be registered under the Securities Act and that transfers of Notes are restricted as set forth herein and, in the case of sales in reliance upon Rule 144A, that the selling Dealer may rely upon the exemption provided by Rule 144A under the Securities Act.

Each purchaser of such Notes is hereby notified that the offer and sale of such Notes may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

## Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

In addition, until 40 days after the commencement of the offering of any Tranche of Notes, an offer or sale of Notes of such Tranche within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

The Issuer and the Dealers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the number of Notes which may be offered pursuant to Rule 144A.

The Bearer Notes are also subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a US person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

For Bearer Notes issued in accordance with the provisions of US Treasury Regulation 1.163-5(c)(2)(i)(D) (the "**D Rules**"), each Dealer will represent, warrant and agree that (a) except to the extent permitted under the D Rules, (i) it has not offered or sold, and during the restricted period will not offer or sell, any such Bearer Notes to a person who is within the United States or its possessions or to a United States person and (ii) it has not delivered and will not deliver within the United States or its possessions any Definitive Notes that are sold during the restricted period; (b) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling such Bearer Notes are aware that such Bearer Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules; (c) if it is a United States person, it is acquiring such Bearer Notes for the purposes of resale in connection with their original issuance and if it retains such Bearer Notes for its own account, it will only do so in accordance with the requirements of US Treasury Regulation §1.163-5(c)(2)(i)(D)(6); and (d) with respect to each affiliate that acquires from it such Bearer Notes for the purpose of offering or selling such Bearer Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in this Subscription and Sale of Notes section; and (e) it shall obtain for the benefit of the Issuer the representations and agreements contained in sub-paragraphs (a), (b), (c), (d) and (e) of this paragraph from any person other than its affiliate with whom it enters into a written contract, (a "**distributor**") as defined in United States Treasury Regulations § 1.163 5(c)(2)(i)(D)(4), for the offer or sale during the restricted period of Bearer Notes. Terms used in this paragraph have the meaning given to them by the US Internal Revenue Code and regulations thereunder, including the D Rules.

Permanent Global Notes in bearer form issued in accordance with the D Rules will include the following legend on the face of the Bearer Notes, Talons and Coupons:

"Any United States person who holds this obligation will be subject to the limitations under the United States income tax laws, including the limitations provided in section 165(j) and 1287(a) of the Internal Revenue Code."

For Bearer Notes issued in accordance with the provisions of US Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**C Rules**"), such Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer will represent, warrant and agree that it has not engaged in interstate commerce in connection with such issuance and has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Notes within the United States or its possessions in connection with their original issuance. Further, each Dealer will represent, warrant and agree in connection with the original issuance of such Bearer Notes that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either of such Dealer or such prospective purchaser is within the United States or its possessions and will not otherwise involve any of its US offices in the offer or sale of such Bearer Notes. Terms used in this paragraph have the meaning given to them by the US Internal Revenue Code and regulations thereunder, including the C Rules.

### France

Each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and

## Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1 to D.411-3 of the French *Code monétaire et financier*, but excluding individuals referred to in Article D.411-1 II 2. Each Dealer has represented and agreed that the offer of Notes to the public in France will be made only in compliance with the Prospectus Directive and the applicable laws, regulations and procedures in France.

Each Dealer has represented and agreed, and each further Dealer under the Programme will be required to represent and agree, that, unless the approval of this Base Prospectus by the FSA has been notified to the French *Autorité des marchés financiers* (the "**AMF**") in accordance with Article 18 of the Prospectus Directive, as implemented in France, and all the other procedures and formalities required by French laws and regulations to permit the offering and sale of Notes in France have been carried out, it has not and will not make an offer of Notes to the public in France.

### Hong Kong

Each Dealer has represented and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "**structured product**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) other than (a) to "**professional investors**" as defined in the Securities and Futures Ordinance of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### India

(A) By the purchase of any Market Access Notes linked to Indian Underlyings (for the purposes of this section only the "**Notes**"), on the date of purchase and on each day the Notes are being held, each holder of Notes will be deemed to represent and warrant that its purchase of the Notes is in full compliance with the following selling restrictions and it undertakes and agrees to the selling restrictions below:

1. The Notes shall not be offered, sold or transferred to (i) a "person resident in India" (as such term is defined in the Foreign Exchange Management Act, 1999, as may be amended or supplemented from time to time), or, (ii) a "non-resident Indian" (as such term is defined in the Foreign Exchange Management (Deposit) Regulations, 2000 as may be amended or supplemented from time to time), (each, a "**Restricted Entity**");
2. The Notes shall not be offered, sold or transferred to any person/entity whose controller is a Restricted Entity.

For the purposes of this representation, a "**controller**" means any person or group of persons (acting pursuant to any agreement or understanding (whether formal or informal, written or otherwise)) who:

- (a) is/are entitled to exercise, or control the exercise of a majority or more of the voting power of an entity, or
- (b) holds or is otherwise entitled to a majority or more of the economic interest in an entity, or
- (c) who in fact exercises control over an entity.

## Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

For the purposes of this representation, "control" means the ability to appoint a majority or more of the directors of an entity, or the capacity to control decision-making, directly or indirectly, in relation to the financial, investment and/or operating policies of an entity in any manner.

Notwithstanding the foregoing definition, in the case only where an entity's investments are being managed on a discretionary basis by an investment manager, such investment manager shall not be deemed to be such entity's controller for the purposes of this representation by reason only of it being able to control decision-making in relation to the entity's financial, investment and /or operating policies;

3. The Notes shall only be purchased by a principal for its own account and not as an agent, nominee, trustee or representative of any other person and no agreement for the issuance of a back-to-back offshore derivatives instrument ("**ODI**") (as such term is defined for the purposes of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulation 1995 and notifications, circulars, rules and guidelines of the Securities and Exchange Board of India issued from time to time) (collectively referred to as the "**FII Regulations**") can be entered into against the Notes;

4. The Notes shall only be offered to a "person regulated by an appropriate foreign regulatory authority" (as such term and/or requirements relating thereto are defined or otherwise interpreted for the purposes of Regulation 15A of the FII Regulations) (a "**Regulated Entity**");

5. The Notes shall not be purchased with the intent of circumventing or otherwise avoiding any requirements applicable under the FII Regulations (including, without limitation, any restrictions applying to foreign institutional investors in relation to their issuances and/or other dealings in the Notes with, Restricted Entities and persons/entities who are not Regulated Entities); and

6. The Notes cannot be sold, transferred, assigned or novated or otherwise disposed of and no back-to-back ODIs may be entered into and no agreement with respect to any of the foregoing may be entered into by each holder of such Notes nominees, associates or affiliates (each, a "**Transfer**") with, an entity which is a Restricted Entity or an entity which is not a Regulated Entity.

7. The Notes shall not be offered, sold or transferred to (i) a Protected Cell Company ("**PCC**") or Segregated Portfolio Company ("**SPC**") or an equivalent structure however described, or (ii) a Multi Class Share Vehicle ("**MCV**") by constitution or an equivalent structure however described that contains more than one class of shares, except where (a) a common portfolio is maintained for all classes of shares and satisfies broad based criteria, or (b) a segregated portfolio is maintained for separate classes of shares wherein each such class of shares are in turn broad based. For this purpose, "**broad based**" fund or class of shares (where the holder's segregated portfolio is maintained for separate classes of shares) as the term is defined in the Explanation to Regulation 6 of the FII Regulations means a fund, established or incorporated outside India, which has at least twenty investors, with no single individual investor holding more than forty nine per cent of the shares or units of the fund. Provided that if the broad based fund has institutional investor(s) it shall not be necessary for the fund to have twenty investors. Further, if the broad based fund has an institutional investor who holds more than forty nine per cent. of the shares or units in the fund, then the institutional investor must itself be a broad based fund.

For the purpose of these sub-paragraphs (A)3. and (A)6. above and sub-paragraph (B)1. below, a "back-to-back ODI" shall not include the issue of any ODI issued by a party who has disclosed the terms and parties to such back-to-back ODI in the form and manner prescribed by the Securities and Exchange Board of India pursuant to the FII Regulations (in particular, under Regulation 20A of the FII Regulations).

(B) Further, by the purchase of any Notes, each purchaser of the Notes is deemed to have agreed and undertaken as follows (and for the avoidance of doubt, such agreements and undertakings shall survive the maturity or expiration date of such Notes):

1. It will, in the case where it or its nominees, associates or affiliates sell, transfer, assign, novate or otherwise dispose of the Notes to, or enter into any back-to-back ODIs or enter into an agreement with respect to any of the foregoing with any party:

(i) provide notice of these "Indian Selling Restrictions" to any person to whom a Transfer was made (the "**Transferee**"); and



## Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

(ii) issue a written notice to the Issuer in such form as the Issuer may determine within two (2) Hong Kong business days after the Transfer.

2. The Issuer and its associates/affiliates are authorised to provide information in their possession regarding it, any Transferee, each of the nominees or associates/affiliates of it and/or the Transferee, the Notes and any breach of these representations, warranties, agreements and undertakings to any Indian governmental or regulatory authorities (each, an "**Authority**") as the Issuer or its associates/affiliates reasonably deems necessary or appropriate in order to comply with regulations or requests of such Authority from time to time, including but not limited to disclosures in periodic reportings made by the Issuer or its associates/affiliates to any Authority;

3. It will and shall procure its nominees or associates/affiliates to, provide the Issuer or its associates/affiliates (as the case may be) promptly with such additional information that the Issuer or its associates/affiliates (as the case may be) reasonably deems necessary or appropriate in order to comply with regulations or requests of any Authority from time to time;

4. It acknowledges that non-compliance with, or breach, violation or contravention of, the obligations under these representations, warranties, agreements and undertakings that (including, without limitation, any restrictions with respect to a Transfer) ("**ODI Holder Obligations**") may result in non-compliance with, or breach, violation or contravention of, applicable laws, regulations, governmental orders or directions, regulatory sanctions against the Issuer and/or its associates/affiliates and cause irreparable harm to the Issuer and/or its associates/affiliates. Accordingly, it further acknowledges that, in the event of any non-compliance with, or breach, violation or contravention of the ODI Holder Obligations by it, the Issuer and/or its associates/affiliates may notify the Authority of the breach, violation or contravention and exercise any rights and take any measures available to the Issuer and/or its associates/affiliates under the terms of the Notes including these "Indian Selling Restrictions", or any other measures to prevent, avoid, mitigate, remedy or cure such non-compliance, breach, violation or contravention, including but not limited to termination or compulsory redemption of the Notes by the Issuer or its associates/affiliates; and

5. It will promptly notify the Issuer or its associates/affiliates should any of the representations, warranties, agreements and undertakings given by it changes or no longer holds true.

### Indonesia

A registration statement with respect to the Base Prospectus and Final Terms has not been and will not be filed with the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) of the Republic of Indonesia. The Notes, therefore, shall not be offered or sold or be the subject of an invitation for subscription or purchase, and the Base Prospectus, Final Terms or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, shall not be circulated or distributed, whether directly or indirectly, in the Republic of Indonesia or to Indonesian citizens, corporations or residents, except in a manner that will not be considered as a "public offer" under the prevailing law and regulations in the Republic of Indonesia.

### Selling Restrictions Addressing Additional Republic of Italy Securities Laws

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that, save as set out below, it has not offered or sold, and will not offer or sell, any Notes in the Republic of Italy in an offer to the public and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Accordingly, each Dealer has represented and agreed that it will not offer, sell or deliver any Notes or distribute copies of this Base Prospectus and any other document relating to the Notes in the Republic of Italy except:

1. to "**qualified investors**", as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("**Decree No. 58**"), and defined in article 34-ter, paragraph 1, letter (b) of CONSOB Regulation no. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**");

## Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

2. that it may offer, sell or deliver Notes or distribute copies of any prospectus relating to such Notes in an offer to the public in the period commencing on the date of publication of such prospectus, **provided that** such prospectus has been approved in another Relevant Member State and notified to CONSOB, all in accordance with the Prospectus Directive and the 2010 PD Amending Directive, as implemented in Italy under Decree No. 58 and Regulation No. 11971, and ending on the date which is 12 months after the date of approval of such prospectus; and
3. in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007, as amended and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

### *Provisions relating to the secondary market in Italy*

Investors should also note that, (with a minimum denomination lower than €50,000 - or €100,000 from 1st July 2012 - or its equivalent in another currency), in any subsequent distribution of the Notes in the Republic of Italy, Article 100-bis of Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, where the Notes are placed solely with "qualified investors" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Notes who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under Decree No. 58 applies.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the "**FIEL**") and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with FIEL and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### **Korea**

The Notes may not be offered or sold, directly or indirectly, in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Law of Korea and its Presidential Decree), except as otherwise permitted by the applicable Korean laws and regulations.

### **Malaysia**

No approval of the Securities Commission of Malaysia or any other Malaysian regulatory authority has been or will be obtained in connection with the offer and sale of the Notes in Malaysia nor will any prospectus or other offering material or document in connection with the offer and sale of the Notes be registered with the Securities Commission of Malaysia or any other Malaysian regulatory authority. Accordingly, the Notes may not be offered or sold, directly or indirectly, nor may any document or other material in connection therewith be distributed or made available, in Malaysia.

## **Mexico**

The Notes have not been and will not be registered with the Mexican National Securities Registry (Registro Nacional de Valores) maintained by the Mexican Banking and Securities Commission (Comisión Nacional Bancaria y de Valores) ("CNBV"), and may not be offered or sold publicly, or otherwise be the subject of intermediation activities, in Mexico, except pursuant to a private placement exemption as set forth under article 8 of the Mexican Securities Market Law (Ley del Mercado de Valores). The information contained in the Base Prospectus and in the Final Terms is exclusively the responsibility of the Issuer and has not been reviewed or authorised by the CNBV.

## **Selling Restrictions Addressing Additional The Netherlands Securities Laws**

Zero Coupon Instruments (as defined below) in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of NYSE Euronext Amsterdam in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Instrument in global form, or (b) in respect of the initial issue of Zero Coupon Instruments in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Instruments in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Instruments within, from or into The Netherlands if all Zero Coupon Instruments (either in definitive form or as rights representing an interest in a Zero Coupon Instrument in global form) of any particular Series are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter. As used herein, "**Zero Coupon Instruments**" are Instruments that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

## **New Zealand**

Each purchaser acknowledges that no prospectus, investment statement, or other disclosure document in relation to the Notes or the Programme has been registered with the New Zealand Companies Office or NZX Limited, and that it is a condition of their subscription for Notes that they are a person to whom an offer or invitation in relation to the Programme or the Notes does not (of itself) create an obligation on the Issuer to prepare, register and provide either an investment statement or prospectus under the Securities Act 1978 of New Zealand ("**NZ Securities Act**") on the basis that they are either:

- a) not resident in New Zealand and were not present in New Zealand at the time they accepted the offer or invitation; or
- (b) a person whose principal business is the investment of money or a person who, in the course of and for the purpose of their business, habitually invests money within the meaning of section 3(2)(a)(ii) of the NZ Securities Act; or
- (c) a person who is required to pay (and does pay) a minimum subscription price of at least NZ\$500,000 for the Notes (disregarding any amount lent by the Issuer, or any associated person of the Issuer) before the allotment of those Notes and has a minimum holding of Notes of at least NZ\$500,000; or
- (d) a person who is an "eligible person" as that term is defined in section 5(2CC) of the NZ Securities Act.

Each purchaser represents and agrees that, in connection with the distribution of the Notes, it:

- (a) has not (directly or indirectly) offered or invited, and will not offer or invite, applications for the issue, sale or purchase of the Notes in, to or from New Zealand (including an offer or invitation which is received by a person in New Zealand); and
- (b) has not distributed or published, and will not distribute or publish, the Base Prospectus or any other offering material or advertisement relating to the Notes in New Zealand,

## Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

unless each offeree is:

- (c) not resident in New Zealand and was not present in New Zealand at the time they accepted the offer or invitation; or
- (d) a person whose principal business is the investment of money or a person who, in the course of and for the purpose of their business, habitually invests money within the meaning of section 3(2)(a)(ii) of the NZ Securities Act; or
- (e) a person who is required to pay (and does pay) a minimum subscription price of at least NZ\$500,000 for the Notes (disregarding any amount lent by the Issuer, or any associated person of the Issuer) before the allotment of those Notes and has a minimum holding of Notes of at least NZ\$500,000; or
- (f) a person who is an "eligible person" as that term is defined in section 5(2CC) of the NZ Securities Act.

### Norway

Notes denominated in Norwegian Krone may not be offered or sold within the Kingdom of Norway or to or for the benefit of Norwegian purchasers. Each purchaser of Notes denominated in Norwegian Krone will be deemed to have acknowledged, represented and agreed that such Notes may not be resold within the Kingdom of Norway or to or for the benefit of Norwegian purchasers.

### Pakistan

Notes linked to Pakistan Underlyings and any documents relating to Notes linked to Pakistan Underlyings may only be distributed to individuals, corporations or persons who are "persons resident outside Pakistan" (within the meaning of the Foreign Exchange Regulation Act, 1947) and Notes linked to Pakistan Underlyings will not be offered or sold in Pakistan or to residents of Pakistan whether citizens, nationals or corporations unless such investors have obtained the prior written special approval of the State Bank of Pakistan. Any sale or transfer of Notes linked to Pakistan Underlyings in violation of these restrictions will be invalid and will not be recognised by the Issuer.

### People's Republic of China

Notes linked to PRC Underlyings may not be offered or sold in the People's Republic of China ("**PRC**") (excluding Hong Kong, Macau and Taiwan) directly or indirectly or offered or sold to any Domestic Investor, or to any person using funds to purchase Notes linked to PRC Underlyings sourced from any Domestic Investor, where "**Domestic Investor**" means:

- (a) PRC Citizens resident in the PRC (excluding Hong Kong, Macau and Taiwan);
- (b) PRC Citizens resident outside the PRC who are not permanent residents of another country or permanent residents of Hong Kong, Macau or Taiwan; and
- (c) legal entities registered in the PRC (excluding Hong Kong, Macau and Taiwan).

"**PRC Citizens**" means any person holding a Resident Identification Card or other equivalent government issued identification of the PRC (excluding Hong Kong, Macau and Taiwan).

### Philippines

The Notes being offered or sold herein have not been registered with the Philippine Securities and Exchange Commission under the Securities Regulation Code of the Philippines ("**SRC**"). Any future offer or sale thereof in the Philippines is subject to the registration requirements of the SRC unless such offer qualifies as an exempt transaction.

Each of the following restrictions must be observed by Noteholders in relation to sales, transfers or disposals of all or any part of its legal or beneficial interests in the Notes or offers to do so:

## **Part B - Information relating to the Notes Generally – Subscription and Sale of Notes**

(a) To the extent that the Notes are offered, sold or distributed in the Philippines, the Noteholder, by purchasing the Notes, agrees for the benefit of the Issuer that the Notes may not be subsequently offered, sold, pledged or otherwise transferred except in compliance with Philippine laws and regulations (in addition to the laws of other jurisdictions, as applicable) and may be offered, sold or distributed only to "Qualified Buyers" as defined under Subsection 10.1(l) of the SRC.

(b) No Noteholder shall sell, transfer or otherwise dispose of all or part of its legal or beneficial interests in the Notes to another person or persons nor offer to do so, unless such sale, transfer, disposal or offer is subject to the condition that such person(s) shall undertake to observe the restrictions set out herein.

(c) Without limitation to paragraphs (a) and (b) above, each Noteholder shall observe all applicable laws and regulations in the Philippines in connection with the offer, sale, transfer or other disposition of all or any part of its legal or beneficial interests in the Notes or the distribution of any document or other material in connection therewith.

### **Saudi Arabia**

Notes linked to Saudi Arabian Underlyings may not be offered or sold in the Kingdom of Saudi Arabia or to persons of Kingdom of Saudi Arabia origin.

### **Selling Restrictions Addressing Additional Kingdom of Spain Securities Laws**

Each Dealer has represented and agreed that the Notes may not be offered, sold or distributed in the Kingdom of Spain save in accordance with the requirements of Law 24/1988, of 28 July, on the Securities Market (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) (the "LMV") as amended and restated, and Royal Decree 1310/2005, of 4 November 2005, partially developing Law 24/1988, of 28 July, on the Securities Market in connection with listing of securities in secondary official markets, initial purchase offers, rights issues and the prospectus required in these cases (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de Julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), as amended and restated, and the decrees and regulations made thereunder and by institutions authorised under the LMV and Royal Decree 217/2008, of 15 February, on the legal regime applicable to investment services companies (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión y por el que se modifica parcialmente el Reglamento de la Ley 35/2003, de 4 de noviembre, de Instituciones de Inversión Colectiva, aprobado por el Real Decreto 1309/2005, de 4 de noviembre*) to provide investment services in Spain.

### **Switzerland**

This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act (the "CISA"), and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Notes which are "structured products" as such term is understood within the meaning of the CISA may only be offered, sold or advertised, and this Base Prospectus and any other offering or marketing material relating to such Notes may only be distributed in Switzerland by way of private placement to qualified investors within the meaning of the CISA. The Notes do not constitute participations in a collective investment scheme in the meaning of the CISA.

Neither this Base Prospectus nor any other offering or marketing material relating to the offering, the Issuer or the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision of any Swiss regulatory authority, such as, the Swiss Financial

## **Part B - Information relating to the Notes Generally – Subscription and Sale of Notes**

Markets Supervisory Authority FINMA, and investors in the Notes will not benefit from protection or supervision by such authority.

Should any Series of Notes be publicly offered, admitted to trading or listed in Switzerland, this will be set out in the relevant Final Terms and the Issuer will prepare supplemental documents to the extent required by Swiss law and the rules and regulations of the SIX Swiss Exchange. Investors should in such case also consult any such document before making any investment decision.

### **Singapore**

This document has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the "**SFA**") and accordingly, the Notes may not be offered or sold, nor may the Notes be the subject of an invitation for subscription or purchase, nor may this document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- 1. to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;
- 2. where no consideration is or will be given for the transfer;
- 3. where the transfer is by operation of law; or
- 4. as specified in Section 276(7) of the SFA.

### **Taiwan**

Notes linked to Taiwanese Underlyings (for the purposes of this section only, the "**Notes**") and any documents relating to the Notes may not be offered or distributed in Taiwan.

The Notes may not be sold to any holder acting for the benefit or account of, or using funds of, (A) any residents of the People's Republic of China ("**PRC**"), corporations in the PRC, or corporations outside the PRC that are beneficially owned by residents of, or corporations in, the PRC or (B) any residents of Taiwan or corporations in Taiwan.

Holders of Notes are not permitted to, directly or indirectly, sell, transfer, assign, novate or otherwise dispose of the Notes to or for the benefit or account of, or in consideration of funds received from, (A)

## **Part B - Information relating to the Notes Generally – Subscription and Sale of Notes**

any residents of the PRC, corporations in the PRC, or corporations outside the PRC that are beneficially owned by residents of, or corporations in, the PRC or (B) any residents of Taiwan or corporations in Taiwan.

The Notes will not be offered or sold to, and will not be offered or sold in consideration of funds received from, (A) any residents of the PRC, corporations in the PRC, or corporations outside the PRC that are beneficially owned by residents of, or corporations in, the PRC or (B) any residents of Taiwan or corporations in Taiwan. Any sale or transfer of the Notes in violation of these restrictions will be invalid and will not be recognised by the Issuer.

### **Thailand**

The Base Prospectus and Final Terms and any other documents and material in connection with the Notes have not been registered or approved by the Securities and Exchange Commission of Thailand. They are not intended to be an offer, sale or invitation for subscription or purchase of securities in Thailand and must not be circulated, distributed, offered, solicited, or made available in Thailand or to a person in Thailand, except as otherwise permitted or not prohibited by the applicable Thai laws and regulations (in which case the Base Prospectus and Final Terms and any other documents and material in connection with the Notes may be provided to a person in Thailand solely upon request or to the extent required by any such law or regulation intended for the purpose of review and consideration by the Securities and Exchange Commission of Thailand or any other applicable regulator in relation to applicable approval on offshore investment in the Notes). The purchase of and investment in the Notes is subject to the conditions that all consents, approvals and filings (if any) necessary for the purchase of and investment in the Notes by the investor(s) have been obtained or made, and are in full force and effect, and all conditions of such consents have been and will be complied with; and that the purchase of and investment in the Notes does not and will not violate or exceed any investment or foreign exchange limits (if applicable) and/or any restriction on foreign currency asset holding (if applicable) imposed on the relevant(s) by any applicable laws and regulations of Thailand.

### **Vietnam**

Notes linked to Vietnamese Underlyings and any documents relating to Notes linked to Vietnamese Underlyings may not be distributed or passed on in Vietnam or to Vietnamese citizens, nationals, corporations or residents, and Notes linked to Vietnamese Underlyings will not be offered or sold in Vietnam or to Vietnamese citizens, nationals, corporations or residents unless such investors have obtained the prior written approval of the Governor of the State Bank of Vietnam.

Any sale or transfer of Notes linked to Vietnamese Underlyings in violation of these restrictions will be invalid and will not be recognised by the Issuer.

PART C – WARRANTS

TERMS AND CONDITIONS OF THE WARRANTS

*The following are the terms and conditions of the Warrants (the "**Conditions of the Warrants**") which (subject to completion and minor amendment) will be applicable to each Series of Warrants, **provided that** the relevant Final Terms in relation to any Warrants may supplement these terms and conditions and/or may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following terms and conditions, replace the following terms and conditions for the purposes of such Warrants.*

This Warrant is one of a series (each, a "**Series**") of warrants (the "**Warrants**") issued by HSBC Bank plc in its capacity as issuer (the "**Issuer**") pursuant to a warrant agency agreement 24 February 1999 as modified, supplemented and/or restated on 3 March 2000, 10 April 2001, 18 June 2002, 1 August 2005, 2 August 2007, 31 July 2008, 30 July 2009, 27 August 2009, 27 April 2010, 27 July 2011 and 19 June 2012 (as further modified and/or amended from time to time, the "**Warrant Agency Agreement**") made between the Issuer, HSBC Bank plc and HSBC France as calculation agents (HSBC Bank plc or, as the case may be, HSBC France being the "**Calculation Agent**" with respect to the Warrants if so specified in the relevant Final Terms, which expression shall include any successor or other Calculation Agent specified in the relevant Final Terms or appointed pursuant to the Warrant Agency Agreement), HSBC Bank plc as principal warrant agent (HSBC Bank plc being the "**Principal Warrant Agent**", which expression includes any successor or substitute principal warrant agent appointed in accordance with the Warrant Agency Agreement, and together with any additional warrant agent specified in the relevant Final Terms or appointed pursuant to the Warrant Agency Agreement or the Computershare Agency Agreement (as defined below), the "**Warrant Agents**") and HSBC Bank plc as authentication agent (HSBC Bank plc being the "**Authentication Agent**", which expression includes any successor or substitute authentication agent appointed in accordance with the Warrant Agency Agreement) and HSBC Bank USA, N.A. as warrant transfer agent (the "**Warrant Transfer Agent**", which expression includes any successor or substitute warrant transfer agent appointed in accordance with the Warrant Agency Agreement) and HSBC Bank USA, N.A. as warrant registrar (the "**Warrant Registrar**", which expression includes any additional or successor or substitute or other warrant registrar specified in the relevant Final Terms appointed in accordance with the Warrant Agency Agreement).

In addition, the Issuer has entered into an agreement with Computershare Investor Services plc dated 23 April 2010 (such agreement, as amended and/or supplemented and/or restated from time to time, the "**Computershare Agency Agreement**") appointing the latter as registrar and paying agent (the "**CREST Registrar**", which expression shall include any successor registrar and paying agent) with respect to Uncertificated Registered Warrants (as defined below) and has entered into a deed of covenant dated 27 July 2011 (such deed, as amended and/or supplemented and/or restated from time to time, the "**Warrant Deed of Covenant**") for the purposes of constituting Uncertificated Registered Warrants.

As used herein, the expression "**Warrant Agents**" shall include the Principal Warrant Agent and any other warrant agents appointed in accordance with the Warrant Agency Agreement or the Computershare Agency Agreement. The Warrants also have the benefit of a master warrant issuance agreement dated 24 February 1999 as modified, supplemented and/or restated on 3 March 2000, 10 April 2001, 18 June 2002, 1 August 2005, 2 August 2007, 31 July 2008, 30 July 2009, 27 August 2009, 27 April 2010, 27 July 2011 and 19 June 2012 (as further modified and/or amended from time to time, the "**Master Warrant Issuance Agreement**") and made between the Issuer and HSBC Bank plc as manager (the "**Manager**", which expression shall include any successor Manager specified in the relevant Final Terms). The following terms and conditions (the "**Conditions**") include brief summaries of, and are subject to, certain provisions of the Warrant Agency Agreement, the Computershare Agency Agreement and the Warrant Deed of Covenant, copies of which will be available for inspection at the specified offices of the Principal Warrant Agent and the CREST Registrar, respectively. The Warrantholders (as defined in Condition 1 (*Form and Transfer*)) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions (including the form of Exercise Notice referred to in Condition 4 (*Exercise Procedure*)) of the Warrant Agency Agreement, the Computershare Agency Agreement and the Warrant Deed of Covenant.

Each Series of Warrants may comprise one or more tranches ("**Tranches**" and each, the "**Tranche**") of Warrants. Each Tranche will be the subject of Final Terms hereto (each, the "**Final Terms**"), a copy of which will, in the case of a Tranche in relation to which application has been made to admit to listing on the Official List of the UK Listing Authority (the "**UKLA**") and to trading on the Regulated Market of the



## Part C – Warrants – Terms and Conditions of the Warrants

London Stock Exchange plc (the "**London Stock Exchange**"), be lodged with the UKLA and with the London Stock Exchange and will be available at the specified office of each of the Warrant Agents or, in the case of Warrants in the form of Uncertificated Registered Warrants, the CREST Registrar. In the case of a Tranche of Warrants in relation to which application has not been made to admit to trading on the London Stock Exchange or for admission to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available to a Holder (as defined in Condition 1 (*Form and Transfer*)) of such Warrants.

References in the Conditions to Warrants are to the Warrants of the relevant Series and references to the Issuer, a Warrant Agent, the Calculation Agent, any Holder or the Warrantholders are to those persons in relation to the Warrants of the relevant Series. Capitalised terms used but not defined in these Conditions will have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Warrants of the relevant Series.

As used in these Conditions and in relation to any Series of Warrants, subject as otherwise provided herein:

**"Bloomberg"** means Bloomberg L.P.;

**"Business Day"** means, unless otherwise specified in the relevant Final Terms, a day (other than a Saturday or a Sunday) on which banks are open for business and carrying on foreign exchange transactions in London and the principal financial centre of the Settlement Currency and on which the relevant Clearing System is open for business;

**"Call Warrant"** means a Warrant entitling, but not obligating, the Warrantholder upon exercise (i) to receive the relevant Cash Settlement Amount or (ii) to purchase the relevant Securities, in each case subject to and in accordance with these Conditions;

**"Cash Settlement"** has the meaning ascribed thereto in Condition 3 (*Rights on Exercise*);

**"Cash Settlement Amount"** has the meaning ascribed thereto in Condition 3 (*Rights on Exercise*);

**"Cash Settlement Payment Date"** has the meaning ascribed thereto in the relevant Final Terms;

**"CEA"** means the United States Commodity Exchange Act, as amended;

**"Clearing System"** means Euroclear, Clearstream, Luxembourg, DTC, CREST and/or any other clearing system specified in the relevant Final Terms in which Warrants of the relevant Series are held, or in relation to an individual Warrant, that Warrant is held, for the time being;

**"Clearstream, Luxembourg"** means Clearstream Banking, *société anonyme*, Luxembourg;

**"Conversion"** means, in respect of any Securities, any irreversible conversion by the Issuer of such Securities into other securities;

**"CREST"** means CRESTCo. Limited;

**"Determination Date"** means a day on which the Issuer notifies the Clearing System that it has elected for Physical Settlement or Cash Settlement in accordance with Condition 3(f) (*Optional Physical Settlement*) or 3(g) (*Optional Cash Settlement*) as specified in the relevant Final Terms;

**"Euroclear"** means Euroclear Bank S.A./N.V.;

**"Euro", "euro" "EUR", "€"** each mean the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union (the "**Treaty**");

**"Exercise Date"** means, in respect of any Warrant, the day on which an Exercise Notice relating to that Warrant is delivered in accordance with the provisions of Condition 4(a) (*Exercise Procedure – Exercise Notice*) **provided that:**

- (i) if the Exercise Notice is delivered (A) on any day which is not a Business Day or (B) after 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are

## Part C – Warrants – Terms and Conditions of the Warrants

exercised is located) on any Business Day, then, in either such case, the Exercise Date shall be the next succeeding day which is a Business Day; and

(ii) the Exercise Date may not be later than the Expiry Date;

**"Exercise Notice"** means any notice in the form scheduled to the Warrant Agency Agreement or such other form as may from time to time be agreed by the Issuer and the Principal Warrant Agent which is delivered by a Warrantholder in accordance with Condition 4(a) (*Exercise Procedure – Exercise Notice*);

**"Exercise Period"** means the period beginning on (and including) such date as may be specified in the relevant Final Terms and ending on (and including) the Expiry Date;

**"Expiry Business Day"** has the meaning ascribed thereto in the relevant Final Terms;

**"Expiry Date"** has the meaning ascribed thereto in the relevant Final Terms;

**"Final Price"** has the meaning ascribed thereto in the relevant Final Terms;

**"Government Bonds"** means, in relation to a Series of Warrants, bonds or any other debt securities issued by a government, government agency or subdivision or a transnational or supranational organisation as specified in the relevant Final Terms and **"Government Bond"** shall be construed accordingly;

**"Holder"** has the meaning ascribed thereto in Condition 1 (*Form and Transfer*);

**"Issue Date"** has the meaning ascribed thereto in Condition 1 (*Form and Transfer*);

**"Minimum Exercise Number"** has the meaning ascribed thereto in Condition 5 (*Minimum Number of Warrants Exercisable*);

**"New Issuer"** has the meaning ascribed thereto in Condition 14 (*Substitution*);

**"Permitted Multiple"** has the meaning ascribed thereto in Condition 5 (*Minimum Number of Warrants Exercisable*);

**"Physical Settlement"** has the meaning ascribed thereto in Condition 3 (*Rights on Exercise*);

**"Put Warrant"** means a Warrant entitling, but not obligating, the Warrantholder upon exercise to receive the relevant Cash Settlement Amount subject to and in accordance with these Conditions;

**"Securities"** means, in relation to a Series of Warrants or in relation to an Index, the equity securities, debt securities (including without limitation Government Bonds), depositary receipts or other securities or property to which such Warrants or Index, as the case may be, relate, as specified in the relevant Final Terms and **"Security"** shall be construed accordingly;

**"Securities Act"** means the United States Securities Act of 1933, as amended;

**"Settlement Currency"** has the meaning ascribed thereto in Condition 3 (*Rights on Exercise*);

**"Settlement Date"** has the meaning ascribed thereto in the relevant Final Terms;

**"Settlement Disruption Event"** means, as determined by the Calculation Agent in its sole and absolute discretion, an event beyond the control of the Issuer as a result of which the Issuer cannot reasonably make delivery of the relevant Securities using the method specified in the relevant Final Terms;

**"Strike Price"** has the meaning ascribed thereto in the relevant Final Terms;

**"Strike Price Payment Date"** has the meaning ascribed thereto in the relevant Final Terms;

**"Taxes"** has the meaning ascribed thereto in Condition 4(a)(vii);

## Part C – Warrants – Terms and Conditions of the Warrants

**"Transfer Expenses"** means with respect to any Warrants, all stamp, transfer, registration and similar duties and all expenses, scrip fees, levies and registration charges payable on or in respect of or arising on, or in connection with, the purchase or transfer, delivery or other disposition by the transferor to the order of the relevant Warrantholders of any Securities; and

**"Warrantholder"** has the meaning ascribed thereto in Condition 1 (*Form and Transfer*).

### 1. **Form and Transfer**

#### (a) ***Form; Certifications***

Each Tranche of Warrants will be (as specified in the relevant Final Terms) either (i) if not offered in reliance on Rule 144A, in (a) book-entry form ("**Book-Entry Form Warrants**") and be represented by a global warrant (the "**Global Warrant**") or (b) in uncertificated registered form ("**Uncertificated Registered Warrants**") or (ii) in registered form ("**Registered Warrants**") offered in reliance on (A) Regulation S under the Securities Act ("**Regulation S**") and represented by an unrestricted global registered warrant (the "**Unrestricted Global Registered Warrant**"), and/or (B) Rule 144A under the Securities Act ("**Rule 144A**") and represented by a restricted global registered warrant (the "**Restricted Global Registered Warrant**") or a Rule 144A global registered warrant (the "**Rule 144A Global Registered Warrant**") and/or (C) Regulation S and/or Rule 144A and represented by a combined global registered warrant (the "**Combined Global Registered Warrant**", and together with the Restricted Global Registered Warrant, the Rule 144A Global Registered Warrant and the Unrestricted Global Registered Warrant, the "**Global Registered Warrants**").

The Warrants have not been and will not be registered under the Securities Act, as amended, the state securities laws of any state of the United States or the securities laws of any other jurisdiction, and may not be offered or sold within the United States or to, or for the account or benefit of, "US persons" (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Transfers of the Warrants may be conditional upon delivery of certain certifications and are subject to significant restrictions, including the right of the Issuer to refuse the recognition of transfers of the Warrants. Exercise of a Warrant offered in reliance on Regulation S will be conditional upon delivery of certain certifications. Details of such certifications may be obtained from any of the Warrant Agents.

#### (b) ***Book-Entry Form Warrants***

##### (i) ***General; Title***

In the case of each Tranche of Book-Entry Form Warrants, the Global Warrant relating to such Tranche will be deposited on the issue date (the "**Issue Date**") specified in the relevant Final Terms with a common depositary for the relevant Clearing System(s). Warrants in definitive form will not be issued in respect of Book-Entry Form Warrants. In the case of the Book-Entry Form Warrants, the person for the time being appearing in the books of the relevant Clearing System(s) as the holder of a Warrant shall be treated by the Issuer, the Warrant Agent, the relevant Clearing System(s) and all other persons dealing with such person as the holder thereof (a "**Warrantholder**" or a "**Holder**") and as the person entitled to exercise the rights represented thereby, for all purposes other than with respect to the payment of any settlement amount in respect of any Warrant, in which case the common depositary for the relevant Clearing System(s) or, as the case may be, its nominee, shall be treated by the Issuer and the Warrant Agent as the holder of such Warrant in accordance with and subject to the terms of the Global Warrant, unless there is a default in payment of any such amount for more than fourteen days (in which case the persons appearing in the books of the relevant Clearing System(s) as described above shall be treated as the persons entitled to exercise such rights in place of the common depositary or its nominee) and "**Warrantholder**" and "**Holder**" shall be construed accordingly, notwithstanding any notice to the contrary, except that (i) Euroclear shall not be treated as the Holder of any Warrant held in an account with

## Part C – Warrants – Terms and Conditions of the Warrants

Clearstream, Luxembourg on behalf of Euroclear's accountholders and (ii) Clearstream, Luxembourg shall not be treated as the Holder of any Warrant held in an account with Euroclear on behalf of Clearstream Luxembourg's accountholders.

(ii) *Transfer of Book-Entry Form Warrants*

All transactions in (including transfers of) Book-Entry Form Warrants, in the open market or otherwise, shall be effected only through the Clearing System(s) in which the Book-Entry Form Warrants to be transferred are held or are to be held. Title to the Book-Entry Form Warrants shall pass upon registration of the transfer in accordance with the rules and procedures for the time being of the relevant Clearing System(s).

(c) ***Registered Warrants***

(i) *General; Title*

In the case of Registered Warrants, a certificate will be issued to each Warrantholder in respect of its registered holding. Each such certificate will be numbered serially with an identifying number which will be recorded in the register (the "**Register**") maintained by the Warrant Registrar in respect of the Registered Warrants. No single Tranche or Series of Warrants offered in reliance on Rule 144A may include Book-Entry Form Warrants. In the case of the Registered Warrants, the person for the time being in whose name such Registered Warrant is so registered in the Register shall be the "**Warrantholder**" or "**Holder**" of the Warrants represented thereby and shall be treated by the Issuer, the Warrant Agent, the relevant Clearing System(s) and all other persons dealing with such person as the holder thereof, **provided however that**, for all purposes other than payment, the persons for the time being appearing in the books of the relevant Clearing System shall be treated as the Warrantholders and these Conditions shall be construed accordingly.

(ii) *Transfer of Registered Warrants*

Title to Registered Warrants passes by registration in the Register.

(iii) *Regulations concerning transfer and registration of Registered Warrants*

All transfers of Registered Warrants and entries on the Register will be made subject to the detailed regulations (the "**Regulations**") concerning exchange and transfer of Registered Warrants scheduled to the Warrant Agency Agreement. The Regulations may be amended, supplemented or replaced by the Issuer with the prior written approval of the Warrant Registrar but without the consent of the Holders of any Warrants. A copy of the current Regulations are available for inspection during usual business hours at the specified office of the Warrant Registrar and the Warrant Transfer Agents.

(iv) *Rule 144A Legends*

Upon the transfer, exchange or replacement of Registered Warrants bearing either (A) a private placement legend for the purpose of Rule 144A in the case of Restricted Global Registered Warrants and Rule 144A Global Registered Warrants or (B) a private placement legend for the purpose of Rule 144A and Regulation S in the case of Combined Global Registered Warrants (each, the "**Rule 144A Legend**"), each as set forth in the form of the relevant Registered Warrant, the Registrar shall deliver only Registered Warrants that also bear the relevant legend unless there is delivered to the Issuer and to the Registrar such satisfactory evidence, which may include an opinion, reasonably satisfactory to the Issuer, of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States, that neither the Rule 144A Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such Registered Warrants are not "restricted securities" within the meaning of Rule 144 under the Securities Act.

(d) *Uncertificated Registered Warrants*

The Uncertificated Registered Warrants shall be issued in uncertificated registered form in accordance with the Uncertificated Securities Regulations 2001, including any modification or re-enactment thereof for the time being in force (the "**Regulations**"). The Uncertificated Registered Warrants are participating securities for the purposes of the Regulations. Title to the Uncertificated Registered Warrants is recorded on the relevant Operator (as defined below) register of corporate securities. The CREST Registrar on behalf of the Issuer shall maintain a record of uncertificated corporate securities (the "**Record**") in relation to the Uncertificated Registered Warrants and shall procure that the Record is regularly updated to reflect the Operator register of corporate securities in accordance with the rules of the Operator. Subject to this requirement, (i) each person who is for the time being shown in the Record as the holder of a particular number of Uncertificated Registered Warrants shall be treated by the Issuer and the CREST Registrar as the holder of such number of Uncertificated Registered Warrants for all purposes (and the expressions "**Warrantholder**" and "**Holder**" and related expressions shall be construed accordingly), and (ii) none of the Issuer and the CREST Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Record which the CREST Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to the Uncertificated Registered Warrants.

Title to Uncertificated Registered Warrants will pass upon registration of the transfer in the Operator register of corporate securities. All transactions in relation to Uncertificated Registered Warrants (including transfers of Uncertificated Registered Warrants) in the open market or otherwise must be effected through an account at the Operator subject to and in accordance with the rules and procedures for the time being of the Operator.

No provision of these Conditions as amended in accordance with the applicable Final Terms shall (notwithstanding anything contained therein) apply or have effect to the extent that it is in any respect inconsistent with (I) the holding of title to Uncertificated Registered Warrants in uncertificated form, (II) the transfer of title to Uncertificated Registered Warrants by means of a relevant system or (III) the Regulations. Without prejudice to the generality of the preceding sentence and notwithstanding anything contained in these Conditions or the applicable Final Terms, so long as the Uncertificated Registered Warrants are participating securities, (A) the Operator register of corporate securities relating to the Uncertificated Registered Warrants shall be maintained at all times in the United Kingdom, (B) the Uncertificated Registered Warrants may be issued in uncertificated form in accordance with and subject as provided in the Regulations, and (C) for the avoidance of doubt, the Conditions and the applicable Final Terms in relation to any Uncertificated Registered Warrant shall remain applicable notwithstanding that they are not endorsed on any certificate for such Uncertificated Registered Warrant.

As used herein each of "**Operator register of corporate securities**", "**participating securities**", "**record of uncertificated corporate securities**" and "**relevant system**" is as defined in the Regulations and the relevant Operator (as such term is used in the Regulations) is CRESTCo. Limited or any additional or alternative operator from time to time approved by the Issuer and the CREST Registrar in relation to the Uncertificated Registered Warrants and in accordance with the Regulations. Any reference herein to the "**Operator**" shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator from time to time and notified to the holders of the Uncertificated Registered Warrants in accordance with Condition 10.

If at any time:

- (i) a Warrantholder ceases for any reason to be a member of CREST; or
- (ii) the Uncertificated Registered Warrants cease for any reason to be participating securities capable of being held in CREST,

then the Issuer shall, in accordance with the rules and procedures governing CREST, ensure that Registered Warrants are issued in exchange for the Uncertificated Registered Warrants and that such Registered Warrants are registered in such names as the Operator shall notify to the Issuer.

2. **Status of the Warrants**

The Warrants of each Series constitute direct unsubordinated, unconditional and unsecured obligations of the Issuer and rank *pari passu* and without any preference among themselves and, at their date of issue, with all other unsecured and unsubordinated obligations of the Issuer (other than any such obligations preferred by law).

3. **Rights on Exercise**

(a) ***"American Style" Exercise***

If the Warrants are specified in the relevant Final Terms as being American Style Warrants, then this Condition 3(a) is applicable and the Warrants are exercisable on any Business Day during the Exercise Period prior to termination of the Warrants as provided in Condition 6 (*Effects on European Economic and Monetary Union*) and Condition 9 (*Illegality*), **provided that** and subject to Condition 3(i) (*Automatic Exercise*) below, any American Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 4 (*Exercise Procedure*) shall become void in accordance with Condition 3(h) (*Warrants Void on Expiry*).

(b) ***"European Style" Exercise***

If the Warrants are specified in the relevant Final Terms as being European Style Warrants, then this Condition 3(b) is applicable and the Warrants are exercisable only on the Expiry Date, or if that is not a Business Day, the next succeeding Business Day (unless otherwise specified in the relevant Final Terms) prior to termination of the Warrants as provided in Condition 6 (*Effects on European Economic and Monetary Union*) and Condition 9 (*Illegality*), **provided that** and subject to Condition 3(i) (*Automatic Exercise*) below, any European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 4 (*Exercise Procedure*) shall become void in accordance with Condition 3(h) (*Warrants Void on Expiry*).

(c) ***"Bermudan Style" Exercise***

If the Warrants are specified in the relevant Final Terms as being Bermudan Style Warrants, then this Condition 3(c) is applicable and the Warrants are exercisable on each date as specified in the Final Terms (each a "**Potential Exercise Date**") and on the Expiry Date, or if each such date is not a Business Day, the next succeeding Business Day (unless otherwise specified in the relevant Final Terms) prior to termination of the Warrants as provided in Condition 6 (*Effects on European Economic and Monetary Union*) and Condition 9 (*Illegality*), **provided that** and subject to Condition 3(i) (*Automatic Exercise*) below, any Bermudan Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 4 (*Exercise Procedure*) shall become void in accordance with Condition 3(h) (*Warrants Void on Expiry*).

(d) ***Cash Settlement***

If the Warrants are specified in the relevant Final Terms as being Cash Settlement Warrants, then, subject to Condition 3(f) (*Optional Physical Settlement*) if applicable, each such Warrant, upon exercise, entitles the Holder thereof to receive from the Issuer on the Cash Settlement Payment Date (as specified in the relevant Final Terms) an amount ("**Cash Settlement**") calculated in accordance with the relevant Final Terms (the "**Cash Settlement Amount**") in the currency (the "**Settlement Currency**") specified in the relevant Final Terms. The Cash Settlement Amount will be rounded down to the nearest minimum unit of the Settlement Currency, with Warrants exercised at the same time by the same Warrantholder being aggregated for the purpose of determining the aggregate Cash Settlement Amount payable in respect of such Warrants.

(e) ***Physical Settlement***

If the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants, then, subject to Condition 3(g) (*Optional Cash Settlement*) if applicable, upon the exercise of a Warrant by a Warrantholder:

- (i) in the case of a Call Warrant, the Issuer will, on the Settlement Date in respect of such Warrant, procure the credit of the Securities to which such Warrant relates to the account with the relevant Clearing System specified, or as may otherwise be specified, for that purpose by the Warrantholder in the relevant Exercise Notice, following payment by the Warrantholder to or to the order of the Issuer on or before the Strike Price Payment Date of the Strike Price; and
- (ii) in the case of a Put Warrant, the Issuer will, on the Settlement Date in respect of such Warrant, procure the credit of the Strike Price in respect of the Warrant so exercised to the account with the relevant Clearing System specified, or as may otherwise be specified for that purpose by the Warrantholder in the relevant Exercise Notice, following the debit of the relevant Securities to which such Warrant relates to the account of the Warrantholder with the relevant Clearing System and the credit thereof to the account of the Principal Warrant Agent (in favour of the Issuer) as aforesaid on or before the Settlement Date in respect of such Warrant,

in each case less any applicable Transfer Expenses ("**Physical Settlement**") all as more fully described in Condition 4 (*Exercise Procedure*). In each case, the number of Securities so debited and credited will be rounded down to the nearest whole number of such Securities that may be separately transferred, with Warrants exercised at the same time by the same Warrantholder being aggregated for the purpose of determining the aggregate number of Securities applicable.

(f) ***Optional Physical Settlement***

If this Condition 3(f) is specified in the relevant Final Terms as being applicable, then, upon the exercise of a Warrant by a Warrantholder, the Issuer may, on the Determination Date, elect Physical Settlement in accordance with Condition 3(e) (*Physical Settlement*) instead of Cash Settlement in accordance with Condition 3(d) (*Cash Settlement*). The Warrants do not confer on the Holder any right to acquire Securities and the Issuer is not obliged to purchase or hold Securities. By exercising a Warrant, the Warrantholder shall be deemed to have agreed to such form of settlement as the Issuer shall elect.

(g) ***Optional Cash Settlement***

If this Condition 3(g) is specified in the relevant Final Terms as being applicable, then, upon the exercise of a Warrant by a Warrantholder, the Issuer may, on the Determination Date, elect Cash Settlement in accordance with Condition 3(d) (*Cash Settlement*) instead of Physical Settlement in accordance with Condition 3(e) (*Physical Settlement*). By exercising a Warrant, the Warrantholder shall be deemed to have agreed to such form of settlement as the Issuer shall elect.

(h) ***Warrants Void on Expiry***

Warrants which are not deemed automatically exercised in accordance with Condition 3(i) (*Automatic Exercise*) below and with respect to which an Exercise Notice has not been duly completed and delivered to the relevant Clearing System and to the Principal Warrant Agent, in the manner set out in Condition 4 (*Exercise Procedure*), before 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located) on the Expiry Date, shall become void.

(i) ***Automatic Exercise***

Notwithstanding Condition 3(h) (*Warrants Void on Expiry*):

- (i) if the Warrants are Cash Settlement Warrants, unless Automatic Exercise is specified as "**Not applicable**" in the relevant Final Terms, any such Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 4 (*Exercise*

## Part C – Warrants – Terms and Conditions of the Warrants

*Procedure*) by the Expiry Date shall be deemed to be automatically exercised on the Expiry Date and the provisions of Condition 4(f) (*Exercise Risk*) shall apply; and

- (ii) if the Warrants are Physical Settlement Warrants in respect of which, upon the Expiry Date (i) such Warrant is in the money in favour of the Warrantholder and (ii) no Exercise Notice has been delivered in the manner set out in Condition 4 (*Exercise Procedure*), unless Automatic Exercise is specified as "**Not applicable**" in the relevant Final Terms, such Warrant shall be deemed to be automatically exercised on the Expiry Date, **provided that** such Warrant shall be settled as a Cash Settlement Warrant and the provisions of Condition 3(d) (*Cash Settlement*) and Condition 4(f) (*Exercise Risk*) shall apply,

and in these Conditions the expression "**exercise**" and any related expressions shall be construed to apply to any such Warrants which are deemed to be automatically exercised in accordance with this Condition 3(i).

### (j) *Settlement Risk*

If, following the exercise of Physical Settlement Warrants or Cash Settled Warrants as applicable, in the opinion of the Calculation Agent, delivery of the Securities or payment of the Cash Settlement Amount, as the case may be, using the method of delivery specified in the applicable Final Terms is not practicable on any Settlement Date by reason of a Settlement Disruption Event having occurred, then such Settlement Date for such Warrants shall be postponed to the first following Business Day in the place where the Clearing System through which such Warrants are exercised is located in respect of which there is no Settlement Disruption Event, **provided that** the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant by delivering the applicable Securities or paying of the Cash Settlement Amount, as the case may be, using such other commercially reasonable manner as it may select and in such event the Settlement Date shall be such day as the Issuer deems appropriate in connection with the delivery of the Securities or payment of the Cash Settlement Amount, as the case may be, in such other commercially reasonable manner. For the avoidance of doubt, in relation to Physical Settled Warrants, where the Settlement Disruption Event affects some but not all of the relevant Securities, the Settlement Date for the Securities not affected by the Settlement Disruption Event will be the originally designated Settlement Date. In the event that a Settlement Disruption Event will result in the delivery on the Settlement Date of some but not all of the relevant Securities, the Calculation Agent shall determine the appropriate *pro rata* portion of the Transfer Expenses and/or Taxes to be paid by the relevant Warrantholder in respect of that partial settlement. In the event of an occurrence of a Settlement Disruption Event, the Calculation Agent shall give notice to the relevant Warrantholders as soon as reasonably practicable in accordance with Condition 10 (*Notices*). No Warrantholder shall be entitled to any payment in respect of the relevant Warrant in the event of any delay in the delivery of the relevant Securities due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

### (k) *Settlement within the United States*

Notwithstanding the foregoing, with respect to any Warrants that are Physical Settlement Warrants, no cash, securities or other property shall be delivered in the United States (as this term is defined in Regulation S) in connection with the settlement of such Warrants unless the holder thereof shall have delivered any required certifications (including an Exercise Notice) and other documentation (which may include legal opinions) in conjunction with any Exercise of such Warrants.

## 4. **Exercise Procedure**

### (a) *Exercise Notice*

Subject to prior termination of the Warrants as provided in Condition 9 (*Illegality*), Warrants may be exercised on the Exercise Date by the sending of a fax, confirmed in writing, of a duly completed Exercise Notice (copies of which may be obtained from the relevant Clearing System or the Principal Warrant Agent) to (i) the relevant agent and (ii) the Principal Warrant Agent, not



## Part C – Warrants – Terms and Conditions of the Warrants

later than 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located):

- (A) in the case of Warrants specified in the relevant Final Terms as being American Style Warrants, on any Business Day during the Exercise Period;
- (B) in the case of Warrants specified in the relevant Final Terms as being European Style Warrants, on the Expiry Date, subject to Condition 3(b) ("*European Style*" Exercise); or
- (C) in the case of Warrants specified in the relevant Final Terms as being Bermudan Style Warrants, on a Potential Exercise Date, and/or the Expiry Date, subject to Condition 3(c) ("*Bermudan Style*" Exercise).

Subject to Condition 3(h) (*Warrants Void on Expiry*), any Exercise Notice delivered after 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised) shall (a) in the case of European Style Warrants and Bermudan Style Warrants, be null and void and (b) in the case of American Style Warrants, be deemed to have been delivered on the next succeeding Business Day.

Each Exercise Notice shall:

- (i) specify the name, address, telephone and facsimile details of the Warrantholder in respect of the Warrants being exercised;
- (ii) specify the number of Warrants of each Tranche being exercised (which must be not less than the Minimum Exercise Number (as defined in Condition 5) (*Minimum Number of Warrants Exercisable*));
- (iii) specify the number of the Warrantholder's account at the relevant Clearing System to be debited with the Warrants being exercised and irrevocably instruct, or, as the case may be, confirm that the Warrantholder has irrevocably instructed, the relevant Clearing System to debit the Warrantholder's account with the Warrants being exercised and to credit the same to the account of the Principal Warrant Agent;
- (iv) where applicable, specify the number of the Warrantholder's account at the relevant Clearing System to be credited with the Cash Settlement Amount for the Warrants being exercised;
- (v) in the case of Warrants offered and sold in reliance on Regulation S, certify that each person exercising such Warrants is not a US person, that such Warrants are not beneficially owned by or on behalf of US persons or persons within the United States, that such Warrants are not being exercised within the US or by or on behalf of US persons or persons within the United States, and that no cash, securities or other property have been or will be delivered within the United States or to or for the account or benefit of a US person in connection with the exercise of the Warrants and authorise the production of such certification in applicable administrative or legal proceedings (the terms "**United States**" and "**US person**" used in this paragraph having the meaning given to them in Regulation S);
- (vi) in the case of Warrants offered and sold in reliance on Rule 144A, certify that each person exercising such Warrants is a "**qualified institutional buyer**" (as defined in Rule 144A); and
- (vii) include an irrevocable undertaking to pay any applicable stamp duty, stamp duty reserve tax and/or other taxes or duties ("**Taxes**") and/or Transfer Expenses due by reason of the exercise of the Warrants and an authority to the Issuer and the relevant Clearing System to deduct an amount in respect thereof from any Cash Settlement Amount due to such Warrantholder or otherwise (on, or at any time after, the Cash Settlement Payment Date) to debit a specified account of the Warrantholder at the relevant Clearing System with an amount or amounts in respect thereof, all as provided in the Warrant Agency Agreement.

## Part C – Warrants – Terms and Conditions of the Warrants

In addition, if the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants or if Condition 3(f) (*Optional Physical Settlement*) is specified in the relevant Final Terms as being applicable, the Exercise Notice shall also:

- (aa) irrevocably instruct the relevant Clearing System to debit on the Strike Price Payment Date a specified account of the Warrantholder with the aggregate Strike Price in respect of the Warrants being exercised (together with any applicable Taxes) and to transfer such amount to such account as shall have been specified by the Issuer to the relevant Clearing System for that purpose;
- (bb) include an irrevocable undertaking to pay any applicable Taxes due by reason of the transfer (if any) of the Securities to the account at the relevant Clearing System specified, or as otherwise specified, by the Warrantholder and an authority to the Issuer and the relevant Clearing System to debit a specified account of the Warrantholder with an amount in respect thereof; and
- (cc) specify the number of the Warrantholder's account with the relevant Clearing System to be credited with the relevant Securities or, as the case may be, the delivery details for such Securities.

(b) ***Verification of Warrantholder***

To exercise Warrants, the Holder must duly complete an Exercise Notice and must have Warrants in the amount being exercised in its securities account with the relevant Clearing System on the Exercise Date. The relevant Clearing System will, in accordance with its normal operating procedures, verify that each person exercising such Warrants is the Holder thereof according to the records of such Clearing System and that such Holder has an account at the relevant Clearing System which contains an amount equal to the aggregate Strike Price (if any) in respect of the Warrants being exercised. If the Exercise Notice is, in the determination of the relevant Clearing System, improperly completed, or sufficient Warrants or sufficient funds equal to the aggregate Strike Price are not available in the specified account(s) with the relevant Clearing System on the Exercise Date, the Exercise Notice will be treated as null and void and a new duly completed Exercise Notice must be submitted if exercise of the Holder's Warrants is still desired.

On or prior to the Cash Settlement Payment Date or the Settlement Date, as the case may be, the relevant Clearing System will debit the Warrantholder's account with the Warrants being exercised.

(c) ***Notification to Principal Warrant Agent***

The relevant Clearing System shall notify the Principal Warrant Agent in writing (with a copy to the Issuer) not later than 11.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located) on the Business Day immediately following the Exercise Date of the number of the account with such Clearing System to which the Cash Settlement Amount or, in the case of Physical Settlement, the Securities are to be credited for the benefit of the Warrantholder.

(d) ***Debit of Warrantholder's Account***

The relevant Clearing System will on or before the Cash Settlement Payment Date or the Settlement Date, as the case may be, debit the relevant account of the Warrantholder and credit the relevant account of the Principal Warrant Agent (in favour of the Issuer) with the Warrants being exercised and, if the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants or if the Issuer has elected for optional Physical Settlement in accordance with Condition 3(f) (*Optional Physical Settlement*), with the aggregate Strike Price, in the case of a Call Warrant, or the relevant number of Securities, in the case of a Put Warrant, in respect of the Warrants being exercised together in each case with any applicable Taxes. If the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants or if the Issuer has elected for optional Physical Settlement in accordance with Condition 3(f) (*Optional Physical Settlement*) and the aggregate Strike Price, in the case of a Call Warrant, or the relevant

number of Securities, in the case of a Put Warrant, in respect of the Warrants being exercised together in each case with any applicable Taxes is not so credited, then the Issuer shall be under no obligation to transfer Securities or make payment of any nature to the relevant Warrantholder in respect of the Warrants being exercised, and the Exercise Notice delivered in respect of such Warrants shall thereafter be null and void for all purposes.

If Condition 3(f) (*Optional Physical Settlement*) or Condition 3(g) (*Optional Cash Settlement*) is specified in the relevant Final Terms as being applicable, the Issuer will, by the close of business (London time) on the Business Day following the relevant Determination Date, notify the relevant Clearing System, the Principal Warrant Agent and the relevant Warrantholder, if it has elected for Cash Settlement or Physical Settlement, as the case may be. Notice to the relevant Warrantholder shall be given by facsimile to the number specified in the relevant Exercise Notice and any notice so sent shall be deemed received by the relevant Warrantholder.

(e) ***Payment***

In respect of Warrants which have been exercised, the Calculation Agent shall by close of business or such other time as is specified in the relevant Final Terms on the date specified therefor in the relevant Final Terms determine the Cash Settlement Amount (if any) to be paid on the relevant Cash Settlement Payment Date in respect of the relevant Warrants **provided that** the Calculation Agent has received notification from the relevant Clearing System specifying the number of Warrants which have been exercised in accordance with Condition 4(a) (*Exercise Notice*) and, shall notify the Issuer and the Principal Warrant Agent of such amounts on the Business Day following the date so specified.

Unless the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants and the Issuer has not elected for optional Cash Settlement in accordance with Condition 3(g) (*Optional Cash Settlement*)) or the Issuer has elected for optional Physical Settlement in accordance with Condition 3(f) (*Optional Physical Settlement*), the Issuer will transfer to the Principal Warrant Agent the Cash Settlement Amount in respect of the Warrants being exercised, less any amount in respect of Taxes which the Issuer is authorised to deduct therefrom, for value on the Cash Settlement Payment Date, and the Principal Warrant Agent will cause the Warrantholder's account with the relevant Clearing System to be credited with such amount for value on the Cash Settlement Payment Date.

If, however, the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants (and the Issuer has not elected for optional Cash Settlement in accordance with Condition 3(d) (*Optional Cash Settlement*)) or if the Issuer elects for optional Physical Settlement in accordance with Condition 3(f) (*Optional Physical Settlement*), then:

- (i) in the case of a Call Warrant, subject to the debit of the relevant account of the Warrantholder with the Strike Price and any applicable Taxes and/or Transfer Expenses and the credit thereof to the relevant account of the Principal Warrant Agent (in favour of the Issuer) as aforesaid, the Issuer will, on the relevant Settlement Date, procure the credit of the relevant Securities to the account specified, or as may otherwise be specified, in the relevant Exercise Notice; and
- (ii) in the case of a Put Warrant, the Issuer will, on the Settlement Date in respect of such Warrant, procure the transfer for value to the Principal Warrant Agent of the Strike Price in respect of the Warrant being exercised, less any amount in respect of Taxes and/or Transfer Expenses which the Issuer is authorised to deduct therefrom, and the Principal Warrant Agent will, on the relevant Settlement Date, procure the credit of the relevant Strike Price to the account specified, or as may otherwise be specified, in the relevant Exercise Notice.

The Issuer shall pay or cause to be paid when due payments in respect of Uncertificated Registered Warrants to the relevant Warrantholder's cash memorandum account (as shown in the records of the Operator), such payment to be made in accordance with the rules of the Operator. Each of the persons shown in the Operator register of corporate securities as holder of a particular principal amount of Uncertificated Registered Warrants must look solely to the

settlement bank or institution at which its cash memorandum account is held for its share of each such payment so made by or on behalf of the Issuer.

(f) ***Exercise Risk***

Exercise of the Warrants, payment by the Issuer and the Principal Warrant Agent and any transfer of Securities by the Issuer or the Principal Warrant Agent, will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at the relevant time (including, without limitation, any relevant exchange control laws or regulations and the rules and procedures of the relevant Clearing System) and neither the Issuer nor the Principal Warrant Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations and practices. Neither the Issuer nor the Principal Warrant Agent shall under any circumstances be liable for any acts or defaults of any Clearing System in the performance of its duties in relation to the Warrants.

(g) ***Determinations***

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the relevant Clearing System, in consultation with the Principal Warrant Agent, and shall be conclusive and binding on the Issuer, the Warrant Agents and the relevant Warrantholder. Any Exercise Notice so determined to be incomplete or not in proper form or which is not copied to the Principal Warrant Agent immediately after being sent to the relevant Clearing System, shall be null and void. If such Exercise Notice is subsequently corrected to the satisfaction of the relevant Clearing System, it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to the relevant Clearing System.

(h) ***Effect of Exercise Notice***

Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the Warrantholder to exercise the Warrants specified therein, **provided that** the person exercising and delivering such Exercise Notice is the person then appearing in the books of the relevant Clearing System as the Holder of the relevant Warrants. If the person exercising and delivering the Exercise Notice is not the person so appearing, such Exercise Notice shall for all purposes become null and void and shall be deemed not to have been so delivered.

After the delivery of an Exercise Notice (other than an Exercise Notice which shall become void pursuant to Condition 4(a) (*Exercise Notice*)), the Warrantholder specified in such Exercise Notice may not otherwise transfer such Warrants. Notwithstanding this, if any Warrantholder does so transfer or attempt to transfer such Warrants, the Warrantholder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related hedging operations in reliance on the relevant Exercise Notice and subsequently (i) entering into replacement hedging operations in respect of such Warrants or (ii) paying any amount on the subsequent exercise of such Warrants without having entered into any replacement hedging operations.

(i) ***Fractions***

No fraction of any Securities will be transferred on exercise of any Warrant pursuant to Conditions 3(d) (*Cash Settlement*) or 3(e) (*Physical Settlement*), **provided that** all Warrants exercised at the same time by the same Warrantholder shall be aggregated for the purpose of determining whether any (and if so what) fraction of any Securities arises. Instead the Issuer shall make a cash refund of the corresponding fraction (rounded down to the nearest minimum unit of the Settlement Currency) of the aggregate Strike Price in respect of the relevant Warrants. Such refund shall be made by transfer by the Issuer to the account of the Principal Warrant Agent whereupon the Principal Warrant Agent shall transfer such amount to the account at the relevant Clearing System specified in the relevant Exercise Notice as the account to be credited with the relevant Cash Settlement Amount or, if none, then to the relevant Clearing System for credit by it to the account of the relevant Warrantholder with that Clearing System from which the Strike Price was originally debited.

5. **Minimum Number of Warrants Exercisable**

The Warrants are exercisable in the minimum number (the "**Minimum Exercise Number**") specified in the relevant Final Terms and integral multiples thereof (or, if a "**Permitted Multiple**" is specified in the relevant Final Terms, integral multiples of the Permitted Multiple) on any particular occasion or such lesser Minimum Exercise Number or other Permitted Multiple as the Issuer may from time to time notify to the Warrantholders in accordance with Condition 10 (*Notices*).

6. **Effects of European Economic and Monetary Union**

- (a) Following the occurrence of an EMU Event (as defined below), the Calculation Agent may make such adjustment (and determine the effective date of such adjustment) as it, in its sole and absolute discretion, determines appropriate, if any, to the Strike Price (if any), the formula for the Cash Settlement Amount, the Final Price, the number of Securities to which each Warrant relates, the number of securities comprised in a Security Basket Warrant, the amount, the number of or type of shares, bonds, other securities or other property which may be delivered in respect of such Warrants and/or any other adjustment and, in any case, any other variable relevant to the exercise, settlement or payment terms of the relevant Warrants which in the sole and absolute discretion of the Calculation Agent have been or may be affected by such EMU Event.
- (b) Following the occurrence of an EMU Event, without prejudice to the generality of the foregoing, the Issuer shall be entitled to: (i) make such conversions between amounts denominated in the national currency units (the "**National Currency Units**") of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Communities as amended by the Treaty on European Union and the euro, and the euro and the National Currency Units, in each case, in accordance with the conversion rates and rounding rules established by the council of the European Union pursuant to the Treaty establishing the European Communities as amended by the Treaty a European Union as it, in its sole and absolute discretion, considers appropriate; (ii) make all payments in respect of the Warrants solely in euro as though references in the Warrants to the relevant National Currency Units were to euro and (iii) make such adjustments as it, in its sole and absolute discretion considers necessary to the Strike Price (if any), the formula for the Cash Settlement Amount, Final Price and any other amount as it determines, in its sole and absolute discretion, to be appropriate.
- (c) None of the Issuer, a Warrant Agent or the Calculation Agent will be liable to any Warrantholder or other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection therewith.
- (d) For the purposes hereof, "**EMU Event**" means the occurrence of any of the following, as determined by the Calculation Agent, acting in a commercially reasonable manner:
  - (i) the withdrawal from legal tender of any currency that, before the introduction of the euro, was lawful currency in one of the member states;
  - (ii) the redenomination of any Security into euro;
  - (iii) any change in the currency of denomination of any index;
  - (iv) any change in the currency in which some or all the securities or other property contained in any Index is denominated;
  - (v) the disappearance or replacement of a relevant rate option or other price source for the national currency of any member state, or the failure of the agreed sponsor (or successor sponsor) to publish or display a relevant rate, index, price, page or screen; or
  - (vi) the change by any organised market, exchange or clearance, payment or settlement system in the unit of account of its operating procedures to the euro.

7. **Warrant Agents and Calculation Agent**

(a) ***Appointment of Agents***

The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Warrant Agent or the Calculation Agent or the Authentication Agent or the Warrant Registrar or the Warrant Transfer Agent and to appoint another Principal Warrant Agent or a substitute Calculation Agent or a substitute Authentication Agent or a substitute Warrant Registrar or a substitute Warrant Transfer Agent, **provided that** (i) so long as any Warrant is outstanding, the Issuer will maintain a Principal Warrant Agent and a Calculation Agent and an Authentication Agent and (ii) so long as the Warrants have been admitted to the Official List of the UKLA and admitted to trading on the Regulated Market of the London Stock Exchange (or have been admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system), there will be a Warrant Agent with a specified office in London (or in such other place as may be required by such other listing authority, stock exchange and/or quotation system by which the Warrants have then been admitted to listing, trading and/or quotation). Notice of any termination of appointment and of any change in the specified office of the Principal Warrant Agent or a Calculation Agent or an Authentication Agent or a Warrant Registrar or a Warrant Transfer Agent and of any appointment of a Warrant Agent or a Calculation Agent or an Authentication Agent or a Warrant Registrar or a Warrant Transfer Agent will be given to Warrantheolders in accordance with Condition 10 (*Notices*). In acting under the Warrant Agency Agreement, the Principal Warrant Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantheolders.

(b) ***Calculation Agent***

The Calculation Agent shall not act as an agent for the Warrantheolders but shall be the agent of the Issuer. All calculation functions required of the Calculation Agent under these Conditions may be delegated to any such person as the Calculation Agent, in its absolute discretion, may decide.

Neither the Issuer nor the Calculation Agent shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables used in any calculation made pursuant to these Conditions or in the calculation of any Cash Settlement Amount or of any entitlement to Physical Settlement arising from such errors or omissions.

(c) ***Notifications***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the Warrants by the Principal Warrant Agent or the Calculation Agent shall (in the absence of manifest error or wilful misconduct) be binding on the Issuer and the Warrantheolders and (subject as aforesaid) no liability to the Warrantheolders (or any of them) shall attach to the Principal Warrant Agent or the Calculation Agent in connection with the exercise or non-exercise by either of them of their powers, duties and discretions for such purposes.

8. **Taxes**

A Warrantheolder subscribing for, purchasing or exercising a Warrant shall pay all Taxes and securities transfer taxes and any other charges, if any, payable in connection with the subscription, purchase or exercise of such Warrant and the delivery of the Cash Settlement Amount and/or any Securities as a result of such exercise. The Issuer shall have the right, but not the duty, to withhold or deduct from any amounts otherwise payable to a Warrantheolder such amount as is necessary for the payment of any such taxes, duties or charges or for effecting reimbursement in accordance with the next sentence.

In any case where the Issuer is obliged to pay any such tax, duty or charge referred to in the previous paragraph, the relevant Warrantheolder shall promptly reimburse the Issuer therefor.

## Part C – Warrants – Terms and Conditions of the Warrants

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or exercise of any Warrants.

Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of US Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the US Internal Revenue Service ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a Holder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

### 9. **Illegality**

Subject to the following sentence, the Issuer shall have the right to terminate its obligations under the Warrants, if the Calculation Agent shall have determined in its absolute discretion, that the performance of such obligations shall have become unlawful or impracticable in whole or in part, in particular as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive or with any requirement or request of any governmental, administrative, legislative or judicial authority or power. In such circumstances the Issuer will, however, pay to each Warrantholder in respect of each Warrant held by it an amount determined by the Calculation Agent after consultation with a merchant bank of international repute as representing the fair market value of such Warrant immediately after such termination. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 10 (*Notices*).

### 10. **Notices**

All notices to Warrantholders will, save where another means of communication has been specified in the relevant Final Terms, be deemed to have been duly given (a) in the case of Book-Entry Form Warrants and Registered Warrants if notified to the relevant Clearing System or (b) in the case of Uncertificated Registered Warrants, if sent by first class mail or (if posted to an address overseas) by airmail to the holders at their respective addresses appearing in the Record and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Uncertificated Registered Warrants are listed by or on a competent authority or stock exchange and, if the rules of that competent authority or stock exchange so require, such notice will be published in a daily newspaper of general circulation in the places or places required by that competent authority or stock exchange and, in the case of Warrants admitted to the Official List of the UKLA and admitted to trading on the London Stock Exchange (or which have been admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system), if copies of such notifications are forwarded in final form to the London Stock Exchange no later than the date of dispatch (or, in the case of Warrants admitted to listing, trading and/or quotation by any other listing authority, stock exchange, and/or quotation system published in any publication required by such other listing authority, stock exchange and/or quotation system). Any such notice shall be deemed to have been given on the date of such notification or, in the case of any of Warrants listed on any other listing authority, stock exchange and/or quotation system, the date of such publication or, if notified or published more than once or on different dates, on the date of the first such notification or publication.

### 11. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Warrantholders to create and issue further warrants of any particular Series so as to form a single Series with the Warrants.

### 12. **Purchase by the Issuer**

The Issuer may at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may, at the discretion of the Issuer, be held, resold, reissued or surrendered for cancellation, and Warrants so reissued or resold shall for all purposes be deemed to form part of the original Series of the Warrants.

13. **Modification**

The Issuer may modify the Conditions and the Warrant Agency Agreement (subject in the case of the Warrant Agency Agreement to the agreement of the other parties thereto) without the consent of the Warrantholders for purposes of curing any ambiguity or correcting or supplementing any provision contained therein in any manner which the Issuer may deem necessary or desirable **provided that** such modification is not materially prejudicial to the interests of the Warrantholders or to correct an inconsistency between the Final Terms and the relevant termsheet relating to the Warrants. Notice of any such modification will be given to the Warrantholders but failure to give, or non-receipt of, such notice will not affect the validity of such modification.

14. **Substitution**

The Issuer shall be entitled at any time and from time to time, without the consent of the Warrantholders, to the substitution of a subsidiary or holding company of the Issuer or any subsidiary of any such holding company (the "**New Issuer**") in place of the Issuer as principal debtor under the Warrants of any Series, **provided that** such Warrants are irrevocably guaranteed by the Issuer. In the event of any such substitution, any reference in these Conditions to the Issuer shall be construed as a reference to the New Issuer. Any such substitution shall be promptly notified to the relevant Warrantholders in accordance with Condition 10 (*Notices*). In connection with such right of substitution the Issuer shall not be obliged to have regard to the consequences of the exercise of such right for individual Warrantholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Warrantholder shall be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon such Warrantholder.

15. **Governing Law**

(a) ***Governing law***

The Warrants and any non contractual obligations arising out of or in connection with the Warrants are governed by English law.

(b) ***English courts***

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising from or connected with the Warrants (including any Dispute regarding the existence, validity or termination of the Warrants) or the consequences of their nullity.

16. **Third Party Rights**

No person shall have any right to enforce any term or condition of the Warrants under the Contracts (Rights of Third Parties) Act 1999.



PRO FORMA FINAL TERMS FOR WARRANTS

*Set out below is the form of Final Terms which will be completed for each Tranche of Warrants issued under the Programme.*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.]*

[Warrants issued pursuant to these Final Terms are securities to be listed under Listing Rule 19.<sup>1</sup>]

Final Terms dated [•]  
Series No.: [•]  
Tranche No.: [•]

HSBC Bank plc

Programme for the Issuance of Notes and Warrants

Issue of

[Number of Warrants]

[Title of Warrants]

[(to be consolidated and form a single series with the existing *[Insert details of existing Tranche(s)]*) issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]

PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of the Tranche of Warrants described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Warrants (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme, which [together with the supplemental prospectus(es) dated [•]] constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>2</sup>.

[This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus.]<sup>3</sup> Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus is available for viewing at [address] [and] [website] and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions (the "**Conditions**"), which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Warrants. This document constitutes the Final Terms of the Warrants described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>4</sup> and must be read in conjunction with the Base Prospectus dated 19 June 2012 [and the supplemental prospectus(es) dated [•]], which [together] constitute[s] a base prospectus ("**Prospectus**") [for the

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<sup>1</sup> To be included in respect of all Warrants which are to be admitted to listing.

<sup>2</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>3</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>4</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

## Part C – Warrants – Terms and Conditions of the Warrants

purposes of the Prospectus Directive]<sup>5</sup>. Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus. The Prospectus and the Conditions are available for viewing during normal business hours at [address] and copies may be obtained from [address] [and] [website].<sup>6</sup>

*(For Warrants offered and sold in the United States of America include:*

### [IMPORTANT NOTICES

THE WARRANTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO US PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE WARRANTS ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF WARRANTS PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

### NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("**RSA 421-B**") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

### AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Warrants, the Issuer will promptly furnish, upon request of a holder of a Warrant, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

It is advisable that prospective investors considering acquiring any Warrants understand the risks of transactions involving the Warrants and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Warrants in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Warrants will have on their overall investment portfolio) and the information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "*Risk Factors*" in the Prospectus.

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<sup>5</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>6</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

## Part C – Warrants – Terms and Conditions of the Warrants

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

1. Issuer: HSBC Bank plc
2. Principal Warrant Agent: HSBC Bank plc
3. Calculation Agent: [HSBC Bank plc] [HSBC France]
4. Warrant Agent: HSBC Bank plc
5. (i) Series number: [ ]  
(ii) [Tranche number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Warrants become fungible).*
6. Currency or currencies: [ ]
7. Aggregate Number of Warrants in the:  
[(i) Series:] [ ]  
[(ii) Tranche:] [ ]
8. Issue Date: [ ]
9. Issue Price: [currency] [amount] per Warrant
10. Strike Price: [currency] [amount]
11. Listing of Warrants: [Application has been made for the Warrants to be admitted to the Official List of the UK Listing Authority and admitted to trading on the Regulated Market of the London Stock Exchange/other (specify)/ [on or around the Issue Date/ insert date] / None]
12. Date [Board] approval for the issuance of Warrants obtained: [ ] [and [ ], respectively]] [Not applicable]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Warrants)*
13. Type of Warrants: [ ]
14. Series represented by: [Global Warrant<sup>7</sup>]/[Global Registered Warrant]/[N/A].  
Warrants in definitive form [will/will not] be issued.  
[other (specify)]
- 14A. Form of Warrant: [Book-Entry Form Warrants/Registered Warrants/Uncertificated Registered Warrants]

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<sup>7</sup> Warrants will generally be in book-entry form represented by a Global Warrant. If, and only if Warrants are being sold in reliance on Rule 144A, will they be in registered form and represented by a Global Registered Warrant.

## Part C – Warrants – Terms and Conditions of the Warrants

15. Style of Warrants: The Warrants are [American/European/ Bermudan/ *other (specify)*] Style [Call/Put] Warrants. Condition [3(a)/3(b)/3(c)] is applicable.
16. (i) Expiry Date: [Time] [City] time [*specify fallback if Expiry Date is not a business day, if not the Following Business Day Convention*]
- (ii) Exercise Procedure: [Condition 4 is applicable/*other (specify)*]
- (iii) Automatic Exercise: [Applicable/Not applicable]<sup>8</sup>
- (iv) Exercise Period: [*American Style Warrants only*]. [The period beginning from (and including) [ ] and ending on (and including) the Expiry Date].
- (v) Potential Exercise Date(s): [*Bermudan Style Warrants only*] [*insert date*]
17. (i) Minimum Exercise Number: [ ] Warrants
- (ii) Permitted Multiple: [ ] Warrants
18. Cash Settlement: [Applicable. The Warrants are Cash Settlement Warrants. Condition 3(d) (*Cash Settlement*) [and Condition 3(f) (*Optional Physical Settlement*)] [applies/apply]]/[Not applicable].
- (i) Settlement Currency: [ ]
- (ii) Cash Settlement Amount: [ ]
- (iii) Cash Settlement Payment Date: [ ]
19. Physical Settlement: [Applicable. The Warrants are Physical Settlement Warrants. Condition 3(e) (*Physical Settlement*) [and Condition 3(g) (*Optional Cash Settlement*)] [applies/apply]]/[Not applicable].
- (i) Strike Price Payment Date: [ ]
- (ii) Settlement Date: [ ]
- (*Consider treatment of dividends*)
- [Stamp duty [is/ is not] currently payable by the Warrantholder on Security delivery. There [are/are no] restrictions on the transferability of the Securities.]
20. Business Day: [As in the Conditions/*other (specify)*]
21. Expiry Business Day: [ ] / [Not applicable]
22. Determination Date: [ ]<sup>9</sup> / [Not applicable]

<sup>8</sup> Refer to Listing Rule 19.2.6. If the Warrants are Retail Securitised Derivatives as defined in Listing Rule 19, then automatic exercise is required.

<sup>9</sup> Only applicable if Condition 3(f) (*Optional Physical Settlement*) or 3(g) (*Optional Cash Settlement*) is applicable.

## Part C – Warrants – Terms and Conditions of the Warrants

23. Selling Restrictions: In addition to selling restrictions listed in "**Purchase and Sale of the Warrants**" contained in the Base Prospectus:
- (Specify any selling restrictions applicable to the Warrants which are additional to, or in substitution for, those contained in the Base Prospectus)*
24. Other Final Terms: [ ]<sup>10</sup>

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<sup>10</sup> If new term constitutes a "significant new factor", consider whether a Drawdown Prospectus or a new base prospectus is required.

**[LISTING AND ADMISSION TO TRADING APPLICATION]**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Warrants described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

*[In offer of Warrants pursuant to Rule 144A insert:*

**TRANSFER RESTRICTIONS**

Because of the following restrictions, purchasers of Warrants offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Warrants.

Each prospective purchaser of Warrants offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of these Final Terms and the accompanying Prospectus, will be deemed to have represented and agreed with respect to such Warrants as follows:

- (a) such 144A Offeree acknowledges that these Final Terms and the accompanying Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Warrants other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the accompanying Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Prospectus or any documents referred to herein.

Each purchaser of Warrants sold in reliance on Rule 144A ("**Restricted Warrants**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Warrants for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Warrants to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Warrants are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Warrants offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Warrants will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS WARRANT [AND THE SECURITIES TO BE DELIVERED UPON EXERCISE HEREOF]<sup>11</sup> HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS WARRANT IS HEREBY NOTIFIED THAT THE SELLER OF THIS WARRANT MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

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<sup>11</sup> To be included if the underlying securities have not been registered under the Securities Act.

## Part C – Warrants – Terms and Conditions of the Warrants

THE HOLDER HEREOF, BY PURCHASING THIS WARRANT, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS WARRANT MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS WARRANT FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN A PROSPECTUS SUPPLEMENT OR APPLICABLE FINAL TERMS, EACH PURCHASER OR TRANSFEREE OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS WARRANT TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS WARRANT THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

ANY EXERCISE OF THIS WARRANT WILL BE CONDITIONED ON (1) THE DELIVERY OF A DULY EXECUTED EXERCISE NOTICE BY THE HOLDER HEREOF AND (2) WITH RESPECT TO EXERCISE BY ANY US PERSON, THE UNDERLYING SECURITIES BEING (A) REGISTERED UNDER THE SECURITIES ACT OR (B) SUBJECT TO AN EXEMPTION FROM REGISTRATION THEREUNDER AT THE TIME OF SUCH EXERCISE."

- (4) Each purchaser of Restricted Warrants acknowledges that the Issuer, the Warrant Registrar, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Warrants for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Warrant represented by a Restricted Global Registered Warrant may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Warrant, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Warrants While in Global Form*" in the accompanying Base Prospectus.]

### [RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. *[[Relevant third party information]* has been extracted from *[specify source]*. The Issuer confirms that such information

**Part C – Warrants – Terms and Conditions of the Warrants**

has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced inaccurate or misleading.]]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....



**PART B – OTHER INFORMATION**

**1. LISTING**

- |      |                       |   |
|------|-----------------------|---|
| (i)  | Listing:              | [Application [will be/has been] made to admit the Warrants to listing on the Official List of the Financial Services Authority pursuant to Listing Rule 19. No assurance can be given as to whether or not, or when, such application will be granted.]   |
| (ii) | Admission to trading: | [Application has been made for the Warrants to be admitted to trading [on the Regulated Market/ <i>other (specify)</i> ] with effect from [the Issue Date/ <i>[insert date]</i> ]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Warrants admitted to trading on the PORTAL System of the US National Association of Securities Dealers.]/[Not applicable] |

*(Where documenting a fungible issue need to indicate that original warrants are already admitted to trading.)*

**2. NOTIFICATION**

[The Financial Services Authority ("FSA") [has been requested to provide/has provided – *(include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues)*] the Financial Market Association (Austria), the Financial Services and Markets Authority (Belgium), the Autorité des marchés financiers (France), the Federal Financial Supervisory Authority (Germany), the Central Bank of Ireland (Ireland), the Commissione Nazionale per le Società e la Borsa (Italy), the Commission de Surveillance du Secteur Financier (Luxembourg), the Malta Financial Services Authority (Malta), the Comisión Nacional del Mercado de Valores (Spain) and the Netherlands Authority for the Financial Markets (Netherlands) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.] [Not applicable]

**3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:)*

"Save as discussed in ["*Purchase and Sale of Warrants*"], so far as the Issuer is aware, no person involved in the offer of the Warrants has an interest material to the offer."

**4. [REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- |       |                           |   |
|-------|---------------------------|---|
| [(i)] | Reasons for the offer:    | [ ]<br><br><i>(Specify reasons only if reasons are different from making profit/hedging purposes, otherwise: Not applicable)</i>  |
| (ii)  | Estimated net proceeds:   | <i>(Specify if reasons for the offer are specified above under (i), otherwise: Not applicable.) (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)</i> |
| (iii) | Estimated total expenses: | <i>(Specify if reasons for the offer are specified above under (i), otherwise: Not applicable / [Include breakdown of expenses])</i>  |

5. **[Index-Linked, Equity-Linked or other variable-linked Interest Warrants only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING<sup>12</sup>**

*(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Also include appropriate index disclaimers. Where the underlying is not an index, need to include equivalent information.)*

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)*

The Issuer [intends to provide post-issuance information (specify what information will be reported and where it can be obtained)] [does not intend to provide post-issuance information].]

#### OPERATIONAL INFORMATION

- |     |   |   |
|-----|---|---|
| 6.  | ISIN Code:  | [[ ]/Not applicable]  |
| 7.  | Common Code:  | [[ ]/Not applicable]  |
| 8.  | CUSIP:  | [[ ]/Not applicable]  |
| 9.  | Valoren Number:   | [[ ]/Not applicable]  |
| 10. | SEDOL:  | [[ ]/Not applicable]  |
| 11. | Any clearing system(s) other than Euroclear, and Clearstream, Luxembourg and the relevant identification number(s): | [None/specify]  |
| 12. | Delivery:   | Delivery [against/free of] payment  |
| 13. | Additional Warrant Agent(s) (if any):   | [None/specify]  |
| 14. | Common Depositary:  | [HSBC Bank plc/Not applicable/specify]  |
| 15. | Notices:<br>(Condition 10)  | [ ] (specify any other means of effecting communication)<br>[Condition 10 applies]  |
| 16. | City in which specified office of Warrant Registrar to be maintained  | [specify]   |
| 17. | ERISA Considerations:   | [The Warrants may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Base Prospectus for further information./give details] [Not applicable] |

<sup>12</sup> Refer to Prospectus Rules, Annex XII, paragraph 4.2.2 for disclosure requirements.

**TERMS AND CONDITIONS OF THE OFFER** *[this section applies only to public offers]*

- |     |  |   |
|-----|--|---|
| 18. | Offer Price:   | [Issue Price][ <i>other (specify)</i> ] |
| 19. | Conditions to which the offer is subject:  | [Not applicable/ <i>give details</i> ]  |
| 20. | Description of the application process:  | [Not applicable/ <i>give details</i> ]  |
| 21. | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:                                | [Not applicable/ <i>give details</i> ]  |
| 22. | Details of the minimum and/or maximum amount of application:   | [Not applicable/ <i>give details</i> ]  |
| 23. | Details of the method and time limits for paying up and delivering the Warrants:   | [Not applicable/ <i>give details</i> ]  |
| 24. | Manner in and date on which results of the offer are to be made public:  | [Not applicable/ <i>give details</i> ]  |
| 25. | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not applicable/ <i>give details</i> ]  |
| 26. | Categories of potential investors to which the Warrants are offered and whether tranche(s) have been reserved for certain countries:         | [Not applicable/ <i>give details</i> ]  |
| 27. | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:      | [Not applicable/ <i>give details</i> ]  |
| 28. | Amount of any expenses and taxes specifically charged to the subscriber or purchaser:  | [Not applicable/ <i>give details</i> ]  |
| 29. | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:             | [Not applicable/ <i>give details</i> ]  |

## SUMMARY OF PROVISIONS RELATING TO THE WARRANTS WHILE IN GLOBAL FORM

Warrants may, subject to all applicable legal and regulatory requirements, be issued in Tranches or Series and will be (as specified in the relevant Final Terms) either (i) if not offered in reliance on Rule 144A, (a) Book-Entry Form Warrants represented by a Global Warrant or (b) Uncertificated Registered Warrants or (ii) if and only if offered in reliance on Rule 144A, Registered Warrants represented by Global Registered Warrants. The summary that follows is only in relation to Book-Entry Form Warrants and Registered Warrants.

### Registered Warrants

#### *Global Registered Warrants*

Unless specified otherwise in the Final Terms, Registered Warrants will be issued in the form of Global Registered Warrants and the Issuer will deliver:

- (a) a Combined Global Registered Warrant; or
- (b) a Rule 144A Global Registered Warrant; or
- (c) an Unrestricted Global Registered Warrant and a Restricted Global Registered Warrant

(as each such term is defined below), subject to the Warrant Issuance Agreement (as defined herein) in accordance with their respective terms and as specified in the relevant Final Terms.

#### *Combined Global Registered Warrant*

The Combined Global Registered Warrant will be deposited on or about the Closing Date for the relevant Tranche with, and be registered in the name of, the common depositary for Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. A beneficial interest in the Combined Global Registered Warrant may at all times be held only through Euroclear and/or Clearstream, Luxembourg. In the circumstances described below under "*Exchange and Transfer of Global Registered Warrants for Definitive Registered Warrants*", interests in any Combined Global Registered Warrant will be exchangeable for warrants in definitive form ("**Definitive Registered Warrants**") offered in reliance on Regulation S and/or Rule 144A and represented by combined definitive registered warrants ("**Combined Definitive Registered Warrants**"). Combined Global Registered Warrants (and any Combined Definitive Registered Warrants) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Warrants as set out below under "*Transfer Restrictions*".

#### *Rule 144A Global Registered Warrant*

In the case of a Tranche of Registered Warrants offered and sold solely within the United States or to US Persons (as defined in Regulation S) in reliance on Rule 144A, such Tranche of Registered Warrants will be represented by a Global Registered Warrant (a "**Rule 144A Global Registered Warrant**"), which will be deposited on or about the Closing Date for such Tranche with, and be registered in the names of the common depositary for Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Interests in any Rule 144A Global Registered Warrant will be exchangeable (in the circumstances described below under "*Exchange and Transfer of Global Registered Warrants for Definitive Registered Warrants*") for Definitive Registered Warrants bearing a Rule 144A legend ("**US Definitive Registered Warrants**"). Rule 144A Global Registered Warrants (and any US Definitive Registered Warrants offered in exchange therefor) will be subject to certain restrictions on transfer contained in such Rule 144A legend appearing on the face of such Warrant as set out below under "*Transfer Restrictions*".

Each Rule 144A Global Registered Warrant will have an ISIN number and a CUSIP number.

#### *Unrestricted and Restricted Global Registered Warrants*

In the case of a Tranche of Registered Warrants offered and sold both pursuant to Regulation S and in reliance on Rule 144A such Tranche of Registered Warrants will be represented by two Global Registered Warrants (in the case of Registered Warrants forming part of such Tranche which are sold pursuant to Regulation S, an "**Unrestricted Global Registered Warrant**" and, in the case of Registered Warrants

forming part of such Tranche which are sold in reliance on Rule 144A, a "**Restricted Global Registered Warrant**").

The Unrestricted Global Registered Warrant will be deposited on or about the issue date for the relevant Tranche with, and registered in the name of the common depositary for Euroclear, and Clearstream, Luxembourg. A beneficial interest in the Unrestricted Global Registered Warrant may at all times be held only through Euroclear and Clearstream, Luxembourg. The Restricted Global Registered Warrant will, unless otherwise provided in the relevant Final Terms, be deposited on or about the issue date for the relevant Tranche with HSBC Bank USA, National Association as custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, DTC. In the circumstances described below under "*Exchange and Transfer of Global Registered Warrants for Definitive Registered Warrants*", interests in any Unrestricted Global Registered Warrant will be exchangeable for Regulation S Definitive Registered Warrants and interests in any Restricted Global Registered Warrant will be exchangeable for US Definitive Registered Warrants and Regulation S Definitive Registered Warrants. Restricted Global Registered Warrants (and any US Definitive Registered Warrants issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Warrants as set out below under "*Transfer Restrictions*".

Each Unrestricted Global Registered Warrant and each Restricted Global Registered Warrant will have an ISIN number and a CUSIP number.

***Exchange of Interests in Unrestricted and Restricted Global Registered Warrants; Transfer of Interests in Combined Global Registered Warrants; Transfers within and between DTC, Euroclear and Clearstream, Luxembourg***

On or prior to the 40th day after the later of the commencement of the offering of the relevant Tranche and the issue date for that Tranche, a beneficial interest in the relevant Unrestricted Global Registered Warrant may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Restricted Global Registered Warrant only upon receipt by the Warrant Registrar (as defined in the Warrant Issuance Agreement) of a written certification from the transferor (in the applicable form provided in the Warrant Issuance Agreement) to the effect that such transfer is being made to a person who the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other relevant jurisdiction. After such 40th day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Restricted Global Registered Warrant, as set out below under "*Transfer Restrictions*".

Beneficial interests in a Restricted Global Registered Warrant may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Unrestricted Global Registered Warrant, whether before, on or after such 40th day, only upon receipt by the Warrant Registrar of a written certification from the transferor (in the applicable form provided in the Warrant Issuance Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A under the Securities Act (if available) or to the Issuer or its affiliates.

Any beneficial interest in either the Restricted Global Registered Warrant or the Unrestricted Global Registered Warrant relating to any Series that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Registered Warrant relating to such Series will, upon transfer, cease to be a beneficial interest in such Global Registered Warrant and become a beneficial interest in the other Global Registered Warrant and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Registered Warrant for as long as it remains such an interest.

Beneficial interests in a Combined Global Registered Warrant may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Combined Global Registered Warrant, whether before, on or after such 40th day, only upon receipt by the Registrar of a written certification from the transferor (in the applicable form provided in the Warrant Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A under the Securities Act (if available) or to the Issuer or its Affiliates.

***Owner of Global Registered Warrants and Payments***

Subject to certain provisions of the Warrant Issuance Agreement relating to directions, sanctions and consents of Holders of Registered Warrants and to meetings of Holders of Warrants, so long as DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their common depository, as the case may be, is the registered owner or holder of a Global Registered Warrant, DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Warrants represented by such Global Registered Warrant for all purposes under the Warrant Issuance Agreement and the Warrants. Payments on Global Registered Warrants will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the registered holder thereof. None of the Issuer, the Warrant Registrar, or any Warrant Agent or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Registered Warrants or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

***Exchange and Transfer of Global Registered Warrants for Definitive Registered Warrants***

In the case of Rule 144A Global Registered Warrants or Restricted Global Registered Warrants held through DTC, beneficial interests in a Rule 144A Global Registered Warrant or a Restricted Global Registered Warrant will be exchangeable for US Definitive Registered Warrants: (i) if DTC notifies the Issuer that it is no longer willing or able to properly discharge its responsibilities as depository with respect to the relevant Restricted Global Registered Warrant or ceases to be a "**clearing agency**" registered under the Exchange Act, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depository; or (ii) if the Issuer, at its option, elects to terminate the book-entry system through DTC; or (iii) if so specified in the relevant Final Terms, if the holder of the relevant Rule 144A Global Registered Warrant or Restricted Global Registered Warrant requests that such interest be exchanged for US Definitive Registered Warrants; or (iv) at the option of the Issuer, if the Issuer, any Warrant Agent or the Warrant Registrar, by reason of any change in, or amendment to, the laws of the United Kingdom, is or will be required to make any deduction or withholding from any payment under the Warrants which would not be required if such Warrants were in definitive form.

Beneficial interests in a Regulation S Global Registered Warrant or an Unrestricted Global Registered Warrant will be exchangeable, in whole but not in part, for Regulation S Definitive Registered Warrants and, if held through Euroclear or Clearstream, Luxembourg, pursuant to the relevant Final Terms, beneficial interests in a Rule 144A Global Registered Warrant or a Restricted Global Registered Warrant will be exchangeable for US Definitive Registered Warrants: (i) if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or (ii) the Issuer, at its option, elects to terminate the book-entry system through Euroclear and Clearstream, Luxembourg; or (iii) at the option of the Issuer, if the Issuer would suffer a material disadvantage in respect of the Warrants as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be suffered were the Warrants in definitive form (and, in the case of Partly Paid Warrants, the Issuer may elect to effect such exchange in part only).

Beneficial interests in a Combined Global Registered Warrant will be exchangeable, in whole but not in part, for Combined Definitive Registered Warrants: (i) if Euroclear or Clearstream, Luxembourg or any other clearing system by which the Warrants have been accepted for clearing is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or in fact does so; or (ii) if the Issuer, at its option, elects to terminate the book-entry system through Euroclear and/or Clearstream, Luxembourg; (iii) if so specified in the relevant Final Terms, the holder of the relevant Combined Global Registered Warrant requests that such interest be exchanged for Combined Definitive Registered Warrants; or (iv) at the option of the Issuer, if the Issuer would suffer a material disadvantage in respect of the Warrants as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be suffered were the Warrants in definitive form (and, in the case of Partly Paid Warrants, the Issuer may elect to effect such exchange in part only).

## Part C – Warrants – Terms and Conditions of the Warrants

In such circumstances, (a) the Warrant Registrar will be required to notify all Holders of interests in the relevant Global Registered Warrants registered in the name of DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their common depository, as the case may be, of the availability of Definitive Registered Warrants and (b) the Issuer will, at the cost of the Issuer, cause sufficient Regulation S Definitive Registered Warrants and/or US Definitive Registered Warrants, as the case may be, to be executed and delivered to the Warrant Registrar for completion, authentication and dispatch to the relevant Holders. A person having an interest in the relevant Global Registered Warrant must provide the Warrant Registrar with:

- (i) a written order containing instructions and such other information as the Issuer and the Warrant Registrar may require to complete, execute and deliver the relevant Definitive Registered Warrant; and
- (ii) in the case of a Rule 144A Global Registered Warrant or a Restricted Global Registered Warrant only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. US Definitive Registered Warrants issued in exchange for a beneficial interest in a Rule 144A Global Registered Warrant or a Restricted Global Registered Warrant will bear the legends applicable to transfers pursuant to Rule 144A (as set out below under "*Transfer Restrictions*"); or
- (iii) in the case of a Combined Global Registered Warrant only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A or Regulation S, a certification that the transfer is being made in compliance with the provisions of Rule 144A or Regulation S, as applicable. Combined Definitive Registered Warrants issued in exchange for a beneficial interest in a Combined Global Registered Warrant will bear the legends applicable to transfers pursuant to Rule 144A and Regulation S (as set out below under "*Transfer Restrictions*").

If an Unrestricted Global Registered Warrant relating to a Series or (if issued in Tranches) Tranche of Warrants of which the Restricted Global Registered Warrant forms a part has, pursuant to its terms, been exchanged in whole, but not in part, for Regulation S Definitive Registered Warrants, beneficial interests in the Restricted Global Registered Warrant may be transferred to a person who wishes to take delivery thereof in the form of a Regulation S Definitive Registered Warrant. Such Regulation S Definitive Registered Warrants shall be registered in such name(s) as DTC, Euroclear or Clearstream, Luxembourg, as applicable, shall direct in writing.

Upon (i) notification to the Warrant Registrar by the Custodian that the appropriate debit entry has been made in the account of the relevant participant of DTC and (ii) receipt by the Warrant Registrar of a certificate, in the form scheduled to the Warrant Issuance Agreement, given by the transferee of the beneficial interest in the Restricted Global Registered Warrant and stating that the transfer of such interest has been made in compliance with the transfer restrictions applicable to the Warrants, and pursuant to and in accordance with Regulation S under the Securities Act, the Issuer shall procure that the Warrant Registrar will (against presentation by DTC or HSBC Bank USA, National Association, as custodian, of the Restricted Global Registered Warrant at the specified office of the Warrant Registrar or the Warrant Transfer Agent, all in accordance with the provisions of the Warrant Issuance Agreement), decrease the aggregate principal amount of Warrants registered in the name of the holder of, and represented by, the Restricted Global Registered Warrant and shall, without charge, procure, in exchange therefor, the delivery, within five Relevant Banking Days of the receipt by the Warrant Registrar of the Restricted Global Registered Warrant of the notification and certification referred to in paragraphs (i) and (ii) above, and registration information required to authenticate and deliver such Regulation S Definitive Registered Warrants, of an equal aggregate principal amount of duly authenticated and completed Regulation S Definitive Registered Warrants.

As used herein, "**Relevant Banking Day**" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located.

## Part C – Warrants – Terms and Conditions of the Warrants

The holder of a Registered Warrant may transfer such Registered Warrant in accordance with the provisions of Condition 1 (*Form and Transfer*) of the Terms and Conditions of the Warrants.

The holder of a Definitive Registered Warrant may transfer such Warrant by surrendering it at the specified office of the Warrant Registrar or any Warrant Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of US Definitive Registered Warrants issued in exchange for beneficial interests in a Rule 144A Global Registered Warrant or a Restricted Global Registered Warrant bearing the legends as set out below under "*Transfer Restrictions*", or upon specific request for removal of the legend on a US Definitive Registered Warrant, the Issuer will only deliver US Definitive Registered Warrants that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Warrant Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer, that neither the legend nor the restriction on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

The Warrant Registrar will not register the transfer of or exchange of interests in a Global Registered Warrant for Definitive Registered Warrants for a period of 15 calendar days preceding the due date for any payment in respect of the Warrants.

With respect to the registration of transfer of any US Definitive Registered Warrants, the Warrant Registrar will register the transfer of any such US Definitive Registered Warrants if the transferor, in the form of transfer on such US Definitive Registered Warrants, has certified to the effect that such transfer is (i) to persons who the transferor reasonably believes to be qualified institutional buyers within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction, (ii) in accordance with Regulation S, (iii) pursuant to an exemption from Rule 144 under the Securities Act (if available) or (iv) to the Issuer or its affiliates.

Regulation S Definitive Registered Warrants may be exchangeable for or transferable to a person wanting to take delivery thereof in the form of interests in a Restricted Global Registered Warrant, and US Definitive Registered Warrants may be transferable to a person wanting to take delivery thereof in the form of interests in an Unrestricted Global Registered Warrant, in each case, upon receipt by the Warrant Registrar of a duly completed certificate in the form of Schedule 6 to the Warrant Issuance Agreement and in accordance with the requirements of the Warrant Issuance Agreement.

### ***Transfer Restrictions***

Warrants offered in the United States in reliance on Rule 144A will be subject to the following transfer restrictions and such Warrants will bear the legend set forth below.

Because of the following restrictions, purchasers of Warrants offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Warrants.

Each prospective purchaser of Warrants offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of the Final Terms and the Base Prospectus, will be deemed to have represented and agreed with respect to such Warrants as follows:

- (a) such 144A Offeree acknowledges that the Final Terms and the Base Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Warrants other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of the Final Terms and the Base Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorized, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of the Final Terms and the Base Prospectus or any documents referred to herein.



## Part C – Warrants – Terms and Conditions of the Warrants

Each purchaser of Warrants sold in reliance on Rule 144A ("**Restricted Warrants**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Warrants for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Warrants to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Warrants are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Warrants offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Warrants will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS WARRANT [AND THE SECURITIES TO BE DELIVERED UPON EXERCISE HEREOF]<sup>13</sup> HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS WARRANT IS HEREBY NOTIFIED THAT THE SELLER OF THIS WARRANT MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS WARRANT, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS WARRANT MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS WARRANT FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN A PROSPECTUS SUPPLEMENT OR APPLICABLE FINAL TERMS, EACH PURCHASER OR TRANSFEREE OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS WARRANT TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS WARRANT THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

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<sup>13</sup> To be included if the underlying securities have not been registered under the Securities Act.

## Part C – Warrants – Terms and Conditions of the Warrants

ANY EXERCISE OF THIS WARRANT WILL BE CONDITIONED ON (1) THE DELIVERY OF A DULY EXECUTED EXERCISE NOTICE BY THE HOLDER HEREOF AND (2) WITH RESPECT TO EXERCISE BY ANY US PERSON, THE UNDERLYING SECURITIES BEING (A) REGISTERED UNDER THE SECURITIES ACT OR (B) SUBJECT TO AN EXEMPTION FROM REGISTRATION THEREUNDER AT THE TIME OF SUCH EXERCISE."

- (4) Each purchaser of Restricted Warrants will be required to acknowledge that the Issuer, the Warrant Registrar, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Warrants for the account of one or more qualified institutional buyers it will be required to represent that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Warrant represented by a Restricted Global Registered Warrant may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Warrant, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Warrants While in Global Form*" in the accompanying Base Prospectus.

**PURCHASE AND SALE OF WARRANTS**

Other than with respect to the admission to listing, trading and/or quotation by such one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the Final Terms, no action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of the Warrants, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Warrants or any securities to be issued or delivered upon their exercise, or distribution of any offering material relating to the Warrants or such securities, may be made in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligation on the Issuer.

In respect of each Tranche of Warrants, the Issuer may retain some of the Warrants which it may sell, cancel or otherwise dispose of from time to time, as the case may be, as it may determine. The Issuer is entitled, at any time before the expiry of the Warrants of any Tranche, to purchase or sell such Warrants in the open market or through private transactions.

The issue price of any Warrant specified in the relevant Final Terms is an indicative value set by the Issuer as at the date of the relevant Final Terms. The Issuer reserves the right to offer such Warrants at any other price or prices as conclusively determined by it and no Warrantholder shall have a claim against the Issuer by reason of the price offered to it or any other Warrantholder.

**General**

- (1) Each Manager has acknowledged that, other than with respect to the admission of the Warrants to listing, trading and/or quotation by the relevant listing authorities, stock exchanges and/or quotation systems, no action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of the Warrants, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required.
- (2) Each Manager has undertaken to the Issuer that it will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Warrants or has in its possession or distributes such offering material, in all cases at its own expense.
- (3) In accordance with the above, each Manager has warranted to and undertaken with the Issuer that any Warrant purchased by it which it wishes to offer for sale or resale shall not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Warrants in such jurisdiction.

**United States of America**

In relation to Warrants to be offered and sold outside the United States of America in reliance on Regulation S under the Securities Act:

The Warrants have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to or for the account or benefit of US persons (as defined in Regulation S) except in accordance with Regulation S or pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act.

The Manager has represented and agreed and each further Manager appointed under the Programme will be required to represent and agree that, with respect to the Warrants issued in reliance on Regulation S (the "**Regulation S Warrants**"), it has offered and sold Regulation S Warrants and will offer and sell Regulation S Warrants (i) as part of their distribution at any time and (ii) otherwise until forty days after the later of the closing date and the completion of the distribution of the Series of which such Regulation S Warrants are a part, as determined and certified to the Principal Warrant Agent or the Issuer by the relevant Manager (or, in the case of a sale of a Series of Regulation S Warrants to or through more than one Manager, by each of such Managers as to the Warrants of such Series purchased by or through it, in which case the Principal Warrant Agent or the Issuer shall notify each such Manager when all such Managers have so certified), only in accordance with Rule 903 of Regulation S. Accordingly, each Manager represented and agreed that neither it nor its affiliates (if any) nor any persons acting on its or

## Part C – Warrants – Terms and Conditions of the Warrants

their behalf have engaged or will engage in any directed selling efforts with respect to the Regulation S Warrants, and each Manager, its affiliates (if any) and any person acting on its or their behalf have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act.

The Manager has agreed that, at or prior to confirmation of sale of Regulation S Warrants it will have sent to each distributor, Manager or person receiving a selling concession, fee or other remuneration that purchases Regulation S Warrants from it or through it a confirmation or notice to substantially the following effect:

"The Warrants covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered and sold within the United States or to or for the account or benefit of US persons, except in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S."

The terms "**United States**" and "**US person**" have the meanings given to them by Regulation S under the Securities Act.

In relation to Warrants to be offered or sold in the United States of America pursuant to Rule 144A under the Securities Act:

- (1) Each Manager has agreed that it will not, acting either as principal or agent, offer or sell any Warrants in the United States other than Warrants in registered form bearing a restrictive legend thereon, and it will not, acting either as principal or agent, offer, sell, reoffer or resell any of such Warrants (or approve the resale of any such Warrants):
  - (a) except (A) inside the United States through a US broker dealer that is registered under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), to institutional investors, each of which such Manager reasonably believes is a "**qualified institutional buyer**" (as defined in Rule 144A under the United States Securities Act of 1933, as amended), or a fiduciary or agent purchasing Warrants for the account of one or more qualified institutional buyers or (B) otherwise in accordance with the restrictions on transfer set forth in such Warrants, the Warrant Issuance Agreement, the Base Prospectus and the relevant Final Terms; or
  - (b) by means of any form of general solicitation or general advertisement, including but not limited to (A) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast of television or radio and (B) any seminar or meeting whose attendees have been advised by any general solicitation or general advertising.

Prior to the sale of any Warrants in registered form bearing a restrictive legend thereof, the selling Manager shall have provided each offeree that is a US person (as defined in Regulation S) with a copy of the Base Prospectus and the corresponding Final Terms in the form the Issuer and Managers shall have most recently agreed shall be used for offers and sales in the United States.

- (2) Each Manager has represented and agreed that in connection with each sale to a qualified institutional buyer, it has taken or will take reasonable steps to ensure that the purchaser is aware that the Warrants have not been and will not be registered under the Securities Act and that transfers of Warrants are restricted as set forth herein and, in the case of sales in reliance upon Rule 144A, that the selling Manager may rely upon the exemption provided by Rule 144A under the Securities Act.

In addition, until 40 days after the commencement of the offering of any Tranche of Warrants, an offer or sale of Warrants of such Tranche within the United States by any manager (whether or not participating in the offering of such Warrants) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Each Manager (or, in the case of a sale of a Series of Warrants to or through more than one Manager, each of such Managers as to Warrants of such Series purchased by or through it, in which case the Principal Warrant Agent or the Issuer shall notify each such Manager when all such Managers have certified as provided in this paragraph) who has purchased Warrants of any Series in accordance with this

Agreement shall determine and certify to the Principal Warrant Agent or the Issuer the completion of the distribution of such Series of Warrants as aforesaid. In order to facilitate compliance by each Manager with the foregoing, the Issuer has agreed that, prior to such certification with respect to such Series, it will notify each Manager in writing of each acceptance by the Issuer of an offer to purchase and of any issuance of, Warrants or other debt obligations of the Issuer which are denominated in the same currency or composite currency and which have substantially the same interest rate and maturity date as the Warrants of such Series.

Each issuance of index-, commodity- or currency-linked Warrants shall be subject to additional US selling restrictions as the relevant Manager or Managers shall agree with the Issuer as a term of the issuance and purchase of such Warrants. Each Manager has agreed that it shall offer, sell and deliver such Warrants only in compliance with such additional US selling restrictions.

#### **Public Offer Selling Restriction Under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Manager has represented, warranted and agreed, and each further Manager appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Warrants which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a drawdown prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Warrants to the public in that Relevant Member State:

- (a) **Approved prospectus:** if the Final Terms or drawdown prospectus in relation to the Warrants specify that an offer of those Warrants may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Warrants which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus which is not a drawdown prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) **Qualified investors:** at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) **Fewer than 100 offerees:** at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (d) **Other exempt offers:** at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of Warrants referred to in (b) to (d) above shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision only, the expression an "**offer of Warrants to the public**" in relation to any Warrants in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe the Warrants, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including, when implemented, the 2010 PD Amending Directive, to the extent of such implementation, in the Relevant Member State), and

includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

**Selling Restrictions Addressing Additional United Kingdom Securities Laws**

The Manager has represented and agreed and each further Manager appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Warrants in circumstances in which Section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Warrants in, from or otherwise involving the United Kingdom.

**France**

The Manager has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Warrants to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Warrants and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1 to D.411-3 of the French *Code monétaire et financier*, but excluding individuals referred to in Article D.411-1 II 2. Each Manager has represented and agreed that the offer of Warrants to the public in France will be made only in compliance with the Prospectus Directive and the applicable laws, regulations and procedures in France.

The Manager has represented and agreed, and each further Manager appointed under the Programme will be required to represent and agree, that, unless the approval of this Base Prospectus by the FSA has been notified to the French *Autorité des marchés financiers* (the "**AMF**") in accordance with Article 18 of the Prospectus Directive, as implemented in France, and all the other procedures and formalities required by French laws and regulations to permit the offering and sale of Warrants in France have been carried out, it has not and will not make an offer of Warrants to the public in France.

**Hong Kong**

Each Manager has represented and agreed, and each further Manager appointed under the Programme will be required to represent and agree, that it has not issued or had in its possession for the purposes of issue, and will not issue, or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Warrants, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Warrants which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made under that Ordinance.

**Selling Restrictions Addressing Additional Republic of Italy Securities Laws**

The offering of the Warrants has not been registered pursuant to Italian securities legislation and, accordingly, each Manager has represented and agreed that, save as set out below, it has not offered or sold, and will not offer or sell, any Warrants in the Republic of Italy in an offer to the public and that sales of the Warrants in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Accordingly, each Manager has represented and agreed that it will not offer, sell or deliver any Warrants or distribute copies of this Base Prospectus and any other document relating to the Warrants in the Republic of Italy except:

## Part C – Warrants – Terms and Conditions of the Warrants

- (1) to "**qualified investors**", as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("**Decree No. 58**"), and defined in article 34-ter, paragraph 1, letter (b) of CONSOB Regulation no. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**");
- (2) that it may offer, sell or deliver Warrants or distribute copies of any prospectus relating to such Warrants in an offer to the public in the period commencing on the date of publication of such prospectus, **provided that** such prospectus has been approved in another Relevant Member State and notified to CONSOB, all in accordance with the Prospectus Directive and the 2010 PD Amending Directive, as implemented in Italy under Decree No. 58 and Regulation No. 11971, and ending on the date which is 12 months after the date of approval of such prospectus; and
- (3) in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Warrants or distribution of copies of the Base Prospectus or any other document relating to the Warrants in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007, as amended and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

### *Provisions relating to the secondary market in Italy*

Investors should also note that, in any subsequent distribution of the Warrants in the Republic of Italy (with a minimum denomination lower than €50,000 - or €100,000 from 1st July 2012 - or its equivalent in another currency), Article 100-bis of Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, where the Warrants are placed solely with "**qualified investors**" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Warrants who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Warrants were purchased, unless an exemption provided for under Decree No. 58 applies.

### *India*

(A) By the purchase of any Market Access Warrants linked to Indian Underlyings (for the purposes of this section only, the "**Warrants**"), on the date of purchase and on each day the Warrants are being held, each holder of Warrants will be deemed to represent and warrant that its purchase of the Warrants is in full compliance with the following selling restrictions and it undertakes and agrees to the selling restrictions below:

1. The Warrants shall not be offered, sold or transferred to (i) a "person resident in India" (as such term is defined in the Foreign Exchange Management Act, 1999, as may be amended or supplemented from time to time), or, (ii) a "non-resident Indian" (as such term is defined in the Foreign Exchange Management (Deposit) Regulations, 2000 as may be amended or supplemented from time to time), (each, a "**Restricted Entity**");
2. The Warrants shall not be offered, sold or transferred to any person/entity whose controller is a Restricted Entity.

For the purposes of this representation, a "**controller**" means any person or group of persons (acting pursuant to any agreement or understanding (whether formal or informal, written or otherwise)) who:

- (a) is/are entitled to exercise, or control the exercise of a majority or more of the voting power of an entity, or
- (b) holds or is otherwise entitled to a majority or more of the economic interest in an entity, or

- (c) who in fact exercises control over an entity

For the purposes of this representation, "control" means the ability to appoint a majority or more of the directors of an entity, or the capacity to control decision-making, directly or indirectly, in relation to the financial, investment and/or operating policies of an entity in any manner.

Notwithstanding the foregoing definition, in the case only where an entity's investments are being managed on a discretionary basis by an investment manager, such investment manager shall not be deemed to be such entity's controller for the purposes of this representation by reason only of it being able to control decision-making in relation to the entity's financial, investment and /or operating policies;

3. The Warrants shall only be purchased by a principal for its own account and not as an agent, nominee, trustee or representative of any other person and no agreement for the issuance of a back-to-back offshore derivatives instrument ("**ODI**") (as such term is defined for the purposes of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulation 1995 and notifications, circulars, rules and guidelines of the Securities and Exchange Board of India issued from time to time) (collectively referred to as the "**FII Regulations**") can be entered into against the Warrants;

4. The Warrants shall only be offered to a "person regulated by an appropriate foreign regulatory authority" (as such term and/or requirements relating thereto are defined or otherwise interpreted for the purposes of Regulation 15A of the FII Regulations) (a "**Regulated Entity**");

5. The Warrants shall not be purchased with the intent of circumventing or otherwise avoiding any requirements applicable under the FII Regulations (including, without limitation, any restrictions applying to foreign institutional investors in relation to their issuances and/or other dealings in the Warrants with, Restricted Entities and persons/entities who are not Regulated Entities); and

6. The Warrants cannot be sold, transferred, assigned or novated or otherwise disposed of and no back-to-back ODIs may be entered into and no agreement with respect to any of the foregoing may be entered into by each holder of Warrants nominees, associates or affiliates (each, a "**Transfer**") with, an entity which is a Restricted Entity or an entity which is not a Regulated Entity.

7. The Warrants shall not be offered, sold or transferred to (i) a Protected Cell Company ("**PCC**") or Segregated Portfolio Company ("**SPC**") or an equivalent structure however described, or (ii) a Multi Class Share Vehicle ("**MCV**") by constitution or an equivalent structure however described that contains more than one class of shares, except where (a) a common portfolio is maintained for all classes of shares and satisfies broad based criteria, or (b) a segregated portfolio is maintained for separate classes of shares wherein each such class of shares are in turn broad based. For this purpose, "**broad based**" fund or class of shares (where the holder's segregated portfolio is maintained for separate classes of shares) as the term is defined in the Explanation to Regulation 6 of the FII Regulations means a fund, established or incorporated outside India, which has at least twenty investors, with no single individual investor holding more than forty nine per cent of the shares or units of the fund. Provided that if the broad based fund has institutional investor(s) it shall not be necessary for the fund to have twenty investors. Further, if the broad based fund has an institutional investor who holds more than forty nine per cent. of the shares or units in the fund, then the institutional investor must itself be a broad based fund.

For the purpose of these sub-paragraphs (A)3. and (A)6. above and sub-paragraph (B)1. below, a "back-to-back ODI" shall not include the issue of any ODI issued by a party who has disclosed the terms and parties to such back-to-back ODI in the form and manner prescribed by the Securities and Exchange Board of India pursuant to the FII Regulations (in particular, under Regulation 20A of the FII Regulations).

(B) Further, by the purchase of any Warrants, each purchaser of the Warrants is deemed to have agreed and undertaken as follows (and for the avoidance of doubt, such agreements and undertakings shall survive the maturity or expiration date of such Warrants):

1. It will, in the case where it or its nominees, associates or affiliates sell, transfer, assign, novate or otherwise dispose of the Warrants to, or enter into any back-to-back ODIs or enter into an agreement with respect to any of the foregoing with any party:



## Part C – Warrants – Terms and Conditions of the Warrants

(i) provide notice of these "Indian Selling Restrictions" to any person to whom a Transfer was made (the "**Transferee**"); and

(ii) issue a written notice to the Issuer in such form as the Issuer may determine within two (2) Hong Kong business days after the Transfer.

2. The Issuer and its associates/affiliates are authorised to provide information in their possession regarding it, any Transferee, each of the nominees or associates/affiliates of it and/or the Transferee, the Warrants and any breach of these representations, warranties, agreements and undertakings to any Indian governmental or regulatory authorities (each, an "**Authority**") as the Issuer or its associates/affiliates reasonably deems necessary or appropriate in order to comply with regulations or requests of such Authority from time to time, including but not limited to disclosures in periodic reportings made by the Issuer or its associates/affiliates to any Authority;

3. It will and shall procure its nominees or associates/affiliates to, provide the Issuer or its associates/affiliates (as the case may be) promptly with such additional information that the Issuer or its associates/affiliates (as the case may be) reasonably deems necessary or appropriate in order to comply with regulations or requests of any Authority from time to time;

4. It acknowledges that non-compliance with, or breach, violation or contravention of, the obligations under these representations, warranties, agreements and undertakings that (including, without limitation, any restrictions with respect to a Transfer) ("**ODI Holder Obligations**") may result in non-compliance with, or breach, violation or contravention of, applicable laws, regulations, governmental orders or directions, regulatory sanctions against the Issuer and/or its associates/affiliates and cause irreparable harm to the Issuer and/or its associates/affiliates. Accordingly, it further acknowledges that, in the event of any non-compliance with, or breach, violation or contravention of the ODI Holder Obligations by it, the Issuer and/or its associates/affiliates may notify the Authority of the breach, violation or contravention and exercise any rights and take any measures available to the Issuer and/or its associates/affiliates under the terms of the Warrants including these "Indian Selling Restrictions", or any other measures to prevent, avoid, mitigate, remedy or cure such non-compliance, breach, violation or contravention, including but not limited to termination or compulsory redemption of the Warrants by the Issuer or its associates/affiliates; and

5. It will promptly notify the Issuer or its associates/affiliates should any of the representations, warranties, agreements and undertakings given by it changes or no longer holds true.

### ***Indonesia***

A registration statement with respect to the Prospectus and Final Terms has not been and will not be filed with the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) of the Republic of Indonesia. The Warrants, therefore, shall not be offered or sold or be the subject of an invitation for subscription or purchase, and this Base Prospectus, Final Terms or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Warrants, shall not be circulated or distributed, whether directly or indirectly, in the Republic of Indonesia or to Indonesian citizens, corporations or residents, except in a manner that will not be considered as a "public offer" under the prevailing law and regulations in the Republic of Indonesia.

### ***Japan***

The Warrants have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the "**FIEL**") and, accordingly, each Manager has undertaken that it will not offer or sell any Warrants directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with FIEL and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### ***Korea***

## Part C – Warrants – Terms and Conditions of the Warrants

The Warrants may not be offered or sold, directly or indirectly, in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Law of Korea and its Presidential Decree), except as otherwise permitted by the applicable Korean laws and regulations.

### *Malaysia*

No approval of the Securities Commission of Malaysia or any other Malaysian regulatory authority has been or will be obtained in connection with the offer and sale of the Warrants in Malaysia nor will any prospectus or other offering material or document in connection with the offer and sale of the Warrants be registered with the Securities Commission of Malaysia or any other Malaysian regulatory authority. Accordingly, the Warrants may not be offered or sold, directly or indirectly, nor may any document or other material in connection therewith be distributed or made available, in Malaysia.

### *Mexico*

The Warrants linked to Mexican Underlying Securities have not been and will not be registered with the Mexican National Securities Registry (Registro Nacional de Valores) maintained by the Mexican Banking and Securities Commission (Comisión Nacional Bancaria y de Valores) ("**CNBV**"), and may not be offered or sold publicly, or otherwise be the subject of intermediation activities, in Mexico, except pursuant to a private placement exemption as set forth under article 8 of the Mexican Securities Market Law (Ley del Mercado de Valores). The information contained in this Base Prospectus and in these Final Terms is exclusively the responsibility of the Issuer and has not been reviewed or authorised by the CNBV.

### *Selling Restrictions Addressing Additional The Netherlands Securities Laws*

Zero Coupon Instruments (as defined below) in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of NYSE Euronext Amsterdam in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Instrument in global form, or (b) in respect of the initial issue of Zero Coupon Instruments in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Instruments in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Instruments within, from or into The Netherlands if all Zero Coupon Instruments (either in definitive form or as rights representing an interest in a Zero Coupon Instrument in global form) of any particular Series are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter. As used herein, "**Zero Coupon Instruments**" are Instruments that are in book-entry form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

### *New Zealand*

Each purchaser acknowledges that no prospectus, investment statement, or other disclosure document in relation to the Warrants or the Programme has been registered with the New Zealand Companies Office or NZX Limited, and that it is a condition of their subscription for Warrants that they are a person to whom an offer or invitation in relation to the Programme or the Warrants does not (of itself) create an obligation on the Issuer to prepare, register and provide either an investment statement or prospectus under the Securities Act 1978 of New Zealand ("**NZ Securities Act**") on the basis that they are either:

- (a) not resident in New Zealand and were not present in New Zealand at the time they accepted the offer or invitation; or
- (b) a person whose principal business is the investment of money or a person who, in the course of and for the purpose of their business, habitually invests money within the meaning of section 3(2)(a)(ii) of the NZ Securities Act; or
- (c) a person who is required to pay (and does pay) a minimum subscription price of at least NZ\$500,000 for the Warrants (disregarding any amount lent by the Issuer, or any associated person of the

## Part C – Warrants – Terms and Conditions of the Warrants

Issuer) before the allotment of those Warrants and has a minimum holding of Warrants of at least NZ\$500,000; or

(d) a person who is an "eligible person" as that term is defined in section 5(2CC) of the NZ Securities Act.

Each purchaser represents and agrees that, in connection with the distribution of the Warrants, it:

(a) has not (directly or indirectly) offered or invited, and will not offer or invite, applications for the issue, sale or purchase of the Warrants in, to or from New Zealand (including an offer or invitation which is received by a person in New Zealand); and

(b) has not distributed or published, and will not distribute or publish, this Base Prospectus or any other offering material or advertisement relating to the Warrants in New Zealand,

unless each offeree is:

(c) not resident in New Zealand and was not present in New Zealand at the time they accepted the offer or invitation; or

(d) a person whose principal business is the investment of money or a person who, in the course of and for the purpose of their business, habitually invests money within the meaning of section 3(2)(a)(ii) of the NZ Securities Act; or

(e) a person who is required to pay (and does pay) a minimum subscription price of at least NZ\$500,000 for the Warrants (disregarding any amount lent by the Issuer, or any associated person of the Issuer) before the allotment of those Warrants and has a minimum holding of Warrants of at least NZ\$500,000; or

(f) a person who is an "eligible person" as that term is defined in section 5(2CC) of the NZ Securities Act.

### *Norway*

Warrants denominated in Norwegian Krone may not be offered or sold within the Kingdom of Norway or to or for the benefit of Norwegian purchasers. Each purchaser of Warrants denominated in Norwegian Krone will be deemed to have acknowledged, represented and agreed that such Warrants may not be resold within the Kingdom of Norway or to or for the benefit of Norwegian purchasers.

### *Pakistan*

Warrants linked to Pakistan Underlyings and any documents relating to Warrants linked to Pakistan Underlyings may only be distributed to individuals, corporations or persons who are "persons resident outside Pakistan" (within the meaning of the Foreign Exchange Regulation Act, 1947) and Warrants linked to Pakistan Underlyings will not be offered or sold in Pakistan or to residents of Pakistan whether citizens, nationals or corporations unless such investors have obtained the prior written special approval of the State Bank of Pakistan. Any sale or transfer of Warrants linked to Pakistan Underlyings in violation of these restrictions will be invalid and will not be recognised by the Issuer.

### *People's Republic of China*

Warrants linked to PRC Underlyings may not be offered or sold in the People's Republic of China ("PRC") (excluding Hong Kong, Macau and Taiwan) directly or indirectly or offered or sold to any Domestic Investor, or to any person using funds to purchase Warrants linked to PRC Underlyings sourced from any Domestic Investor, where "**Domestic Investor**" means:

(a) PRC Citizens resident in the PRC (excluding Hong Kong, Macau and Taiwan);

(b) PRC Citizens resident outside the PRC who are not permanent residents of another country or permanent residents of Hong Kong, Macau or Taiwan; and

## Part C – Warrants – Terms and Conditions of the Warrants

- (c) legal entities registered in the PRC (excluding Hong Kong, Macau and Taiwan).

"**PRC Citizens**" means any person holding a Resident Identification Card or other equivalent government issued identification of the PRC (excluding Hong Kong, Macau and Taiwan).

### ***Philippines***

The Warrants being offered or sold herein have not been registered with the Philippine Securities and Exchange Commission under the Securities Regulation Code of the Philippines ("**SRC**"). Any future offer or sale thereof in the Philippines is subject to the registration requirements of the SRC unless such offer qualifies as an exempt transaction.

Each of the following restrictions must be observed by Warrantholders in relation to sales, transfers or disposals of all or any part of its legal or beneficial interests in the Warrants or offers to do so:

- (a) To the extent that the Warrants are offered, sold or distributed in the Philippines, the Warrantholder, by purchasing the Warrants, agrees for the benefit of the Issuer that the Warrants may not be subsequently offered, sold, pledged or otherwise transferred except in compliance with Philippine laws and regulations (in addition to the laws of other jurisdictions, as applicable) and may be offered, sold or distributed only to "Qualified Buyers" as defined under Subsection 10.1(l) of the SRC.

- (b) No Warrantholder shall sell, transfer or otherwise dispose of all or part of its legal or beneficial interests in the Warrants to another person or persons nor offer to do so, unless such sale, transfer, disposal or offer is subject to the condition that such person(s) shall undertake to observe the restrictions set out herein.

- (c) Without limitation to paragraphs (a) and (b) above, each Warrantholder shall observe all applicable laws and regulations in the Philippines in connection with the offer, sale, transfer or other disposition of all or any part of its legal or beneficial interests in the Warrants or the distribution of any document or other material in connection therewith.

### ***Saudi Arabia***

Warrants linked to Saudi Arabian Underlyings may not be offered or sold in the Kingdom of Saudi Arabia or to persons of Kingdom of Saudi Arabia origin.

### ***Selling Restrictions Addressing Additional Kingdom of Spain Securities Laws***

Each Manager has represented and agreed that the Warrants may not be offered, sold or distributed in the Kingdom of Spain save in accordance with the requirements of Law 24/1988, of 28 July, on the Securities Market (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) (the "**LMV**") as amended and restated, and Royal Decree 1310/2005, of 4 November 2005, partially developing Law 24/1988, of 28 July, on the Securities Market in connection with listing of securities in secondary official markets, initial purchase offers, rights issues and the prospectus required in these cases (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de Julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), as amended and restated, and the decrees and regulations made thereunder and by institutions authorised under the LMV and Royal Decree 217/2008, of 15 February, on the legal regime applicable to investment services companies (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión y por el que se modifica parcialmente el Reglamento de la Ley 35/2003, de 4 de noviembre, de Instituciones de Inversión Colectiva, aprobado por el Real Decreto 1309/2005, de 4 de noviembre*) to provide investment services in Spain.

### ***Switzerland***

The Base Prospectus, any Final Terms and any other offering or marketing material relating to the Warrants do not constitute a prospectus pursuant to Art. 652a or Art. 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland. The Warrants are not listed on the SIX Swiss

## Part C – Warrants – Terms and Conditions of the Warrants

Exchange or on any other exchange or regulated trading facility in Switzerland. As at the date of this Base Prospectus, the Issuer does not intend to list Warrants on the SIX Swiss Exchange.

Accordingly, the Warrants may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland.

The Base Prospectus, any Final Terms or any other offering or marketing material relating to the Warrants do not constitute investment advice or an offer to any person or solicitation to purchase the Warrants. The Base Prospectus and any Final Terms may not be publicly distributed or otherwise made publicly available in or from Switzerland. The Base Prospectus and any Final Terms may only be used by those persons to whom they have been delivered by the Issuer or any Manager and may neither be copied nor directly or indirectly distributed or made available to other persons without the express consent of the Issuer or the Manager(s).

Should any Series of Warrants be publicly issued in Switzerland, the Issuer will prepare supplemental documents to the extent required by Swiss law. Swiss investors should in such case consult any such document before making any investment decision.

### *Singapore*

This document has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the "SFA") and accordingly, the Warrants may not be offered or sold, nor may the Warrants be the subject of an invitation for subscription or purchase, nor may this document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Warrants be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Warrants are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Warrants pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA

### *Taiwan*

## **Part C – Warrants – Terms and Conditions of the Warrants**

The Warrants linked to Taiwanese Underlyings (for the purposes of this section only, the "**Warrants**") and any documents relating to the Warrants may not be offered or distributed in Taiwan.

The Warrants may not be sold to any holder acting for the benefit or account of, or using funds of, (A) any residents of the People's Republic of China ("**PRC**"), corporations in the PRC, or corporations outside the PRC that are beneficially owned by residents of, or corporations in, the PRC or (B) any residents of Taiwan or corporations in Taiwan.

Warrantholders are not permitted to, directly or indirectly, sell, transfer, assign, novate or otherwise dispose of the Warrants to or for the benefit or account of, or in consideration of funds received from, (A) any residents of the PRC, corporations in the PRC, or corporations outside the PRC that are beneficially owned by residents of, or corporations in, the PRC or (B) any residents of Taiwan or corporations in Taiwan.

The Warrants will not be offered or sold to, and will not be offered or sold in consideration of funds received from, (A) any residents of the PRC, corporations in the PRC, or corporations outside the PRC that are beneficially owned by residents of, or corporations in, the PRC or (B) any residents of Taiwan or corporations in Taiwan. Any sale or transfer of the Warrants in violation of these restrictions will be invalid and will not be recognised by the Issuer.

### ***Thailand***

The Prospectus and Final Terms and any other documents and material in connection with the Warrants have not been registered or approved by the Securities and Exchange Commission of Thailand. They are not intended to be an offer, sale or invitation for subscription or purchase of securities in Thailand and must not be circulated, distributed, offered, solicited, or made available in Thailand or to a person in Thailand, except as otherwise permitted or not prohibited by the applicable Thai laws and regulations (in which case the Prospectus and Final Terms and any other documents and material in connection with the Warrants may be provided to a person in Thailand solely upon request or to the extent required by any such law or regulation intended for the purpose of review and consideration by the Securities and Exchange Commission of Thailand or any other applicable regulator in relation to applicable approval on offshore investment in the Warrants). The purchase of and investment in the Warrants is subject to the conditions that all consents, approvals and filings (if any) necessary for the purchase of and investment in the Warrants by the investor(s) have been obtained or made, and are in full force and effect, and all conditions of such consents have been and will be complied with; and that the purchase of and investment in the Warrants does not and will not violate or exceed any investment or foreign exchange limits (if applicable) and/or any restriction on foreign currency asset holding (if applicable) imposed on the relevant(s) by any applicable laws and regulations of Thailand.

### ***Vietnam***

Warrants linked to Vietnamese Underlyings and any documents relating to Warrants linked to Vietnamese Underlyings may not be distributed or passed on in Vietnam or to Vietnamese citizens, nationals, corporations or residents, and Warrants linked to Vietnamese Underlyings will not be offered or sold in Vietnam or to Vietnamese citizens, nationals, corporations or residents unless such investors have obtained the prior written approval of the Governor of the State Bank of Vietnam. Any sale or transfer of Warrants linked to Vietnamese Underlyings in violation of these restrictions will be invalid and will not be recognised by the Issuer.

**PART D - PRODUCT SUPPLEMENT FOR EQUITY/INDEX-LINKED NOTES AND  
WARRANTS AND PREFERENCE SHARE-LINKED NOTES**



**HSBC Bank plc**

*(A company incorporated with limited liability in England with registered number 14259)*

*as Issuer*

**PROGRAMME FOR THE ISSUANCE OF NOTES AND WARRANTS**

**Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes**

This product supplement in relation to Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes constitutes Part D ("Part D") of the base prospectus dated 19 June 2012 (the "**Base Prospectus**") prepared by HSBC Bank plc (the "**Bank**" or the "**Issuer**") in relation to the Programme for the Issuance of Notes and Warrants (the "**Programme**") described therein in connection with the application made for Notes or Warrants to be admitted to listing on the Official List of the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the "**FSA**")), and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**").

To the extent that there is any inconsistency between any statement in this Part D and any other statement in, or incorporated by reference in, other parts of the Base Prospectus, the statements in this Part D will prevail for the purposes of Part D.

Notes and Warrants issued pursuant to the Programme may include: (i) "**Equity/Index Linked Notes and Warrants**" being Notes or Warrants in relation to which the interest rate and/or redemption amount payable at maturity is linked to a security, a basket of securities or one or more indices or the performance thereof over a defined period; and (ii) "**Preference Share-Linked Notes**" being Notes in relation to which the redemption amount payable at maturity is linked to the performance of underlying preference shares (the "**Preference Shares**"). The purpose of this Part D is to provide information in relation to Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes, including Equity-Linked Notes, Cash Equity Notes, Index-Linked Notes, Preference Share-Linked Notes, Security Warrants, Security Basket Warrants, Index Warrants and Index Basket Warrants (all as more particularly detailed herein). This Supplement should be read together with Parts A and B of the Base Prospectus (in the case of Equity/Index-Linked Notes and Preference Share-Linked Notes) and Parts A and C of the Base Prospectus (in the case of an issue of Equity/Index-Linked Warrants).

**An investment in Equity/Index-Linked Notes and Warrants and/or Preference Share-Linked Notes involves risks. See Part A of the Base Prospectus under the heading "Risk Factors" (beginning on page A-12).**

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Part D or any other information supplied in connection with the Equity/Index-Linked Notes and Warrants and/or Preference Share-Linked Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Part D nor any further information supplied in connection with the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or as constituting an invitation or offer by the Issuer that any recipient of this Part D or any other information supplied in connection with the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes should subscribe for or purchase the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes. Each investor contemplating subscribing for or purchasing the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes should make its own independent investigation of the affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Part D nor any other information supplied in connection with the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes constitutes an offer by or on behalf of the Issuer to subscribe for or purchase the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes.

The distribution of this Part D and the offer, distribution or sale of Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this document may be lawfully distributed, or that the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, action may be required to be taken to permit a public offering of the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes or a distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Equity/Index-Linked Notes and Warrants nor Preference Share-Linked Notes may be offered or sold, directly or indirectly, and neither this Part D nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Part D or the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes come must inform themselves about, and observe, any such restrictions.

Equity/Index-Linked Notes and Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), the state securities laws of any state of the United States or the securities laws of any other jurisdiction, and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes may include Notes in bearer form that are subject to US tax law requirements.

**Arranger and Dealer  
HSBC**

19 June 2012

## CONTENTS

	<b>Page</b>
PART D - PRODUCT SUPPLEMENT FOR EQUITY/INDEX-LINKED NOTES AND WARRANTS AND PREFERENCE SHARE-LINKED NOTES .....	D-1
PRODUCT DESCRIPTION .....	D-3
ADDITIONAL PROVISIONS RELATING TO EQUITY-LINKED NOTES, CASH EQUITY NOTES AND INDEX-LINKED NOTES AND PREFERENCE SHARE-LINKED NOTES.....	D-12
PRO FORMA FINAL TERMS FOR EQUITY-LINKED NOTES, CASH EQUITY NOTES AND INDEX-LINKED NOTES.....	D-43
PRO FORMA FINAL TERMS FOR PREFERENCE SHARE-LINKED NOTES.....	D-68
ADDITIONAL PROVISIONS RELATING TO EQUITY-LINKED WARRANTS AND INDEX-LINKED WARRANTS .....	D-88
PRO FORMA FINAL TERMS FOR EQUITY-LINKED WARRANTS AND INDEX-LINKED WARRANTS .....	D-108
INDEX DISCLAIMERS .....	D-121
ANNEX 1 TO PART D – HSBC MANAGED INDICES GROUND RULES .....	D-126
ANNEX 2 TO PART D – INFORMATION ON THE PREFERENCE SHARE ISSUER AND THE PREFERENCE SHARES.....	D-127



## PRODUCT DESCRIPTION

Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes issued under the Programme may include Notes and Warrants of the following product categories:

- (a) Equity-Linked Notes and Cash Equity Notes;
- (b) Index-Linked Notes;
- (c) Preference Share-Linked Notes; and
- (d) Security Warrants, Security Basket Warrants, Index Warrants and Index Basket Warrants (the "**Equity-Linked and Index-Linked Warrants**" or the "**Equity/Index-Linked Warrants**").

The Bank may issue Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes under the Programme which combine elements of any of the Notes and Warrants described below, details of which will be provided in the relevant Final Terms.

### (A) **Equity-Linked Notes and Cash Equity Notes**

Notes issued pursuant to the Programme may include Equity-Linked Notes and Cash Equity Notes, being Notes in relation to which the interest rate and/or the redemption amount payable at maturity is linked to, or to the performance over a defined period of, a security or basket of securities and may include details of the security or basket of securities to which Equity-Linked Notes or Cash Equity Notes are linked, the ISIN (international security identification number) or other security identification code thereof and the page(s) of Bloomberg, the Reuters Service and/or other source where information about the past and the future performance of such security or securities can be obtained will be specified in the Final Terms. Equity-Linked Notes and Cash Equity Notes may include:

- (a) Notes in relation to which the interest amount and/or the redemption amount payable at maturity is linked to the performance or percentage change in the share price of a single share in a selected corporate entity (or other security), or the value of the basket of shares in selected corporate entities (other such securities) over a defined period by way of a formula specified in the Final Terms;
- (b) Notes in relation to which the Noteholder has a right (exercisable within a certain period or on a certain date) to exchange the principal amount of the Notes for a specified quantity of securities in one or more selected corporate entities (or other securities); and/or
- (c) Notes in relation to which the Issuer has a right (exercisable within a certain period or on a certain date) to exchange the principal amount of the Notes for an equivalent value of securities in one or more selected corporate entities (or other securities).

### (B) **Index-Linked Notes**

Notes issued pursuant to the Programme may include Index-Linked Notes, being Notes in relation to which the interest rate and/or the redemption amount payable at maturity is linked to the performance of one or more indices, by way of a specified formula or in such other manner as shall be specified in the Final Terms. Such indices may include, without limitation, the Dow Jones Euro STOXX<sup>®</sup> 50 Index (Bloomberg Code: SX5E), the Standard & Poor's 500<sup>®</sup> Index (Bloomberg Code: SPX), the Nasdaq 100 Index (Bloomberg Code: NDX), the Nikkei 225<sup>®</sup> Index (Bloomberg Code: NKY), the FTSE<sup>™</sup> 100 Index (Bloomberg Code: UKX), the CAC40<sup>®</sup> Index (Bloomberg Code: CAC) or the SMI<sup>®</sup> Index (Bloomberg Code: SMI) or a combination of these or any other published indices.

In addition to the published indices mentioned in the preceding paragraph, Index-Linked Notes may also be linked to the performance of one or more indices sponsored by the Issuer and/or any of its affiliates, which shall include (without limitation) the following: the HSBC Dragon 300 Index, the HSBC Emerging Europe Index, the HSBC Global Mining Index, the HSBC Sub-continent of India 200 Index, the HSBC Smaller South East Asia Companies Indices, the HSBC Smaller Japanese Companies Index, the HSBC World excluding / including US Companies Index, the HSBC Latin America 100 Index, the HSBC Smaller European Companies Indices, the HSBC Smaller European Leaders Indices, the HSBC Investible Climate Change Index (each a "**HSBC Managed Index**" and together the "**HSBC Managed**

**Indices**"). Alternatively, Index-Linked Notes may be linked to a combination of one or more HSBC Managed Indices with any other published indices. Descriptions and ground rules relating to certain HSBC Managed Indices are set out in the Annex to this *"Part D - Product Supplement for Equity/Index-Linked Notes and Warrants - Product Description"*.

The name of the relevant (or each) relevant index and the website of the relevant index sponsor page(s) of the Reuters Service and/or other source where information about such index can be obtained will be specified in the relevant Final Terms.

**(C) Preference Share-Linked Notes**

Notes issued pursuant to the Programme may include Preference Share-Linked Notes, being Notes in relation to which the redemption amount payable at maturity is linked to the performance over a defined period of one or more preference shares. The applicable Final Terms for Preference Share-Linked Notes will include details of the Preference Shares to which Preference Share-Linked Notes are linked, and the contact details where information about the past and the future performance of preference shares can be obtained.

**(D) Equity/Index-Linked Warrants**

Warrants issued pursuant to the Programme may include Security Warrants, Security Basket Warrants, Index Warrants and Index Basket Warrants.

Security Warrants and Security Basket Warrants are Warrants in relation to which the Cash Settlement Amount or Physical Settlement Amount is linked to the performance or percentage change in the share price of a single share in a selected corporate entity (or other security), or the value of the basket of shares in selected corporate entities (other such securities) over a defined period by way of a formula specified in the Final Terms and may include details of the security or basket of securities to which Security Warrants and Security Basket Warrants are linked, the ISIN (international security identification number) or other security identification code thereof and the page(s) of Bloomberg, the Reuters Service and/or other source where information about the past and the future performance of such security or securities can be obtained will be specified in the Final Terms.

Index Warrants and Index Basket Warrants are Warrants in relation to which the final price is linked to, or to the performance over a defined period of one or more indices, by way of a specified formula or in such other manner as shall be specified in the Final Terms. Such indices may include, without limitation, the Dow Jones Euro STOXX<sup>®</sup> 50 Index (Bloomberg Code: SX5E), the Standard & Poor's 500<sup>®</sup> Index (Bloomberg Code: SPX), the Nasdaq 100 Index (Bloomberg Code: NDX), the Nikkei 225<sup>®</sup> Index (Bloomberg Code: NKY), the FTSE<sup>™</sup> 100 Index (Bloomberg Code: UKX), the CAC40<sup>®</sup> Index (Bloomberg Code: CAC) or the SMI<sup>®</sup> Index (Bloomberg Code: SMI) or a combination of these or any other published indices.

In addition to the published indices mentioned in the preceding paragraph, Index-Linked Warrants may also be linked to the performance of one or more HSBC Managed Indices. Alternatively, Index-Linked Warrants may be linked to a combination of one or more HSBC Managed Indices with any other published indices.

The name of the relevant (or each relevant) index and the website of the relevant index sponsor page(s) of the Reuters Service and/or other source where information about such index can be obtained will be specified in the relevant Final Terms.

There follows a description of certain types of Equity/Index-Linked Notes that may be issued under the Programme. The Bank may also issue other Equity/Index-Linked Notes and Equity/Index-Linked Warrants which combine elements of any of the Equity/Index-Linked Notes described below or are linked to a security, a basket of securities, an index or a basket of indices (each an **"Equity/Index-related Variable"** and each security or index in a basket of securities or indices as applicable, for the purposes of this Product Description a **"Component"**) in a manner other than as described below, details of which, in each case, will be provided in the relevant Final Terms. In the case of Equity/Index-Linked Warrants, any element that relates to the redemption amount of Equity/Index-Linked Notes in the following description shall relate to the cash settlement amount of such Warrants, as if references in such

description to Notes were to Warrants, and references to redemption amount were to cash settlement amount.

### Principal Protected Notes

**Callable Notes:** Notes which may be redeemed prior to their specified maturity date at the option of the Issuer, which option may be exercised periodically or on specified dates, as described in the Final Terms.

**Coupon Notes:** Notes in relation to which (i) the interest payable to the Noteholder is subject to the performance of the Equity/Index-Related Variable, and (ii) the redemption amount payable to the Noteholder is greater than or equal to the aggregate face amount of the Notes.

**Callable Coupon Notes:** Notes in relation to which (i) the interest payable to the Noteholder is subject to the performance of the Equity/Index-Related Variable (which may be independent of any condition relating to the redemption amount payable at maturity to such Noteholders), and (ii) the Issuer may redeem the Notes prior to their specified maturity date on dates specified in the Final Terms.

**Growth Notes:** Notes under which the redemption amount payable to the Noteholder at maturity is calculated as the *sum* of (i) the aggregate face amount of the Notes and (ii) an amount equal to the *product* of (A) the aggregate face amount of the Notes, (B) a multiplier or participation rate specified in the Final Terms and (C) any increase in the level or value of the Equity/Index-Related Variable expressed as a percentage of the initial level or value of the Equity Related Variable (such amount not being subject to a maximum amount payable to the Noteholder ("**No Fixed Cap**")).

**Capped Growth Notes:** Notes under which the redemption amount payable to the Noteholder at maturity is calculated as the *sum* of (i) the aggregate face amount of the Notes *plus* (ii) an amount equal to the *products* of (A) the aggregate face amount of the Notes, (B) a multiplier or participation rate specified in the Final Terms and (C) any increase in the level or value of the Equity/Index-Related Variable (such amount being subject to a maximum amount payable to the Noteholder set on the issue date and expressed as a predefined percentage of the aggregate face amount of the Notes (a "**Fixed Cap**")).

**Average Growth Notes:** Notes under which the redemption amount payable to the Noteholder at maturity is calculated by reference to the average level or value of the Equity/Index-Related Variable on a number of specified dates occurring on or after the issue date to but excluding the maturity date, as specified in the Final Terms.

**Smart Growth Notes:** Notes under which the redemption amount payable to the Noteholder on maturity is linked to the best performance of the components in a basket of equities or indices (each a "**Component**"). On certain dates specified in the Final Terms the Component that has the highest value or level expressed as a percentage of the value or level of that Component on a date specified in the Final Terms, shall be removed from the basket. The redemption amount payable on maturity is calculated as the *sum* of (i) the aggregate face amount of the Notes *plus* (ii) an amount equal to the *product* of (A) the aggregate face amount of the Notes, (B) a multiplier or participation rate specified in the Final Terms and (C) an amount equal to the level or value of the basket at maturity expressed as a percentage of the initial level of such basket plus each of the returns on those Components removed from the basket.

**Accrual Notes:** Notes in relation to which the accrual of interest amount and the rate of such accrual is dependent upon the performance of the Equity/Index-Related Variable, as specified in the Final Terms.

**Range Accrual Notes:** Notes in relation to which the interest is a variable amount (calculated by reference to a formula in the Final Terms) and only accrues for each day during a period that a specified Equity/Index-Related Variable remains within a specified range (which may vary during the term of the Notes), as specified in the Final Terms.

**Range Binary Notes:** Notes in relation to which, if the Equity/Index-Related Variable remains within a specified range, the interest payable is a specified variable amount (calculated by reference to a formula in the Final Terms).

**Wedding Cake Range Binary Notes:** Notes in relation to which, if the Equity/Index-Related Variable remains within one of a number of ranges specified in the Final Terms, the interest payable is a specified variable amount (calculated by reference to a formula in the Final Terms) relating to the relevant range.

**Callable Floored Accrual Protected Notes:** Notes in relation to which (i) interest accrues as set out in the relevant Final Terms and is payable to the Noteholders for each day on which if the level or value of each Component of the Equity/Index-Related Variable is greater than levels or values specified for such Components in the Final Terms (ii) the redemption amount payable to the Noteholder is equal to or greater than the aggregate face amount of the Note and (i) the Issuer may redeem the Notes prior to their scheduled maturity date on dates specified in the Final Terms.

**Max Lookback Strike Growth Notes:** Notes under which the principal amount payable to the Noteholder at maturity is calculated as the *sum* of (i) the aggregate face amount of the Notes and (ii) an amount equal to the *product* of (A) the aggregate face amount of the Notes, (B) a multiplier or participation rate specified in the Final Terms and (C) the highest increase in the level or value attained by the Equity/Index-Related Variable during a period specified in the Final Terms, expressed as a percentage of the initial level or value of such Equity/Index-Related Variable subject to No Fixed Cap.

**Captain Notes:** Notes under which the principal amount payable to the Noteholder at maturity and/or the interest payable to the Noteholder are determined by reference to the average level or value of an Equity/Index-Related Variable in respect of which each Component has a maximum level or value (a "**Cap**") specified in the Final Terms.

Captain Notes may include additional provisions, including the following:

provisions under which, if the performance of the relevant Equity/Index-Related Variable or Component thereof is positive and/or exceeds a certain level or value, then for all future observations the Cap is either replaced with a Cap at a new level or the level or value of such Component for all future observations is fixed at a new specified level or value;

provisions under which the negative performance of the Equity/Index-Related Variable or Component thereof has a minimum level or value (a "**Floor**") so that any negative performance beyond the Floor is disregarded;

provisions under which, if the performance of the Equity/Index-Related Variable is negative, then its level will be deemed to be one of several pre-determined levels or values, each a "digital floor", depending on where the performance falls within certain specified ranges; and

provisions under which the final level or value of the relevant Equity/Index-Related Variable or Component thereof is replaced by its highest level or value observed on the previous valuation dates under the Notes.

**Binary Captain Notes:** Notes under which the principal amount payable to the Noteholder at maturity and/or the interest payable to the Noteholder are determined by reference to the average level or value of an Equity/Index-Related Variable in respect of which each Component that has, on the relevant valuation date, a level or value higher than its initial level or value shall have a pre-determined level or value assigned to it for the purposes of calculating such average level or value of the Equity/Index-Related Variable.

**Smart Average Notes:** Notes under which the redemption amount payable to the Noteholder at maturity is linked to the performance of an Equity/Index-Related Variable having participations in Components which may be adjusted by reference to the average performance, such Components as specified in the Final Terms.

**Rainbow Average Notes:** Notes under which the redemption amount payable to the Noteholder at maturity is linked to the performance of an Equity/Index-Related Variable which has participations in the performance of its Components which may be varied as specified in the Final Terms. On certain dates specified in the Final Terms the average performance of each Component since the issue date will be determined and the participations for each Component will be adjusted, so that the best performing Components will have an increased participation and the worst performing Components will have a decreased participation.

**Growing Average Notes:** Notes under which the redemption amount payable to the Noteholder at maturity is calculated by reference to the average level or value of the Equity/Index-Related Variable in respect of certain periods specified in the Final Terms **provided, however, that** the average level or value

for a given period shall not be less than the highest average level or value determined in respect of each preceding period.

**Performance Spread Notes:** Notes under which the interest payable to the Noteholder is linked to the performance of an Equity/Index-Related Variable, the level or value of which is dependent on the difference in the performance of the best performing Component and the worst performing Component during a given period, **provided, however, that** the interest shall be no greater than an amount specified in the Final Terms. If specified in the Final Terms, the interest may be greater than or equal to a minimum amount.

**Target Redemption Notes:** Notes in relation to which the interest payable to the Noteholder is determined by reference to the level or value of the Equity/Index-Related Variable **provided, however, that** the maximum cumulative amount of interest payable over the term of the Notes is specified on the issue date (the "**Lifetime Cap**") and the Issuer may redeem the Notes at par on the first interest payment date on which the cumulative interest up to and including such interest payment date would exceed the Lifetime Cap (taking into account the interest scheduled to be made on such date), which interest amount will then be reduced so that Noteholders receive, over the life of the Notes, interest in an aggregate amount equal to the Lifetime Cap.

**Recovery Best Coupon Notes:** Notes in relation to which, if the level or value of the Equity/Index-Related Variable is higher than predefined levels or values on specified dates, the interest payable in relation to such specified dates is a fixed amount. If the level or value of the Equity/Index-Related Variable is not higher than the relevant predefined levels or values on any of the specified dates the interest which would otherwise have been payable in respect of such interest payment date shall not be paid on such interest payment date but shall be deferred to the next interest payment date in respect of which the level or value of the Equity/Index-Related Variable is higher than the relevant predefined level or value.

#### **Non-Principal Protected Notes**

**Absolute Performance Auto Callable Notes:** Notes in relation to which the interest (if any) and/or the redemption amount payable is linked to the performance of an underlying value (an "**Underlying**"), as determined by the Calculation Agent. The performance of the Underlying on particular dates may result in the redemption of the Absolute Performance Auto Callable Notes prior to their scheduled maturity at an amount which reflects the absolute performance of the Underlying. The performance of the Underlying will also determine the redemption amount of Absolute Performance Auto Callable Notes at their scheduled maturity. Absolute Performance Auto Callable Notes will be redeemed on their scheduled maturity at an amount which reflects the absolute performance of the Underlying at maturity in relation to the performance of the Underlying at the issue date of the Note, as determined by the Calculation Agent. Accordingly, so long as the Underlying does not reach a predetermined level (the "**Trigger Event**") has occurred investors may receive on redemption of the Notes an amount in excess of their nominal amount even if the performance of the Underlying has been negative. If a Trigger Event has occurred, Absolute Performance Auto Callable Notes will be redeemed in whole (but not in part) at an amount (which may be less than their nominal amount) equal to the product of the nominal amount multiplied by the percentage decrease in value of the Underlying during a predetermined period as determined by the Calculation Agent. Absolute Performance Auto Callable Notes and Warrants may or may not bear interest.

**Barrier Notes:** Notes under which the interest and/or the redemption amount payable to the Noteholder at maturity are determined by reference to the performance of the Equity/Index-Related Variable depending on the level or value of the Equity/Index-Related Variable attaining or falling below predefined levels or values. If the Final Terms so specify, the predefined level or value may be varied on a specified date or dates or during specified periods throughout the term of the Notes. The predefined levels or values may consist of any of the following:

**Up and Out:** if the level or value of the Equity/Index-Related Variable is higher than a predefined level or value at a specified date or during a specified period the interest and/or redemption amount payable to the Noteholder ceases to be linked to the performance of the Equity/Index-Related Variable as specified in the relevant Final Terms.

**Up and In:** if the level or value of the Equity/Index-Related Variable is higher than a predefined level or value at a specified date or during a specified period the interest and/or redemption amount payable to the Noteholder becomes linked to the performance of the Equity/Index-Related Variable as specified in the relevant Final Terms.

**Down and Out:** if the level or value of the Equity/Index-Related Variable is lower than a predefined level or value at a specified date or during a specified period the interest and/or redemption amount payable to the Noteholder cease to be linked to the performance of the Equity/Index-Related Variable as specified in the relevant Final Terms.

**Down and In:** if the level or value of the Equity/Index-Related Variable is lower than a predefined level or value at a specified date or during a specified period the interest and/or redemption amount payable to the Noteholder become linked to the performance of the Equity/Index-Related Variable as specified in the relevant Final Terms.

The specified date or dates or specified periods for the observation of the level or value of the Equity/Index-Related Variable against the relevant predefined level or value may include any of the following or may be as otherwise specified in the Final Terms:

**American:** the level or value of the Equity/Index-Related Variable is observed continuously during a specified period.

**Bermudan:** the level or value of the Equity/Index-Related Variable is observed during a period which consists of a number of specified dates.

**Discrete:** the level or value of the Equity/Index-Related Variable is observed daily at the closing of the Equity/Index-Related Variable.

**European:** the level or value of the Equity/Index-Related Variable is observed at maturity.

**Parisian:** the level or value of the Equity/Index-Related Variable is observed on the occurrence of a specified event.

**Window:** the level or value of the Equity/Index-Related Variable is only observed during a fixed period.

**Cliquet Notes:** Notes in relation to which the redemption amount payable to the Noteholder at maturity is calculated by reference to the performance of the Equity/Index-Related Variable in each of a number of periods specified in the Final Terms (each a "**Cliquet Period**"). The redemption amount payable at maturity is equal to the *sum* of the upside and/or downside in the level or value of the Equity/Index-Related Variable during each Cliquet Period. Variants of Cliquet Notes include:

**Cliquet with local cap:** the performance of the Equity/Index-Related Variable in each Cliquet Period is limited on the upside.

**Cliquet with collar:** the performance of the Equity/Index-Related Variable in each Cliquet Period is limited on both the upside and downside.

**Digital Cliquet:** the performance of the Equity/Index-Related Variable in each Cliquet Period corresponds to a different pre-determined amount according to whether the Underlying rises or falls in each Cliquet Period.

**Cliquet with local individual cap:** the performance of each Component of the Equity/Index-Related Variable in each Cliquet Period is limited on the upside.

**Cliquet with local cap on best performances:** only a specified number of best performances are limited on the upside.

**Double No Touch Notes:** Notes in relation to which, provided the level or value of the Equity/Index-Related Variable or the levels of values of some or all of the Components of an Equity/Index-Related Variable do not fall below predefined levels or values or increase above predefined

levels or values at any time, an "enhanced return" (calculated by reference to a formula in the Final Terms) is payable to the Noteholders at maturity.

**Knock-out Straddle Notes:** Notes in relation to which the redemption amount payable to the Noteholder at maturity is calculated as the *sum* of (i) the aggregate face amount of the Notes and (ii) an amount equal to the *product* of (A) the aggregate face amount of the Notes, (B) a multiplier or participation rate specified in the Final Terms and (C) any increase or decrease in the level or value of the Equity/Index-Related Variable during the term of the Note expressed as a percentage of the initial level or value of the Equity/Index-Related Variable, **provided, however, that** if such level or value is less than a specified level or value ("**Performance Floor**") or greater than a specified level or value ("**Performance Cap**") at any time during the term of the Note, the Note shall be redeemed at par.

**Airbag Notes:** Notes in relation to which the redemption amount payable to the Noteholder at maturity is calculated as either (i) the *product* of the aggregate face amount of the Notes and any increase or decrease in the level or value of the Equity/Index-Related Variable during the term of the Note expressed as a percentage of the initial level or value of the Equity/Index-Related Variable **provided that** the amount payable at maturity is no less than a specified amount, or (ii) the *product* of the aggregate face amount of the Notes and (A) if there is an increase in the level or value of the Equity/Index-Related Variable during the term of the Notes, the *product* of a multiplier or participation rate specified in the Final Terms and such level or value expressed as a percentage of the initial level or value of the Equity/Index-Related Variable, or (B) if there is a decrease in the level or value of the Equity/Index-Related Variable during the term of the Notes, such level or value expressed as a percentage of the initial level or value of the Equity/Index-Related Variable. No interest payments are payable in respect of such Notes.

**Leverage Airbag Plus Notes:** Notes in relation to which the redemption amount payable to the Noteholder at maturity is calculated as the *product* of the aggregate face amount of the Notes and (A) if there is an increase in the level or value of the Equity/Index-Related Variable during the term of the Notes, the *product* of a multiplier or participation rate specified in the Final Terms and such level or value expressed as a percentage of the initial level or value of the Equity/Index-Related Variable, (B) if there is a decrease in the level or value of the Equity/Index-Related Variable during the term of the Notes but the level or value of the Equity/Index-Related Variable at maturity is greater than the Performance Floor, 100 per cent., or (C) if there is a decrease in the level or value of the Equity/Index-Related Variable during the term of the Notes, the level or value of the Equity/Index-Related Variable has fallen below the Performance Floor at any time during the term of the Notes and the level or value of the Equity/Index-Related Variable at maturity is less than the initial level or value of the Equity/Index-Related Variable, such level or value at maturity expressed as a percentage of the initial level or value of the Equity/Index-Related Variable. No interest is paid in respect of such Notes.

**Reverse Airbag Plus Notes:** Notes in relation to which the redemption amount payable to the Noteholder at maturity is calculated as the *product* of the aggregate face amount of the Notes and (A) if there is a decrease in the level or value of the Equity/Index-Related Variable during the term of the Notes, the *product* of a multiplier or participation rate specified in the Final Terms and the absolute value of such decrease in the level or value expressed as a percentage of the initial level or value of the Equity/Index-Related Variable, (B) if there is an increase in the level or value of the Equity/Index-Related Variable during the term of the Notes but the level or value of the Equity/Index-Related Variable at maturity is less than the Performance Cap, 100 per cent., or (C) if there is an increase in the level or value of the Equity/Index-Related Variable during the term of the Notes, the level or value of the Equity/Index-Related Variable has risen above the Performance Cap at any time during the term of the Notes and the level or value of the Equity/Index-Related Variable at maturity is higher than the initial level or value of the Equity/Index-Related Variable, 100 per cent. *minus* such increase in the level or value at maturity expressed as a percentage of the initial level or value of the Equity/Index-Related Variable. No interest is paid in respect of such Notes.

**Booster Notes:** Notes in relation to which the redemption amount payable to the Noteholder at maturity is calculated as either (i) if there is an increase in the level or value of the Equity/Index-Related Variable during the term of the Notes, the *sum* of (1) the aggregate face amount of the Notes and (2) the *product* of the aggregate face amount of the Notes and (3) the *product* of a multiplier or participation rate specified in the Final Terms and (4) such level or value expressed as a percentage of the initial level or value of the Equity/Index-Related Variable, subject to a Performance Cap, (ii) if the final level or value of the Equity/Index-Related Variable at maturity is less than the initial level or value of the Equity/Index-Related Variable but higher than a predefined level or value specified in the Final Terms,

the *sum* of (1) the aggregate face amount of the Notes and (2) the *product* of the aggregate face amount of the Notes and (3) the predefined level or value specified in the Final Terms, or (iii) if the final level or value of the Equity/Index-Related Variable at maturity is less than the initial level or value of the Equity/Index-Related Variable and such level or value is also less than a predefined level or value specified in the Final Terms, the *product* of (1) the aggregate face amount of the Notes and (3) the final level or value of the Equity/Index-Related Variable.

**Reverse Convertible Notes:** Notes may include terms providing that in certain circumstances linked to the price or performance of a Reference Asset determined as specified in the applicable Final Terms, and, at the election of the Issuer, the Notes will be redeemed by the Issuer delivering, or procuring delivery, to the Noteholders of the relevant Securities or, as the case may be, Securities comprising the relevant Basket. Such terms may also provide that in such circumstances the Issuer may elect to redeem the Notes on an alternative cash payment basis, in an amount (which may be calculated on a formula basis) linked to such price or performance. Reverse Convertible Notes may also include Notes, the Final Terms of which specify Additional Disruption Events (as defined below) in respect of the unavailability of relevant Exchange Rates.

**Callable Short DI Put Notes:** Notes in relation to which the redemption amount payable to the Noteholder at maturity is calculated as either (i) if the level or value of the Equity/Index-Related Variable has remained higher than a predetermined level or value of the Equity/Index-Related Variable during the term of the Notes, the *sum* of (1) the aggregate face amount of the Notes and (2) the *product* of the aggregate face amount of the Notes and (3) the *product* of a multiplier or participation rate specified in the Final Terms and (4) such level or value expressed as a percentage of the initial level or value of the Equity/Index-Related Variable, subject to a Performance Cap, (ii) if the final level or value of the Equity/Index-Related Variable at maturity is less than the initial level or value of the Equity/Index-Related Variable but higher than a predefined level or value specified in the Final Terms, the aggregate face amount of the Notes, or (iii) if the final level or value of the Equity/Index-Related Variable at maturity is less than the initial level or value of the Equity/Index-Related Variable and the level or value of the Equity/Index-Related Variable has at any time been less than a predefined level or value specified in the Final Terms, the *product* of (1) the aggregate face amount of the Notes and (2) the final level or value of the Equity/Index-Related Variable expressed as a percentage of the initial level or value of the Equity/Index-Related Variable; **provided, however, that** on dates specified in the Final Terms, if the level or value of the Equity/Index-Related Variable is higher than a predetermined level or value specified in the Final Terms, the Issuer may redeem the Notes prior to the scheduled maturity at an amount equal to the *sum* of (1) the aggregate face amount of the Notes and (2) the *product* of the aggregate face amount and either (a) a predetermined percentage or (b) the increase in the level or value of the Equity/Index-Related Variable expressed as a percentage of the initial level or value of the Equity/Index-Related Variable.

**Growth Notes:** Notes under which the redemption amount payable to the Noteholder at maturity is calculated as the *sum* of a predetermined percentage of the aggregate face amount of the Notes *plus* an amount equal to the *product* of the aggregate face amount of the Notes and a multiplier or participation rate specified in the Final Terms and any increase in the level or value of the Equity/Index-Related Variable subject to No Fixed Cap.

**Tracker (Market Access) Notes:** Notes in relation to which the redemption amount payable to the Noteholder at maturity is calculated as either (i) if there is an increase in the level or value of the Equity/Index-Related Variable during the term of the Notes, the *product* of the aggregate face amount of the Notes and such level or value expressed as a percentage of the initial level or value of the Equity/Index-Related Variable, or (ii) if there is a decrease in the level or value of the Equity/Index-Related Variable during the term of the Notes, the *product* of the aggregate face amount of the Notes and such level or value expressed as a percentage of the initial level or value of the Equity/Index-Related Variable. No interest is payable in respect of such Notes.

**Leverage Tracker Notes:** Notes in relation to which the redemption amount payable to the Noteholder at maturity is calculated as either (i) if there is an increase in the level or value of the Equity/Index-Related Variable during the term of the Notes, the *product* of the aggregate face amount of the Notes and the *product* of a multiplier or participation rate specified in the Final Terms and such level or value expressed as a percentage of the initial level or value of the Equity/Index-Related Variable, or (ii) if there is a decrease in the level or value of the Equity/Index-Related Variable during the term of the Notes, the *product* of the aggregate face amount of the Notes and such level or value expressed as a percentage of



the initial level or value of the Equity/Index-Related Variable. No interest is payable in respect of such Notes.

### **Callable Floored Accrual**

**Callable Floored Accrual Note:** Notes in relation to which (i) interest accrues on a daily basis and is payable to the Noteholders for each day on which if the level or value of each Component of the Equity/Index-Related Variable is greater than levels or values specified for such Components in the Final Terms and (ii) may provide that the Issuer has the option to redeem the Notes prior to their scheduled maturity date on specified dates, subject to a minimum early redemption amount payable to the Noteholders as specified in the Final Terms.

### **Hybrid Notes**

**Inflation and Equity Notes:** Notes in relation to which the redemption amount payable to the Noteholder at maturity is calculated by reference to the performance of one or more non-Equity/Index-Related Variables together with an Equity/Index-Related Variable and which may be subject to a minimum redemption amount payable at maturity.

### **Underlying Variations**

In relation to any of the Equity/Index Linked Notes described above or any other Equity/Index-Linked Notes or Warrants incorporating, some or none of the features described above, the following variations may be applicable:

**Worst of:** Notes in relation to which the interest and/or redemption amounts payable at maturity to the Noteholder are calculated by reference to the performance of the worst performing Component(s) of an Equity/Index-Related Variable.

**Best of:** Notes in relation to which the interest and/or redemption amounts payable at maturity to the Noteholder are calculated by reference to the performance of the best performing Component(s) of an Equity/Index-Related Variable.

**Rainbow:** Notes in relation to which the interest and/or redemption amounts payable at maturity to the Noteholder are calculated by reference to the performance of Components of an Equity/Index-Related Variable which has participations in the performance of its Components which may be varied as specified in the Final Terms.

**Basket:** Notes in relation to which the interest and/or redemption amounts payable at maturity to the Noteholder are calculated by reference to the performance of an Equity/Index-Related Variable consisting of a basket of equities or indices.

**Mono:** Notes in relation to which the interest and/or redemption amounts payable at maturity to the Noteholder are calculated by reference to the performance of an Equity/Index-Related Variable consisting of a single equity or index.

**Spread:** Notes in relation to which the interest and/or redemption amounts payable at maturity to the Noteholder are calculated by reference to the difference between the performance of two or more Components of an Equity/Index-Related Variable.

**Himalaya:** Notes in relation to which the interest and/or redemption amounts payable at maturity to the Noteholder are calculated by reference to the arithmetic mean of the best performing Component or the several best performing Components of the Equity/Index-Related Variable. Such best performing Component(s) of the Equity/Index-Related Variable are then removed from the Equity/Index-Related Variable.

## ADDITIONAL PROVISIONS RELATING TO EQUITY-LINKED NOTES, CASH EQUITY NOTES AND INDEX-LINKED NOTES AND PREFERENCE SHARE-LINKED NOTES

The following additional condition shall be deemed to be added as Condition 21 and Condition 22 to the terms and conditions set out in the section headed "*Terms and Conditions of the Notes*" appearing in "*Part B - Information relating to the Notes Generally*" of the Base Prospectus in respect of any issue of Equity-Linked Notes, Equity Notes, Index-Linked Notes and Preference Share-Linked Notes.

The terms and conditions of the Equity-Linked Notes, Cash Equity Notes and Index-Linked Notes (the "**Terms and Conditions of the Equity-Linked Notes, Cash Equity Notes and Index-Linked Notes**") shall consist of Condition 21, and the terms and conditions of the Preference Share-Linked Notes (the "**Terms and Conditions of the Preference Share-Linked Notes**"), Condition 22 and, in each case, the terms and conditions set out in the section headed "*Terms and Conditions of the Notes*" appearing in "*Part B - Information relating to the Notes Generally*" of the Base Prospectus, as amended or supplemented by the terms of each Tranche of Notes set out in the Final Terms, examples of which are set out below.

### 21. Provisions relating to Equity-Linked Notes, Cash Equity Notes and Index-Linked Notes

#### (a) Definitions

As used in this Condition 21, and unless otherwise provided in the relevant Final Terms, the following expressions shall have the following meanings:

**"Additional Disruption Event"** has the meaning ascribed thereto in Condition 21(h);

**"Automatic Early Redemption Amount"** means (a) an amount in the relevant currency specified in the relevant Final Terms or if such amount is not specified, (b) the product of (i) the nominal amount of one Note and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date;

**"Automatic Early Redemption Date(s)"** means each of the date(s) specified as such in the relevant Final Terms, subject in each case to adjustment in accordance with the Business Day Convention specified in the relevant Final Terms;

**"Automatic Early Redemption Event"** means (unless otherwise specified in the relevant Final Terms) that the price of the relevant Security or, as the case may be, the level of the Index, in either case as determined by the Calculation Agent as of the (or any) Valuation Date is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Price, or as the case may be, the Automatic Early Redemption Level;

**"Automatic Early Redemption Level"** means the level of the Index specified as such or otherwise determined in the relevant Final Terms;

**"Automatic Early Redemption Notes"** means a Series of Notes in respect of which the relevant Final Terms specifies that Automatic Early Redemption is applicable;

**"Automatic Early Redemption Price"** means the price per Security specified as such or otherwise determined in the relevant Final Terms;

**"Automatic Early Redemption Rate"** means, in respect of any Automatic Early Redemption Date, the rate specified as such in the relevant Final Terms;

**"Automatic Early Redemption Valuation Date(s)"** means each of the date(s) specified as such in the relevant Final Terms or, if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, subject to the provisions of Condition 21(e)(i) which shall apply as if such Automatic Early Redemption Valuation Date were a Valuation Date;

**"Averaging Date"** means, in respect of each Valuation Date, each date specified as such or otherwise determined as provided in the relevant Final Terms (or, if such date is not a

Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of Condition 21(e)(ii);

**"Cash Equity Note"** means a Series of Notes in respect of which the amount payable at maturity is calculated by reference to the value of a Security or Securities and/or a formula (as indicated in the relevant Final Terms);

**"Cash Settlement"** means, in relation to a Series of Notes, that the relevant Noteholder is entitled to receive from the Issuer on the Maturity Date an amount calculated in accordance with the relevant Final Terms in the Specified Currency;

**"Clearing System Business Day"** means, in relation to any Securities or any Index, any day on which the principal domestic clearing system customarily used for settling trades in such Securities or, as the case may be, the securities comprising such Index is (or, but for the occurrence of an event beyond the control of the Issuer as a result of which such clearing system cannot clear the transfer of such securities, would have been) open for the acceptance and execution of settlement instructions;

**"Component Security"** means, with respect to an Index, each component security of that Index;

**"Conversion"** means, in respect of any Securities, any irreversible conversion by the Underlying Company of such Securities into other securities;

**"Delisting"** means that the Exchange announces that, pursuant to the rules of such Exchange, the Securities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union);

**"Delivery Disruption Event"** means, as determined by the Calculation Agent in its sole and absolute discretion, the failure by the Issuer to deliver or to procure delivery on the relevant Settlement Date the Securities Transfer Amount under the relevant Note due to illiquidity in the market for such Securities;

**"Deposit Agreement"** means, in relation to each Depositary Receipt, the agreement(s) or other instrument(s) constituting such Depositary Receipt, as from time to time amended or supplemented;

**"Depositary"** means, in relation to a Depositary Receipt, the issuer of such Depositary Receipt as appointed under the Deposit Agreement, including its successors from time to time;

**"Depositary Receipt(s)"** means any Security specified as such in the relevant Final Terms **provided that** if the relevant Deposit Agreement is terminated at any time, any reference to any Depositary Receipt(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it, in its sole and absolute discretion, determines to be appropriate to the relevant Notes and determine, in its sole and absolute discretion, the effective date of such adjustment;

**"Disrupted Day"** means (a) any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred; or (b) if the Notes are Multiple Exchange Index-Linked Notes, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred or (c) any Scheduled Trading Day on which the Index Sponsor fails to publish the Index;

**"DR Linked Notes"** means a Series of Equity-Linked Notes or Cash Equity Notes which relate to one or more Securities which are Depositary Receipts;

**"EMU Event"** means the occurrence of any of the following, as determined by the Calculation Agent, in its sole and absolute discretion:

- (i) the redenomination of any security into euro;
- (ii) the change by any organised market, exchange or clearing, payment or settlement system in the unit of account of its operating procedures to the euro;
- (iii) any change in the currency of denomination of any Index; or
- (iv) any change in the currency in which some or all of the securities or other property comprising any Index is denominated;

**"Early Closure"** means (a) the closure on any Exchange Business Day of the relevant Exchange (in the case of Equity-Linked Notes or Cash Equity Notes) or any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index-Linked Notes) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or (b) if the Notes are Multiple Exchange Index-Linked Notes, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day;

**"Equity-Linked Note"** means a Series of Notes in respect of which either an amount, which shall be calculated by reference to the value of a Security or Securities and/or a formula, is payable or a Securities Transfer Amount is deliverable (as indicated in the relevant Final Terms);

**"Exchange"** means (a) with respect to a Security or an Index, each exchange or quotation system specified as such in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Security or the components of the Index, as the case may be, has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to such Security or components, as the case may be, as on the original Exchange); or (b) in the case of a Multiple Exchange Index and each relevant Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent (which exchange or quotation system as of the Issue Date may be specified as such in the relevant Final Terms);

**"Exchange Business Day"** means (a) any Scheduled Trading Day on which each Exchange and any relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; or (b) with respect to a Multiple Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time;

**"Exchange Disruption"** means (a) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Securities on the

Exchange (in the case of an Equity-Linked Note or Cash Equity Note) or on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of an Index-Linked Note), or (ii) to effect transactions in, or obtain market values for, future or options contracts relating to the Securities (in the case of an Equity-Linked Note or Cash Equity Note) or the relevant Index (in the case of an Index-Linked Note) on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (i) any Component Security on the Exchange in respect of such Component Security or (ii) futures or options contracts relating to the Index on the relevant Related Exchange;

**"Exchange Rate"** means, in respect of a relevant date and time, the currency exchange rate of one currency against another currency, as specified in the Final Terms, quoted by the relevant exchange rate provider on such date, as displayed on the Reuters Page specified in the Final Terms and as determined by the Calculation Agent. If such Exchange Rate cannot be or ceases to be determined, then the Calculation Agent shall select another Reuters page or determine in good faith such Exchange Rate by reference to such sources as it may select in its absolute discretion;

**"Extraordinary Dividend"** means the amount per Security specified or otherwise determined as provided in the relevant Final Terms or, if no such amount is so specified or determined, any dividend or the portion of any dividend which the Calculation Agent determines in its sole and absolute discretion should be characterised as an Extraordinary Dividend;

**"Extraordinary Event"** means (a) in all cases other than where the Final Terms specify that the Securities are Units in a Fund, a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting (b) in the case where the Final Terms specify that the Securities are Units in a Fund, a Merger Event, Nationalisation, Insolvency, Delisting or Extraordinary Fund Event;

**"Extraordinary Fund Event"** means, in the determination of the Calculation Agent, the occurrence or existence of any of the following:

- (i) the Fund (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C)(1) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or

- restrained, in each case within 15 days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (A) to (E) above;
- (ii) the Fund has violated any leverage restriction that is applicable to, or affecting, such Fund or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any contractual restriction binding on or affecting the Fund or any of its assets;
  - (iii) the resignation, termination or replacement of the Fund Adviser (as defined below);
  - (iv) any change or modification of the Fund Documents that could reasonably be expected to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Issue Date;
  - (v) any breach or violation of any strategy or investment guidelines stated in the Fund Documents that is reasonably likely to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent);
  - (vi) the Issuer, or any of its affiliates, is unable, or it is impractical for it, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (1) any restrictions or increase in charges or fees imposed by the Fund on any investor's ability to redeem the Units, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Units, or (2) any mandatory redemption, in whole or in part, of such Units imposed by the Fund (in each case other than any restriction in existence on the Issue Date);
  - (vii) (A) cancellation, suspension or revocation of the registration or approval of the Units or the Fund by any governmental, legal or regulatory entity with authority over the Units or the Fund, (B) any change in the legal, tax, accounting or regulatory treatments of the Fund or the Fund Adviser that is reasonably likely to have an adverse impact on the value of the Units or on any investor therein (as determined by the Calculation Agent), or (C) the Fund or the Fund Adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the Fund;
  - (viii) (A) the occurrence of any event affecting the Units that, in the determination of the Calculation Agent, would make it impossible or impracticable to determine the value of the Units, and such event is likely, in the determination of the Calculation Agent, to continue for the foreseeable future; or (B) any failure of the Fund to deliver, or cause to be delivered (1) information that the Fund has agreed to deliver, or cause to be delivered to the Issuer and/or Calculation Agent or (2) information that has been previously delivered to the Issuer and/or Calculation Agent in accordance with the Fund's, or its authorised representative's, normal practice and that the Issuer and/or Calculation Agent deems necessary for it to monitor the Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the Units;

- (ix) on or after the Strike Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (X) it has become illegal to hold, acquire or dispose of the Units, or (Y) the Issuer will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (x) the Issuer would incur a materially increased (as compared with circumstances existing on the Strike Date) amount of tax (including potential taxes which the Calculation Agent considers may arise), duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Extraordinary Fund Event; and
- (xi) (A) the cancellation or cessation of any Underlying Index or (B) a material change in the formula for or the method of calculating or any other material modification to any Underlying Index (other than a modification prescribed in that formula or method to maintain such Underlying Index in the event of changes in constituent stock and capitalisation and other routine events) or (C) the relevant sponsor of any Underlying Index fails to calculate and announce such Underlying Index.

**"Final Index Level"** means, with respect to an Index and a Valuation Date, the level determined as provided in the relevant Final Terms or, if no such level is so provided (a) the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Valuation Date or (b) with respect to a Multiple Exchange Index, the official closing level of the Index on the Valuation Date as calculated and published by the Index Sponsor or (c) if Averaging Dates are specified in the relevant Final Terms in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant currency in which the Index is published, one half of a unit being rounded upwards) of the Reference Levels on such Averaging Dates;

**"Final Price"** means, with respect to a Security and a Valuation Date, the price determined as provided in the relevant Final Terms, or if no such price is so provided (a) the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on such Valuation Date or (b) if Averaging Dates are specified in the relevant Final Terms in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant currency in which the Security is valued, one half of a unit being rounded upwards) of the Reference Prices on such Averaging Dates;

**"Fund"** means the exchange traded fund or similarly traded or listed fund as specified in the relevant Final Terms;

**"Fund Adviser"** means, with respect to a Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment manager (including a non-discretionary investment manager to a discretionary investment manager or to another non-discretionary investment manager), as provided in the related Fund Documents;

**"Fund Documents"** means, in relation to any Fund, the constitutive and governing documents, subscription agreements and other agreements of such Fund specifying the terms and conditions relating to such Fund, in each case as amended and supplemented from time to time;

**"Government Bonds"** means, in relation to a Series of Notes, bonds or any other debt securities issued by a government, government agency or subdivision or a transnational or supranational organisation as specified in the relevant Final Terms and **"Government Bond"** shall be construed accordingly;

**"Index"** means, in relation to a Series of Notes, the index to which such Notes relates, as specified in the relevant Final Terms, subject to adjustment pursuant to this Condition 21, and **"Indices"** shall be construed accordingly;

**"Index-Linked Note"** means a Series of Notes in respect of which an amount calculated by reference to an Index or Indices and/or a formula is payable (as indicated in the relevant Final Terms);

**"Index Rules"** has the meaning ascribed to it in the applicable Final Terms.

**"Index Sponsor"** means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Scheduled Trading Day (which corporation or entity as of the Issue Date may be specified as such in the relevant Final Terms);

**"Initial Index Level"** means, with respect to an Index, the level specified as such or otherwise determined as provided in the relevant Final Terms or, if no such level is so specified or otherwise determined, the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date or, with respect to a Multiple Exchange Index, the official closing level of the Index on the Strike Date as calculated and published by the Index Sponsor;

**"Initial Price"** means, with respect to a Security, the price specified as such or otherwise determined as provided in the relevant Final Terms or, if no such price is so specified or otherwise determined, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date;

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting an Underlying Company, (A) all the Securities of that Underlying Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Securities of that Underlying Company become legally prohibited from transferring them;

**"Knock-in Determination Day"** means each Scheduled Trading Day during the Knock-in Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-in Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-in Determination Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-in Determination Day is a Disrupted Day. In that case, that eighth Scheduled Trading Day shall be deemed to be the Knock-in Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is also a Disrupted Day in accordance with the provisions of Condition 21(e)(i)(A), (B) or (C), as the case may be;



**"Knock-in Determination Period"** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date;

**"Knock-in Event"** means (a) the event or occurrence specified as such in the relevant Final Terms; and (b) (unless otherwise specified in the relevant Final Terms) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Price or, as the case may be, the Knock-in Level;

**"Knock-in Level"** means the level of the Index specified as such or otherwise determined in the relevant Final Terms;

**"Knock-in Period Beginning Date"** means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-in Determination Day" above;

**"Knock-in Period Ending Date"** means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-in Determination Day" above;

**"Knock-in Price"** means the price per Security specified as such or otherwise determined in the relevant Final Terms;

**"Knock-in Valuation Time"** means the time or period of time on any Knock-in Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time;

**"Knock-out Determination Day"** means each Scheduled Trading Day during the Knock-out Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-out Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-out Determination Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-out Determination Day is a Disrupted Day. In that case, that eighth Scheduled Trading Day shall be deemed to be the Knock-out Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is a Disrupted Day in accordance with the provisions of Condition 21(e)(i)(A), (B) or (C), as the case may be;

**"Knock-out Determination Period"** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date;

**"Knock-out Event"** means that (i) the event or occurrence specified as such in the relevant Final Terms; and (ii) (unless otherwise specified in the relevant Final Terms) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Price or, as the case may be, Knock-out Level;

**"Knock-out Level"** means the level of the Index specified as such or otherwise determined in the relevant Final Terms;

**"Knock-out Period Beginning Date"** means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-out Determination Day" above;

**"Knock-out Period Ending Date"** means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-out Determination Day" above;

**"Knock-out Price"** means the price per Security specified as such or otherwise determined in the relevant Final Terms;

**"Knock-out Valuation Time"** means the time or period of time on any Knock-out Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time;

**"Market Disruption Event"** means (a) the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one-hour period that ends at the relevant Valuation Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be or (iii) an Early Closure **provided that** for the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a component of the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event; or (b) with respect to a Multiple Exchange Index, either

- (A) (1) the occurrence or existence, in respect of any Component Security, of (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded, OR (cc) an Early Closure; AND (2) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR
- (B) the occurrence or existence, in respect of futures or options contracts relating to the Index of: (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Related Exchange; or (cc) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Multiple Exchange Index at any time, if a Market Disruption Event occurs in respect of a Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data";

**"Merger Event"** means in respect of any relevant Securities, any (i) reclassification or change of such Securities that results in a transfer of or an irrevocable commitment to transfer all of such Securities outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Underlying Company with or into another entity or person (other than a consolidation, amalgamation or merger in which such Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Securities of the Underlying Company that results in a transfer of or an irrevocable commitment to transfer all such Securities (other than such Securities owned or controlled by such other entity or person); or (iv) consolidation, amalgamation, merger or binding share exchange of the Underlying Company or its subsidiaries with or into another entity in which the Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding but results in the outstanding Securities (other than Securities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Securities immediately following such event, in each case if the closing date of a Merger Event (or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent) is on or before, in the case of any Equity-Linked Note which is to be redeemed by delivery of a Securities Transfer Amount, the Maturity Date or, in any other case, the final Valuation Date;

If the Notes are DR Linked Notes, "Merger Event" shall include the occurrence of any of the events described in (i) to (iv) (inclusive) above in relation to the relevant Underlying Securities;

**"Multiple Exchange Index"** means an Index identified or specified as such in the relevant Final Terms;

**"Multiple Exchange Index-Linked Notes"** means Notes which relate to a Multiple Exchange Index;

**"Nationalisation"** means that all the Securities (or, if the Notes are DR Linked Notes, the relevant Underlying Securities) or all or substantially all the assets of an Underlying Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity;

**"Notional Sale Date"** has the meaning given in the definition of Settlement Date below;

**"Participating Member States"** means any member state of the European Union which adopts the single currency in accordance with the Treaty.

**"Potential Adjustment Event"** means (i) a subdivision, consolidation or reclassification of relevant Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Securities to existing holders whether by way of bonus, capitalisation or similar issue; or (ii) a distribution, issue or dividend to existing holders of the relevant Securities of (A) such Securities or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Company equally or proportionately with such payments to holders of such Securities or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent in its sole and absolute discretion; or (iii) an Extraordinary Dividend; or (iv) a call by the Underlying Company in respect of relevant Securities that are not fully paid; or (v) a repurchase by the Underlying Company or any of its subsidiaries of relevant Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vi) in respect of the Underlying Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Underlying Company pursuant to a shareholder rights plan or

arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, **provided that** any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Securities; or (viii) any other event specified as such in the relevant Final Terms.

With respect to Depositary Receipts, "Potential Adjustment Event" shall also include (x) the occurrence of any of the events described in (i) to (viii) (inclusive) above in respect of the relevant Underlying Securities and (y) the making of any amendment or supplement to the terms of the Deposit Agreement;

**"Reference Level"** means, unless otherwise specified in the relevant Final Terms (a) in respect of an Index and an Averaging Date, the level of such Index as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date and (b) in respect of a Multiple Exchange Index and an Averaging Date, the official closing level of such Multiple Exchange Index on such Averaging Date as calculated and published by the Index Sponsor;

**"Reference Price"** means, unless otherwise specified in the relevant Final Terms, in respect of a Security and an Averaging Date, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date;

**"Related Exchange"** means, subject to the proviso below, in respect of a Security or an Index, each exchange or quotation system specified as such for such Security or Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Security or Index, as the case may be, has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Security or Index, as the case may be, as on the original Related Exchange) **provided, however, that** where "All Exchanges" is specified as the Related Exchange in the relevant Final Terms, **"Related Exchange"** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Security or Index, as the case may be;

**"Residual Amount"** means, in relation to a Noteholder and a Note, the fraction of a Security rounded down pursuant to Condition 21(b), as determined by the Calculation Agent or such amount as otherwise specified in the relevant Final Terms;

**"Residual Cash Amount"** means, in respect of a Residual Amount, the product of such Residual Amount and the fraction of which the numerator is the Final Price and the denominator is the Initial Price;

**"Scheduled Closing Time"** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

**"Scheduled Trading Day"** means (a) any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading for their respective regular trading sessions; or (b) with respect to a Multiple Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session or (c) any day on which the Index Sponsor is scheduled to publish the level of the Index;

**"Scheduled Valuation Date"** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

**"Securities"** means, in relation to a Series of Notes or in relation to an Index, the equity securities, debt securities (including without limitation Government Bonds), depositary receipts or other securities or property, as adjusted pursuant to this Condition 21, to which such Notes or Index, as the case may be, relate, as specified in the relevant Final Terms and **"Security"** shall be construed accordingly;

**"Securities Transfer Amount"** means the number of Securities per Note as specified in the relevant Final Terms or if no such number is so specified, the number of Securities per Note calculated by the Calculation Agent and equal to the fraction of which the numerator is the Denomination and the denominator is the Initial Price;

**"Settlement Cycle"** means, in respect of a Security or an Index, the period of Clearing System Business Days following a trade in the relevant Security or the securities underlying such Index, as the case may be, on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period);

**"Settlement Date"** means, in relation to Securities to be delivered in respect of an Equity-Linked Note (a) in the case of Equity-Linked Notes which relate to equity securities and unless otherwise specified in the relevant Final Terms, the later of (i) the Maturity Date and (ii) the date that falls one Settlement Cycle after the Exchange Business Day following the Valuation Date (the **"Notional Sale Date"**) (or if such day is not a Clearing System Business Day, the next following Clearing System Business Day) subject to the provisions of Condition 21(b) or, (b) in any other case, and unless otherwise specified in the relevant Final Terms, the date specified as such in the relevant Final Terms, subject to adjustment in accordance with the Following Business Day Convention unless another Business Day Convention (as defined in Condition 19) is specified in the relevant Final Terms. In each case, if a Settlement Disruption Event prevents delivery of such Securities on that day, then the Settlement Date shall be determined in accordance with Condition 21(b)(ii);

**"Settlement Disruption Event"** in relation to a Security or a Component Security, means an event which the Calculation Agent, in its sole and absolute discretion, determines to be beyond the control of the Issuer or relevant obligor and to be an event as a result of which the relevant Clearing System cannot clear the transfer of such Security or Component Security;

**"Strike Date"** means the date specified as such in the relevant Final Terms;

**"Successor Index"** has the meaning given in Condition 21(f)(i);

**"Tender Offer"** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Underlying Company, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant;

**"Trading Disruption"** means (a) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Securities on the Exchange (in the case of an Equity-Linked Note or Cash Equity Note) or on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index-Linked Notes); or (ii) in futures or options contracts relating to the Securities or the relevant Index on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to any Component Security on the Exchange in

respect of such Component Security, or (ii) in futures or options contracts relating to the Index on any relevant Related Exchange;

**"Transfer Expenses"** means, with respect to any Notes, all stamp, transfer, registration and similar duties and all expenses, scrip fees, levies and registration charges payable on or in respect of or arising on, or in connection with, the purchase or transfer, delivery or other disposition by the transferor to the order of the relevant Noteholders of any Securities;

**"Transfer Notice"** means a notice in the form from time to time approved by the Issuer, which must:

- (i) specify the name and address of the Noteholder;
- (ii) specify the number of Notes in respect of which it is the Noteholder;
- (iii) specify the number of the Noteholder's account at Euroclear, Clearstream, Luxembourg, DTC and/or any other relevant clearing system, as the case may be, to be debited with such Notes;
- (iv) irrevocably instruct and authorise Euroclear, Clearstream, Luxembourg, DTC and/or any other relevant clearing system, as the case may be, (A) to debit the Noteholder's account with such Notes on the Settlement Date, if the Issuer elects (or has elected) Physical Delivery or otherwise on the Maturity Date and (B) that no further transfers of the Notes specified in the Transfer Notice may be made;
- (v) contain a representation and warranty from the Noteholder to the effect that the Notes to which the Transfer Notice relates are free from all liens, charges, encumbrances and other third party rights;
- (vi) specify the number and account name of the account at the Clearing System to be credited with the Securities if the Issuer elects (or has elected) Physical Settlement;
- (vii) contain an irrevocable undertaking to pay the Transfer Expenses (if any) and an irrevocable instruction to Euroclear, Clearstream, Luxembourg, DTC and/or any other relevant clearing system, as the case may be, to debit on or after the Settlement Date the cash or other account of the Noteholder with Euroclear, Clearstream, Luxembourg, DTC and/or any other relevant clearing system, as the case may be, specified in the Transfer Notice with such Transfer Expenses;
- (viii) include a certificate of non-US beneficial ownership in the form required by the Issuer; and
- (ix) authorise the production of the Transfer Notice in any applicable administrative or legal proceedings;

**"Underlying Company"** means the issuer of the Security as specified in the relevant Final Terms and, if the Notes are DR Linked Notes, each of the Depositary and the issuer of the relevant Underlying Security, in each case subject to adjustment in accordance with Condition 21(g);

**"Underlying Index"**, in relation to a Fund, has the meaning given to it in the relevant Final Terms;

**"Underlying Security"** means, with respect to DR Linked Notes and a Depositary Receipt, the security and any other property to which such Depositary Receipt relates;

**"Unit"**, in relation to a Fund, has the meaning given to it in the relevant Final Terms;

**"Valid Date"** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur;

**"Valuation Date"** means each date specified or otherwise determined as provided in the relevant Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), in each case subject to Condition 21(e); and

**"Valuation Time"** means (a) in relation to each Security to be valued or each Index the level of which falls to be determined on any date, the time on such date specified as such in the relevant Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on such date in relation to such Security or Index, as applicable or such scheduled time as set out in the Index Rules. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or (b) in relation to a Multiple Exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (a) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

(b) ***Physical Delivery***

In relation to Equity-Linked Notes which are to be redeemed by the delivery of a Securities Transfer Amount, and subject to the other provisions of these Conditions and the relevant Final Terms:

- (x)
- (A) Each Noteholder shall, on or before the date five calendar days before the Maturity Date (or such earlier date as the Issuer shall determine is necessary for the Issuer, the Paying Agents, Euroclear, Clearstream, Luxembourg, DTC and/or any other relevant clearing system to perform their respective obligations in relation to the Notes and notify to the Paying Agents and the Noteholders) send to Euroclear, Clearstream, Luxembourg, DTC and/or any other relevant clearing system, as the case may be, in accordance with its then applicable operating procedures, and copied to the Principal Paying Agent, a duly completed Transfer Notice.
  - (B) A Transfer Notice, once delivered to Euroclear, Clearstream, Luxembourg, DTC and/or any other relevant clearing system, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Noteholder may not transfer any Note which is the subject of a Transfer Notice following delivery of such Transfer Notice to Euroclear, Clearstream, Luxembourg, DTC and/or any other relevant clearing system. A Transfer Notice shall only be valid to the extent that Euroclear, Clearstream, Luxembourg, DTC and/or any other relevant clearing system have not received conflicting prior instructions in respect of the Notes which are the subject of the Transfer Notice.
  - (C) Failure properly to complete and deliver a Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided shall be made by the Principal Paying Agent and shall be conclusive and binding on the Issuer and the Noteholder.
  - (D) The Principal Paying Agent shall promptly on the local banking day following receipt of a Transfer Notice send a copy thereof to the Issuer or such person as the Issuer may previously have specified.

- (E) Delivery of the Securities will be via the relevant Clearing System. The delivery or transfer of Securities to each Noteholder is at the relevant Noteholder's risk and if delivery occurs later than the earliest possible date for delivery, no additional amounts will be payable by the Issuer.
  - (F) the Issuer shall discharge its obligation to redeem the relevant proportion of the Notes by delivering, or procuring the delivery of, the Securities Transfer Amount on the Settlement Date to the Clearing System for credit to the account with the Clearing System specified in the Transfer Notice of the relevant Noteholder.
  - (G) The amount of Securities to be delivered to or for the account of each Noteholder shall be an amount of Securities equal to the number of Notes in respect of which such Noteholder is the holder as specified in the relevant Transfer Notice multiplied by the Securities Transfer Amount **provided, however, that** if a Noteholder would become entitled to a number of Securities which is not equal to a board lot of the Securities at such time, as determined by the Calculation Agent, or an integral multiple thereof, then the Noteholder's entitlement to delivery of Securities shall be rounded down to the nearest whole Security.
  - (H) In relation to each Noteholder, the Calculation Agent shall calculate the Residual Amount and the Residual Cash Amount. The Residual Cash Amount shall be paid by the Issuer to the relevant Noteholder on the Settlement Date.
  - (I) Each Noteholder shall be required as a condition of its entitlement to delivery of Securities in respect of any Notes to pay all Transfer Expenses in respect of such Notes.
  - (J) After delivery to or for the account of a Noteholder of the relevant Securities Transfer Amount and for such period of time as the transferor or its agent or nominee shall continue to be registered in any clearing system as the owner of the Securities comprised in such Securities Transfer Amount (the "**Intervening Period**"), none of such transferor or any agent or nominee for the Issuer or such transferor shall (i) be under any obligation to deliver to such Noteholder or any other person any letter, certificate, notice, circular, dividend or any other document or payment whatsoever received by the Issuer or such transferor, agent or nominee in its capacity as holder of such Securities, (ii) be under any obligation to exercise any rights (including voting rights) attaching to such Securities during the Intervening Period, or (iii) be under any liability to such Noteholder or any other person in respect of any loss or damage which the Noteholder or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or such transferor, agent or nominee being registered in such clearing system during such Intervening Period as legal owner of such Securities.
  - (K) All dividends on Securities to be delivered will be payable to the party that would receive such dividends according to market practice for a sale of the Securities executed on the Notional Sale Date to be delivered in the same manner as such Securities. Any such dividends will be paid to or for credit to the account specified by the Noteholder in the relevant Transfer Notice. No right to dividends on the Securities will accrue to Noteholders prior to the Notional Sale Date.
- (ii) the Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Settlement Disruption Event has occurred and where it determines such an event has occurred and so has prevented delivery of Securities on the original day that but for such Settlement Disruption Event



would have been the Settlement Date, then the Settlement Date will be the first succeeding day on which delivery of such Securities can take place through the relevant Clearing System unless a Settlement Disruption Event prevents settlement on each of the eight relevant Clearing System Business Days immediately following the original date (or during such other period (the "**Disruption Period**") specified in the relevant Final Terms) that, but for the Settlement Disruption Event, would have been the Settlement Date. In that case, if the Securities are debt securities, the Issuer shall use reasonable efforts to deliver such Securities promptly thereafter in a commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) outside the Clearing System and in all other cases (a) if such Securities can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be the first Business Day on which settlement of a sale of Securities executed on that eighth relevant Clearing System Business Day, or during such other period specified in the relevant Final Terms, customarily would take place using such other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) of delivery (which other manner of delivery will be deemed the relevant Clearing System for the purposes of delivery of the relevant Securities), and (b) if such Securities cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be postponed until delivery can be effected through the relevant Clearing System or in any other commercially reasonable manner.

For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Securities comprised in a basket, the Settlement Date for Securities not affected by the Settlement Disruption Event will be the first day on which settlement of a sale of such Securities executed on the Maturity Date customarily would take place through the relevant Clearing System.

- (iii) if the Calculation Agent determines, in its sole and absolute discretion, that a Delivery Disruption Event has occurred, it shall notify the Issuer who shall promptly notify the relevant Noteholder(s) and the Issuer may then:
  - (A) determine, in its sole and absolute discretion, that the obligation to deliver the relevant Securities Transfer Amount will be terminated and the Issuer will pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the Securities Transfer Amount, in which event the entitlements of the respective Noteholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount; or
  - (B) deliver on the Settlement Date such amount of the Securities Transfer Amount (if any) as it can deliver on that date and pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the remainder of the Securities Transfer Amount, in which event the entitlements of the respective Noteholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount.

Where this Condition 21(b)(iii) fails to be applied, insofar as the Calculation Agent determines in its sole and absolute discretion to be practical, the same shall be applied as between the Noteholders on a *pro rata* basis, but subject to such rounding down (whether of the amount of a payment or of a number of Securities to be delivered) and also to such other adjustments as the Calculation

Agent determines, in its sole and absolute discretion, to be appropriate to give practical effect to such provisions.

(c) ***Automatic Early Redemption***

This Condition 21(c) is applicable only to Automatic Early Redemption Notes.

If on any Automatic Early Redemption Valuation Date, the Automatic Early Redemption Event occurs, then unless previously redeemed or purchased and cancelled, the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date and the Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount in the relevant currency equal to the relevant Automatic Early Redemption Amount.

(d) ***Knock-in and Knock-out Provisions***

If "Knock-in Event" or "Knock-out Event" is specified as applicable in the Final Terms in relation to any Cash Equity Note, Equity-Linked Note or Index-Linked Note, then each payment and/or delivery in respect of which a Knock-in Event or Knock-out Event (respectively) applies, as specified in the relevant Final Terms, shall be conditional upon the occurrence of such Knock-in Event or Knock-out Event (respectively).

(e) ***Consequences of Disrupted Days***

For the purposes of this Condition 21(e) "**Limit Valuation Date**" shall mean, if any Valuation Date in respect of a Note is a Disrupted Day, the eighth Scheduled Trading Day following such Valuation Date, notwithstanding the Market Disruption Event, **provided that:**

- (i) if, as a result of the foregoing, the Valuation Date would be deemed to fall less than five local banking days prior to the Maturity Date, a relevant Interest Payment Date or (as the case may be) any due date for payment of any amount due in respect of such Note, the Limit Valuation Date shall be deemed to fall on the day which is five local banking days prior to the Maturity Date, such Interest Payment Date or (as the case may be) due date for payment of any amount due in respect of such Note or, if such local banking day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day; and
- (ii) if the Scheduled Valuation Date falls on a day which is five local banking days or less prior to the Maturity Date, a relevant Interest Payment Date or (as the case may be) any due date for payment of any amount due in respect of such Note, the Limit Valuation Date shall be deemed to be such Scheduled Valuation Date,

in each case notwithstanding the fact that such day is a Disrupted Day.

- (iii) If any Valuation Date is a Disrupted Day, then:

- (A) in the case of an Equity-Linked Note, a Cash Equity Note or an Index-Linked Note which, in each case, relates to a single Security or Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, **provided that** the Valuation Date shall not fall after the Limit Valuation Date. In that case:

- (1) in respect of an Index-Linked Note, the Calculation Agent shall determine in its absolute discretion that either:

- (aa) the Valuation Date shall be the Limit Valuation Date;  
or

- (bb) the Valuation Date shall be the first succeeding Exchange Business Day on which there is no Market Disruption Event,

and, in the case of (aa) above, the Calculation Agent shall determine the level of the Index as of the Valuation Time on the Limit Valuation Date determined in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Limit Valuation Date of each security or other property comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other property on the Limit Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on the Limit Valuation Date); and

- (2) in respect of an Equity-Linked Note or a Cash Equity Note, the Limit Valuation Date shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and the Calculation Agent shall determine its good faith estimate of the value for the relevant Security as of the Valuation Time on that Limit Valuation Date;

- (B) in the case of an Index-Linked Note which relates to a basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, unless each of the succeeding Scheduled Trading Days up to and including the Limit Valuation Date is a Disrupted Day relating to that Index. In that case, the Calculation Agent shall determine in its absolute discretion that either:

- (1) the Limit Valuation Date shall be the Valuation Date for the relevant Index notwithstanding the fact that such day is Disrupted Day relating to that Index; or
- (2) the Valuation Date shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index,

and, in the case of (1) above, the Calculation Agent shall determine, in its sole and absolute discretion, the level of that Index, as of the Valuation Time on the Limit Valuation Date in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Limit Valuation Date of each security or other property comprised in the relevant Index (or, if an event giving rise to a Disrupted Day has occurred in respect to the relevant security or other property on the Limit Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on the Limit Valuation Date); and

- (C) in the case of an Equity-Linked Note or a Cash Equity Note which, in each case, relates to a basket of Securities, the Valuation Date for each Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Security affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Security, unless each of the Scheduled Trading Days (up to and

including the Limit Valuation Date) immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Security. In that case, (1) the Limit Valuation Date shall be deemed to be the Valuation Date for the relevant Security, notwithstanding the fact that such day is a Disrupted Day, and (2) the Calculation Agent shall determine, in its sole and absolute discretion, its good faith estimate of the value for that Security as of the Valuation Time on the Limit Valuation Date.

(iv) If Averaging Dates are specified in the relevant Final Terms, then notwithstanding any other provisions of these Conditions, the following provisions will apply to the valuation of the relevant Index or Securities:

(A) The Final Price or Final Index Level will be, in relation to any Valuation Date:

- (1) in respect of an Index-Linked or an Equity-Linked Note settled by way of Cash Settlement or a Cash Equity Note which, in each case, relates to a single Security or Index (as the case may be), the arithmetic mean of the Reference Price of the Security or (as the case may be) of the Reference Level of the Index on each Averaging Date;
- (2) in respect of an Index-Linked Note settled by way of Cash Settlement or a Cash Equity Note which, in each case, relates to a basket of indices, the arithmetic mean of the amounts for such basket determined by the Calculation Agent in its sole and absolute discretion as provided in the relevant Final Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Index Level is so provided, the arithmetic mean of the amounts for such basket calculated on each Averaging Date as the sum of the Reference Level of each Index comprised in such basket (weighted or adjusted in relation to each Index as provided in the relevant Final Terms); and
- (3) in respect of an Equity-Linked Note settled by way of Cash Settlement or a Cash Equity Note which relates to a basket of Securities, the arithmetic mean of the prices for such basket determined by the Calculation Agent in its sole and absolute discretion as provided in the relevant Final Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Price is so provided, the arithmetic mean of the prices for such basket calculated on each Averaging Date as the sum of the values calculated for the Securities of each Underlying Company as the product of (aa) the Reference Price of such Security and (bb) the number of such Securities comprised in such basket (weighted or adjusted in relation to each Security as provided in the relevant Final Terms).

(B) If any Averaging Date is a Disrupted Day, then, if the consequence specified in the relevant Final Terms in relation to "**Averaging Date Market Disruption**" is:

- (1) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Final Price or Final Index Level, as applicable, **provided that**, if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Condition 21(e)(i) will apply for purposes

of determining the relevant level, price or amount on the final Averaging Date in respect of that Valuation Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date;

- (2) "**Postponement**", then Condition 21(e)(i) will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the relevant Notes. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date; or

- (3) "**Modified Postponement**", then:

- (aa) in the case of an Index-Linked Note or an Equity-Linked Note or a Cash Equity Note which relates to a single Index or Security, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the Limit Valuation Date immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date (the "**Scheduled Final Averaging Date**") in relation to the relevant Scheduled Valuation Date, then:

- (i) in respect of an Index-Linked Note, the Calculation Agent shall determine in its absolute discretion that either:

- (a) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date); or

- (b) the Averaging Date shall be the first succeeding Valid Date,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 21(e)(iii)(A)(1); and

- (ii) in respect of an Equity-Linked Note or a Cash Equity Note, the Limit Valuation Date shall

be the Averaging Date (irrespective of whether the Limit Valuation Date is already an Averaging Date), and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant price for that Averaging Date in accordance with Condition 21(e)(iii)(A)(2); and

(bb) in the case of an Index-Linked Note, an Equity-Linked Note or a Cash Equity Note which relates to a basket of Indices or Securities, the Averaging Date for each Index or Security not affected by the occurrence of a Disrupted Day shall be the day specified in the relevant Final Terms as an Averaging Date in relation to the relevant Valuation Date (the "**Scheduled Averaging Date**") and the Averaging Date for an Index or Security affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index or Security. If the first succeeding Valid Date in relation to such Index or Security has not occurred as of the Valuation Time on the Limit Valuation Date immediately following the Scheduled Final Averaging Date, then:

(i) in respect of an Index-Linked Note, the Calculation Agent shall determine in its absolute discretion that either:

(a) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Index; or

(b) the Averaging Date shall be the first succeeding Valid Date,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 21(e)(i)(B); and

(ii) in respect of an Equity-Linked Note or a Cash Equity Note, the Limit Valuation Date shall be the Averaging Date (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Security, and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant amount for that Averaging Date in accordance with Condition 21(e)(iii)(C).

If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

- (C) If (1) on or prior to any Averaging Date, in respect of an Index-Linked Note, an Index Modification, Index Cancellation or Index Disruption (each as defined in Condition 21(f)(ii) occurs, or (2) on any Averaging Date in respect of an Index-Linked Note an Index Disruption Event occurs, then the Calculation Agent shall determine, in its sole and absolute discretion, the Final Index Level using, in lieu of a published level of the relevant Index, the level for that Index as determined by the Calculation Agent in its sole and absolute discretion in accordance with the formula for and method of calculating that Index last in effect prior to that change or failure, but using only those securities that comprised that Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on any relevant Exchange).

(f) *Adjustments to Indices*

This Condition 21(f) is applicable only in relation to Index-Linked Notes.

(i) *Successor Index*

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor acceptable to the Calculation Agent, or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that Index (the "**Successor Index**") will be deemed to be the Index.

(ii) *Index Modification*

If on or prior to any Valuation Date, a relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation or other routine events) (an "**Index Modification**"), then the Calculation Agent shall determine, in its sole and absolute discretion, whether such Index Modification has a material effect on the Notes, and if so, shall make such adjustment(s) (if any) as it determines appropriate to account for the economic effect of the Index Modification and determine the effective date of any such modification or adjustment.

(iii) *Index Cancellation*

If on or prior to the Valuation Date (A) the Index Sponsor fails to calculate and announce a relevant Index, (B) the Index Sponsor announces that it suspends the calculation and publication of the level of a relevant Index, or (C) the Index Sponsor permanently cancels the Index and no Successor Index exists (each an "**Index Cancellation**"), then:

- (1) the Issuer shall as soon as is reasonably practicable after determining the same give notice (an "**Index Cancellation Notice**") of such Index Cancellation to the Noteholders (with a copy to the Calculation Agent) in accordance with Condition 13 (*Notices*);
- (2) if Index Substitution is specified as being applicable in the relevant Final Terms, the Issuer shall, in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), determine whether or not and the date as of which the Index is to be substituted with a Substitute Index and, if it so determines, it shall give an Index Substitution Notice to the Noteholders (with a copy to the Calculation Agent) in accordance with Condition 13 (*Notices*) and, with effect from

the date so determined, the Substitute Index shall be deemed to be the Index; and

- (3) if no Substitute Index has been identified within ten Business Days of the giving of such Index Cancellation Notice or if Index Substitution has not been specified as being applicable in the relevant Final Terms, the Issuer shall, in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), determine whether or not the relevant Notes shall continue and:
  - (A) if it determines that the Notes shall continue, then the Calculation Agent shall determine, in its sole and absolute discretion, the Final Index Level for such Valuation Date using, in lieu of a published level of that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in its sole and absolute discretion in accordance with the formula for and method of calculating that Index last in effect prior to the Index Cancellation, but using only those components that comprised that Index immediately prior to that Index Cancellation; and
  - (B) if it determines that the Notes shall not continue, the Issuer shall terminate the relevant Notes as of the date selected by the Issuer and give notice thereof to the Noteholders (with a copy to the Calculation Agent) in accordance with Condition 13 (*Notices*), specifying the early redemption amount and early redemption date, and the entitlements of the relevant Noteholders to receive the Final Redemption Amount (or any other payment to be made by the Issuer, as the case may be) shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as is determined by the Calculation Agent to be the fair market value of the Notes immediately prior (and ignoring the circumstances leading) to such early redemption, adjusted to account fully for any reasonable expenses, costs or proceeds, as the case may be, to the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and funding arrangements.

For these purposes:

**"Index Substitution Notice"** means a notice specifying a Substitute Index to be substituted for the Index and the date as of which such substitution is to take effect; and

**"Substitute Index"** means a successor index identified by the Calculation Agent using commercially reasonable efforts, with characteristics, objectives and rules similar to the Index in effect immediate prior to the occurrence of the Index Cancellation.

(iv) *Correction of Index Levels*

If the level of an Index published by the Index Sponsor at any time and used or to be used by the Calculation Agent for any calculation or determination under the Notes is subsequently corrected and the correction is published by the Index Sponsor after the original publication, the Calculation Agent will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the settlement or payment terms of the Notes to account for such correction **provided that** if any amount has been paid in an amount which exceeds the amount that would have been payable if the correction had been taken into account, no further amount in an amount at least equal to the excess is



payable in respect of the Notes and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement of the relevant excess payment (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Noteholder, together with interest on that amount for the period from and including the day on which payment was originally made to (but excluding) the day of payment of reimbursement by the Noteholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(g) *Adjustments and Events affecting Securities*

This Condition 21(g) is applicable only in relation to Equity-Linked Notes and Cash Equity Notes.

(i) *Potential Adjustment Events*

The Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Potential Adjustment Event has occurred and where it determines such an event has occurred, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Securities and, if so, will make such adjustment(s) as it in its sole and absolute discretion determines to be appropriate, if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Final Terms, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Notes and/or any other adjustment(s) and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes as the Calculation Agent determines, in its sole and absolute discretion, to be appropriate to account for that diluting or concentrative effect and determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s).

(ii) *Extraordinary Events*

Following the occurrence of any Extraordinary Event, the Issuer will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make such adjustment(s) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Final Terms, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Notes and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion. If the Issuer determines in its sole and absolute discretion that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer) as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Notes.

(iii) *Conversion*

In respect of an Equity-Linked Note or a Cash Equity Note which relates to debt securities, following the occurrence of any Conversion, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Notes will continue and, if so, determine, in its sole and absolute discretion, any adjustment(s) to be made. If the Calculation Agent determines that the Notes shall continue, it may make such adjustment(s) as it, in its sole and absolute discretion, determines to be appropriate to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Final Terms, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, number of or type of shares, other securities or other property which may be delivered under such Notes and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes and/or any other adjustment and determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s). If the Calculation Agent determines in its sole and absolute discretion that the Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer), as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as, in the opinion of the Calculation Agent (such opinion to be made by the Calculation Agent in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Notes.

(iv) *Correction of Prices*

In the event that any price published or announced on a given day and utilised or to be utilised for the purpose of any calculation or determination under the Notes is subsequently corrected and the correction is published or announced by the Exchange within one Settlement Cycle after the original publication, the Calculation Agent will make such adjustment(s) as it in its sole and absolute discretion determines to be appropriate, if any, to the amount payable in respect of the Notes and their terms to account for such correction and the Calculation Agent shall determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s) **provided that** if any amount has been paid in an amount which exceeds the amount that would have been payable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable in respect of the Notes and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement of the relevant excess payment (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Noteholder, together with interest on that amount for the period from and including the day on which payment was originally made to (but excluding) the day of payment of reimbursement by the Noteholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(h) *Additional Disruption Events*

Following the occurrence of any Additional Disruption Event, the Issuer will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make such adjustment(s) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Final Terms, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, the number of or

type of shares, other securities or other property which may be delivered pursuant to such Notes and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion. If the Issuer determines in its sole and absolute discretion that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer), as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Notes.

For the purposes any Series of Notes, "**Additional Disruption Event**" means any event specified as such in the relevant Final Terms, and for such purpose the following terms if so specified shall be deemed to have the following meanings unless otherwise provided in the relevant Final Terms:

- (i) "**Change in Law**" means that, on or after the Issue Date, (A) due to the adoption of or any change in any applicable law or regulation (including without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (x) it has become illegal for the Issuer to hold, acquire or dispose of Securities or Component Securities, or other components comprised in the Index, relating to such Notes, (y) it has become illegal for the Issuer to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to such Notes, or in relation to the Issuer's hedging activities in connection with the Notes, (ii) stock loan transactions in relation to such Notes or (iii) other instruments or arrangements (howsoever described) held by the Issuer in order to hedge, individually or on a portfolio basis, such Notes or (z) the Issuer will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (ii) "**Failure to Deliver**" means the failure of a party to deliver, when due, the relevant Securities in respect of the Notes, where such failure is due to illiquidity in the market for such Securities;
- (iii) "**Insolvency Filing**" means that the issuer of the Securities institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such petition, **provided that** proceedings instituted or petitions presented by creditors and not consented to by the issuer of the Securities shall not be deemed an Insolvency Filing;
- (iv) "**Hedging Disruption**" means that the Issuer is unable or it is or has become not reasonably practicable, or it has otherwise become undesirable, for any reason, for the Issuer wholly or partially after using commercially reasonable efforts and acting in good faith, to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary or desirable to hedge the Issuer's obligations in respect of the Notes or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s); and

- (v) **"Increased Cost of Hedging"** means that the Issuer would incur a materially increased costs (as compared with circumstances existing on the Issue Date), including, without limitation, amount of tax (including any potential tax which the Calculation Agent considers may arise), duty, expense or fee (other than brokerage commissions) to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Issuer's obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

(i) ***Effects of European Economic and Monetary Union***

Following the occurrence of an EMU Event, the Calculation Agent shall make such adjustment (and determine, in its sole and absolute discretion, the effective date of such adjustment) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Final Terms, the formula for and method of calculating the relevant Index and/or the securities or other property comprising the relevant Index, the number of and type of Securities to which each Note relates, the number of and type of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered under such Notes and/or any other adjustment and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes.

Following the occurrence of an EMU Event, without prejudice to the generality of the foregoing, the Issuer shall be entitled to make such conversions between amounts denominated in the national currency units (the **"National Currency Units"**) of the Participating Member States and the euro, and the euro and the National Currency Units, in each case, in accordance with the conversion rates and rounding rules in Regulation (EC) No. 1103/97 as it, in its sole and absolute discretion, determines to be appropriate.

Neither the Issuer nor the Calculation Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection therewith.

For the purposes hereof:

(j) ***Other Adjustments***

Upon the occurrence of any event(s) that the Calculation Agent determines (in its discretion, but acting reasonably) affects or could potentially affect the value of an Index-Linked Note, an Equity-Linked Note or a Cash Equity Note, the Calculation Agent may (in its discretion, but acting reasonably) make any additional adjustments to the Initial Price, the number and/or type of Securities and/or Indices to which such an Index-Linked Note, an Equity-Linked Note or a Cash Equity Note relates, and to any other exercise, settlement, payment or other term of such an Index-Linked Note, an Equity-Linked Note or a Cash Equity Note including, without limitation, the amount, number or type of cash, shares, other securities or property which may be transferred under such Index-Linked Note, an Equity-Linked Note or a Cash Equity Note, and determine the effective date(s) of such adjustments.

(k) ***Adjustments where the Securities are Units in a Fund***

Where the Securities are specified in the relevant Final Terms as being Units in a Fund, in the case of the occurrence at any time on or prior to the Valuation Date of any Extraordinary Event affecting the Fund or the value of the Units, the Calculation Agent may make any adjustment as provided in the preceding provisions of this Condition 21 or:

- (i) if the Calculation Agent determines that no adjustment that it could make under the preceding provisions of this Condition 21 would produce a commercially reasonable result:
  - (a) the Calculation Agent will use commercially reasonable efforts to identify a new underlying asset with characteristics, investment objectives and policies similar to those in effect for the Affected Units immediately prior to the occurrence of the relevant Extraordinary Event and any substitution of the new underlying asset for the Affected Units shall be effected at such time and in such manner as determined by the Calculation Agent in its sole and absolute discretion; and
  - (b) if necessary, the Calculation Agent will adjust any relevant terms, including, but not limited to, adjustments to account for changes in volatility, investment strategy or liquidity relevant to the Units or the Notes; or
- (ii) if the Calculation Agent determines in its sole and absolute discretion that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount any accrued interest, as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of an amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Notes.

In this Condition 21(k) "**Affected Unit(s)**" means each Unit subject to an applicable Extraordinary Event.

## 22. Provisions relating to Preference Share-Linked Notes

### (a) *Definitions*

As used in this Condition 22 and unless otherwise provided in the relevant Final Terms, the following expressions shall have the following meanings:

**"Additional Disruption Event"** means any event specified as such in the relevant Final Terms, or if no such event is specified in the Final Terms, a Change in Law and/or an Insolvency Filing;

**"Change in Law"** means that, on or after the Issue Date, (A) due to the adoption of or any change in any applicable law or regulation (including without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that it has become illegal for the Issuer to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to the Preference Share-Linked Notes, (ii) stock loan transactions in relation to the Preference Share-Linked Notes (iii) other instruments or arrangements (howsoever described) held by the Issuer in order to hedge, individually or on a portfolio basis, the Preference Share-Linked Notes or (iv) the Issuer will incur a materially increased cost in performing its obligations under the Preference Share-Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

**"Extraordinary Event"** means a Merger Event, a Tender Offer and/or an Insolvency or such other event specified as such in the relevant Final Terms;

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding

affecting the Preference Share Issuer, (A) all the Preference Shares are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Preference Shares become legally prohibited from transferring them;

**"Insolvency Filing"** means that the Preference Share Issuer institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such petition, **provided that** proceedings instituted or petitions presented by creditors and not consented to by the Preference Share Issuer shall not be deemed an Insolvency Filing;

**"Merger Event"** means any (i) reclassification or change of the Preference Shares that results in a transfer of or an irrevocable commitment to transfer all such Preference Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Preference Share Issuer with or into another entity or person (other than a consolidation, amalgamation or merger in which the Preference Share Issuer is the continuing entity and which does not result in a reclassification or change of all of such preference shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Preference Shares that results in a transfer of or an irrevocable commitment to transfer all such preference shares (other than such Preference Shares owned or controlled by such other entity or person); or (iv) consolidation, amalgamation, merger or binding share exchange of the Preference Share Issuer with or into another entity in which the Preference Share Issuer is the continuing entity and which does not result in a reclassification or change of all of such Preference Shares outstanding but results in the outstanding preference shares (other than preference shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding preference shares immediately following such event, in each case if the closing date of a Merger Event (or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent) is on or before the final Valuation Date;

**"Preference Shares"** means the preference shares as specified in the relevant Final Terms;

**"Preference Share Issuer"** means the issuer of the Preference Shares as specified in the relevant Final Terms;

**"Preference Share Valuation Date"** means the date specified as such in the relevant Final Terms, or if any date(s) for valuation of or any determination of the underlying asset or reference basis (or any part thereof) for the Preference Shares falling on or about such day is to be delayed in accordance with the terms and conditions of the Preference Shares by reason of a disruption or adjustment event, the Preference Share Valuation Date shall be such delayed valuation or determination date(s), all as determined by the Calculation Agent;

**"Preference Share Value"** means, in respect of any day, the market value of a Preference Share at the Valuation Time on such day as determined by the Calculation Agent in its sole and absolute discretion;

**"Preference Share Early Redemption Event"** means that the Issuer or any of its affiliates has received notice from the Preference Share Issuer that the Preference Shares are to be redeemed early;

**"Tender Offer"** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person

purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Preference Share Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant;

"**Valuation Date**" has the meaning given to it in the applicable Final Terms; and

"**Valuation Time**" has the meaning given to it in the applicable Final Terms.

(b) ***Early Redemption of Preference Share-Linked Notes***

Following the occurrence of a Preference Share Early Redemption Event, the Issuer will terminate all (but not some only) of the Notes on the second Business Day immediately preceding the date on which the Preference Shares are to redeem and the entitlement to receive the Final Redemption Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of the Early Redemption Amount.

(c) ***Extraordinary Events***

If in the determination of the Calculation Agent, an Extraordinary Event occurs, the Issuer may (but is not obliged to) terminate all (but not some only) of the Notes on the tenth Business Day immediately after the date on which such determination is made by the Calculation Agent and the entitlement to receive the Final Redemption Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of the Early Redemption Amount.

(d) ***Additional Disruption Event***

If in the determination of the Calculation Agent an Additional Disruption Event occurs, the Issuer may (but is not obliged to) terminate all (but not some only) of the Notes on the tenth Business Day immediately after the date on which such determination is made by the Calculation Agent and the entitlement to receive the Final Redemption Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of the Early Redemption Amount.

(e) ***Notices to Noteholders***

If in the determination of the Calculation Agent a Preference Share Early Redemption Event, an Extraordinary Event or an Additional Disruption Event occurs and the Issuer elects to terminate the Notes, the Issuer will give notice to Noteholders (with a copy to HSBC France) in accordance with Condition 13 (*Notices*).

(f) ***Amendments to the Conditions***

(a) Condition 6(c) (*Redemption at the Option of the Issuer*) is hereby amended by replacing the words "or some only" with the words ",but not some only,".

(b) Condition 6(e) (*Purchases*) is hereby deleted and replaced with the following:

"Each of the Issuer and any person directly or indirectly connected with the Issuer may at any time purchase Notes at any price in the open market or otherwise. Such Notes may be held or resold or, provided such Notes are held by the Issuer, at the option of the Issuer, reissued or cancelled.

(c) Condition 6(f) (*Cancellation*) is hereby amended by inserting the words "by the Issuer" after the words "all Notes purchased".

- (d) A new Condition 6(j) is hereby inserted as follows:

"(j) Redemption Amounts

If a Note redeems for more than the sum subscribed for it, then the excess shall be compensation for the use of the sum so subscribed and compensation in recognition that the amount payable at redemption may be less than the sum so subscribed."

- (e) Condition 17 (*Further Issues*) shall not apply to the Preference Share-Linked Notes."



## PRO FORMA FINAL TERMS FOR EQUITY-LINKED NOTES, CASH EQUITY NOTES AND INDEX-LINKED NOTES

*Set out below is the form of Final Terms which will be completed for each Tranche of Equity-Linked Notes, Cash Equity Notes or Index-Linked Notes issued under the Programme.*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.]*

[Notes issued pursuant to these Final Terms are securities to be listed under Listing Rule [17/19]<sup>1</sup>.]

### FINAL TERMS

Final Terms dated [•]  
Series No.: [•]  
Tranche No.: [•]

**HSBC Bank plc**

**Programme for the Issuance of Notes and Warrants**

**Issue of**

**[Aggregate Principal Amount of Tranche]**

**[(to be consolidated and form a single series with the existing *[Insert details of existing Tranche(s)]* issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

**[Title of Notes]**

### PART A - CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme, which [together with the supplemental prospectus[es] dated [•]] constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")].<sup>2</sup>

[If these Final Terms indicate that they relate to an issue of Certificates, then all references herein and in the Prospectus to Notes shall be deemed to be references to "Certificates" for the purposes of this Issue.]

[This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus.]<sup>3</sup> Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus is available for viewing at [address] and [website]<sup>4</sup> and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

<sup>1</sup> To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securitised derivatives Notes which include an element of principle protection will generally be eligible for listing under Listing Rule 17 but in some circumstances will be eligible for listing under Listing Rule 19.

<sup>2</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>3</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>4</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions (the "**Conditions**"), which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Notes. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>5</sup> and must be read in conjunction with the Base Prospectus dated 19 June 2012 which [together with the supplemental prospectus[(es)] dated [•]], constitute[s] a [base] prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive]<sup>6</sup>. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus. The Prospectus and the Conditions are available for viewing during normal business hours at [address] and copies may be obtained from [address] and [website]<sup>7</sup>.

*[For Notes offered and sold in the United States of America include:*

#### **IMPORTANT NOTICES**

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

#### **AVAILABLE INFORMATION**

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

<sup>5</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*

<sup>6</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*

<sup>7</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*

**It is advisable that prospective investors considering acquiring any Notes understand the risks of transactions involving the Notes and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "Risk Factors" in the Prospectus.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

1. (i) Issuer: HSBC Bank plc
- (ii) Arranger(s): HSBC Bank plc
2. (i) Series number: [ ]
- (ii) [Tranche number: [ ]
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]*
- (iii) Whether issue is of Notes or Certificates: [Notes/Certificates] (if the issue is of Certificates, all references in these Final Terms and in the Prospectus to Notes shall be deemed to be "Certificates" for the purposes of this issue)
3. Specified Currency or Currencies:
  - (i) of denomination: [ ]
  - (ii) of payment: [ ]
4. Aggregate Principal Amount [of Notes admitted to trading]<sup>8</sup>:
  - [(i) Series:] [ ]
  - [(ii) Tranche:] [ ]
5. (i) Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (in the case of fungible interest bearing issues only, if applicable)]
- (ii) Commission payable: [[ ] per cent./None/Information not provided]
- (iii) Selling concession: [[ ] per cent./None/Information not provided]
6. (i) Denomination(s) [ ]<sup>9</sup>  
(Condition 1(b)):
- (ii) Calculation Amount<sup>10</sup>: [ ]

<sup>8</sup> Delete for debt securities with a denomination per unit of less than EUR 100,000.

<sup>9</sup> If denominations in excess of and smaller than the minimum specified denomination are to be permitted then the Issuer should normally waive its right to elect to exchange the Permanent Global Note for definitive Notes in paragraph (d) of the Permanent Global Note - see item 29(iii) below.

7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [ ]
8. Maturity Date: [ ] *(Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year, or, if later, the fifth Business Day following the Valuation Date. In case of undated Notes, specify undated.) [If Index Linked provisions apply please add: or, if later, the [fifth/specify] Business Day following the [Valuation Date/specify.] [adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "Business Day"]*.
9. Interest basis: [[ ] per cent. Fixed Rate]  
*(Conditions 3 to 5)*  
 [[specify reference rate]+/- [ ] per cent. Floating Rate Notes]  
 [Variable Coupon Amount]  
 [Zero Coupon Notes]  
 [Index-Linked Interest Notes]  
 [Other (specify)]  
 (further particulars specified below)
10. Redemption basis: [Redemption at par]  
*(Condition 6)*  
 [Index-Linked Redemption]  
 [Cash Equity Redemption]  
 [Equity-Linked Redemption]  
 [Currency-Linked Redemption]  
 [Credit-Linked Redemption]  
 [Interest Rate-Linked Redemption]  
 [Dual Currency]  
 [Partly Paid]  
 [Instalment]  
 [Other (specify)]
11. Change of interest or redemption basis: *(Specify details of any provision for convertibility of Notes to another interest or redemption/payment basis)*

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<sup>10</sup> The applicable Calculation Amount (which is used for the calculation of redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.

12. Put/Call options: [Condition 6[(c)][(d)] will apply as specified below]  
[Not applicable]
13. (i) Status of the Notes: Unsubordinated, unsecured  
(Condition 2)
- (ii) Date [Board] approval for issuance of Notes obtained: [ ] [and [ ]], respectively]] (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)] [Not applicable]
14. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. Fixed Rate Note provisions: [Applicable/Not applicable]  
(Condition 3)
- (i) Rate of Interest: [ ] per cent. per annum [payable annually/semi-annually/quarterly/ monthly] in arrear]
- (ii) Interest Payment Date(s): [dd/mm, dd/mm, dd/mm and dd/mm] in each year  
[adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "Business Day"] / [not adjusted]
- (iii) Fixed Coupon Amounts(s): [[ ] per Calculation Amount] [Not applicable]
- (iv) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / other (specify)] [Not applicable]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ Not applicable / other (give details)]
- (vi) Business Centre(s): [Not applicable/give details]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not applicable/give details] (Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis)
16. Floating Rate Note provisions: [Applicable/Not applicable]  
(Condition 4)
- (iii) [Interest Period(s)] / [Specified Period]<sup>11</sup>: [specify]
- (ii) Interest Payment Dates: [specify dates]  
(If Business Day Convention embedded in Condition 4(b) is not to apply, specify alternative convention)
- (iii) First Interest Payment Date: [ ]

<sup>11</sup> Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (v) Business Centre(s): [Not applicable/give details]
- (vi) Screen Rate Determination: [Applicable / Not applicable]
- (1) Reference Rate: [ ] (specify *LIBOR* or other)
- (2) Interest Determination Date: [ ]
- (3) Relevant Screen Page: [ ]
- (4) Relevant Financial Centre: [ ]
- (vii) ISDA Determination: [Applicable / Not applicable]
- (1) Floating Rate Option: [ ]
- (2) Designated Maturity: [ ]
- (3) Reset Date: [ ]
- (viii) Margin: [[+/-][ ] per cent. per annum] [Not applicable]
- (ix) Day Count Fraction: [ ]
- (x) Relevant time: [ ]
- (xi) Minimum Interest Rate: [[ ] per cent. per annum] [Not applicable]
- (xii) Maximum Interest Rate: [[ ] per cent. per annum] [Not applicable]
- (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
17. Variable Coupon Amount Note provisions: [Applicable/Not applicable]  
(Condition 5) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Payment Dates: [ ]
- (ii) Method of calculating interest: [ ]
- (iii) Business Centre(s): [Not applicable/give details]

18. Zero Coupon Note provisions: [Applicable/Not applicable]  
(Condition 5)  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of interest on overdue amounts: [ ]
- (ii) Redemption formula: [ ]
19. Index-Linked Interest Note/other variable-linked interest Note Provisions: [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/other variable: *(give or annex details – if appropriate, cross-refer to Valuation Date definition in paragraph 40 below)*
- (ii) Calculation Agent responsible for calculating the interest due: [ ]
- (iii) Provisions for determining interest where calculated by reference to Index and/or Formula and/or other variable: [ ]
- (iv) Provisions for determining interest where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ] *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)* [See Condition 21 and paragraph [36/38] below]<sup>12</sup>
- (v) Interest or calculation period(s): [ ]
- (vi) Interest Payment Dates: [ ]
- (vii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other *(give details)*]
- (viii) Business Centre(s): [ ]
- (ix) Minimum Rate/Amount of Interest: [[ ] per cent. per annum] [Not applicable]
- (x) Maximum Rate/Amount of Interest: [[ ] per cent. per annum] [Not applicable]
- (xi) Day Count Fraction: [ ]
20. Dual Currency Note provisions/Multi-currency Note provisions: [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

<sup>12</sup> In the case of Index-Linked Notes, specify paragraph 38 or, in the case of Equity-Linked Notes, specify paragraph 36.

*of this paragraph)*

- (i) Currencies: [ ]
- (ii) Exchange Rate(s): *(give details)*<sup>13</sup>
- (iii) Provisions applicable where calculation by reference to Exchange Rate impossible or impracticable: *(Need to include a description of market disruption or settlement disruption events and adjustment provisions.)*

#### PROVISIONS RELATING TO REDEMPTION

- 21. Issuer's optional redemption (Call): [Applicable/Not applicable]  
*(Condition 6(c))*
  - (i) Redemption Amount (Call): [[ ] per Calculation Amount] *(specify — if not par, also specify details of any formula)*
  - (ii) Series redeemable in part: [[ ] per Calculation Amount] *(specify — otherwise redemption will only be permitted of entire Series)*
  - (iii) Call option date(s)/Call option period: *[specify]*
- 22. Noteholder's optional redemption (Put): [Applicable/Not applicable]  
*(Condition 6(d))*
  - (i) Redemption Amount (Put): [[ ] per Calculation Amount] *(specify — if not par, also specify details of any formula)*
  - (ii) Put Option date(s)/Put Option Period: *[specify]*
- 23. Final Redemption Amount of each Note: [[ ] per Calculation Amount] *(specify — if not par, also specify details of any formula)*  
*(Condition 6(a))*
- 24. Final Redemption Amount of each Note in cases where the Final Redemption Amount is Equity-Linked/ Index-Linked or other variable-linked: [Applicable / Not applicable]
  - (i) Index/Formula/other variable: *(give or annex details)*
  - (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [ ]

<sup>13</sup> *If denomination per unit is less than EUR 100,000, include details of where past and future performance and volatility of the relevant rate(s) can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying.*



- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Equity/Index and/or Formula and/or other variable; [ ]
- (iv) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ] *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)* [See Condition 21 and paragraph [36/38]<sup>14</sup> below]
- (v) Minimum Final Redemption Amount [ ]
- (vi) Maximum Final Redemption Amount: [ ]
25. Instalment Notes: *(Condition 6(a))* [specify/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Instalment Amounts: [ ]
- (ii) Dates for payment of Instalments: [ ]
26. Early redemption amount: Yes
- (i) Early redemption amount (upon redemption for taxation reasons, illegality or following an Event of Default: *(Conditions 6(b), 6(h) or 10)*) [[100] per cent. of the Calculation Amount/Fair Market Value/other (specify details)]
- (ii) Other redemption provisions: *(Condition 6(i))* [[100] per cent. of the Calculation Amount/Fair Market Value/Not applicable /other (specify details)]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. Form of Notes: *(Condition 1(a))*
- (i) Form of Notes: [Bearer Notes/Registered Notes/Uncertificated Registered Notes]
- (ii) Bearer Notes exchangeable for Registered Notes: [Yes/No] *(Answer will be no where no Registered Notes or where the issue is wholly or partly a Rule 144A issue)*
28. [New Global Note [(delete if Registered Note)]]/ Issued under the new safekeeping structure [(delete if
- [Yes/No]

<sup>14</sup> In the case of Index-Linked Notes, specify paragraph 38 or, in the case of Equity-Linked Notes, specify paragraph 36.

*Bearer Note*)]:

29. If issued in bearer form:
- (i) Initially represented by a Temporary Global Note or Permanent Global Note: *[specify] (Notes may only be represented initially by a Permanent Global Note if these Final Terms specifies that TEFRA C Rules apply)*
  - (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes:  
(Condition 1(a)) Yes [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive notes only in limited circumstances specified in the Permanent Global Note / (specify)]
  - (iii) Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or Registered Notes: [Yes/No] *[If yes, specify: the Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.]*
  - (iv) Coupons to be attached to Definitive Notes<sup>15</sup>: [Yes/No/Not applicable]  
*(N.B. This will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems - see provisions contained in Permanent Global Note)*
  - (v) Talons for future Coupons to be attached to Definitive Notes<sup>16</sup>: [Yes/No/Not applicable]  
*(N.B. The above comment also applies here)*
  - (vi)
    - (a) Definitive Notes to be security printed: [Yes/No]  
*(N.B. The above comment also applies here)*
    - (b) if the answer to (a) is yes, whether steel engraved plates will be used<sup>17</sup>: [Yes/No/Not applicable]
  - (vii) Definitive Notes to be in ICMA or successor's format: [Yes/No]  
*(N.B. The above comment also applies here)*
  - (viii) Issuer or Noteholder to pay costs of security printing: [Issuer/Noteholder/Not applicable]
30. Exchange Date for exchange of Temporary Global Note: [Not earlier than 40 days after the Issue Date / (specify)]
31. Payments:  
(Condition 8)

<sup>15</sup> Definitive Notes will typically have coupons attached to them if interest bearing.

<sup>16</sup> Talons will be needed if there are 27 or more coupons.

<sup>17</sup> Answer to (a) and (b) should generally be 'yes' in all cases where Definitive Notes are to be printed.

- (i) Method of payment: [Condition 8 applies / (*specify if other than by cheque or transfer to a designated account*)]
- (ii) Relevant Financial Centre Day: (*specify all places*)
- (iii) Local banking day specified for payments in respect of the Notes in global form: [Yes/ No]<sup>18</sup>
32. Party Paid Notes: [Yes/No]  
(*Condition 1*)  
  
(*If yes, specify number, amounts and dates for, and method of, payment of instalments of subscription monies and any further additional provisions (including forfeiture dates in respect of late payments of partly paid instalments)*) (specify)
33. Redenomination: (Condition 9)  
  
(i) Redenomination: [Applicable/Not applicable]  
(ii) Exchange: [Applicable/Not applicable]
34. Other final terms: [Not applicable/specify/See Annex]  
  
(*When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required.*)

**PROVISIONS APPLICABLE TO INDEX-LINKED NOTES, CASH EQUITY NOTES, EQUITY-LINKED NOTES**

35. Security Delivery (*for Equity-Linked Notes only*): Condition 21(b) [applies/does not apply]
36. Provisions for Cash Equity Notes and Equity-Linked Notes:  
  
(i) Securities: [ ]  
  
[The Securities are Depositary Receipts]  
  
[Units in a Fund, where "**Fund**" means a share or notional unit of the Fund (as defined in the Fund Documents), the price of which is denominated in [ ]. [The Units represent undivided ownership interests in the portfolio of investments held by the Fund][*delete if not applicable*], "**Unit**" means [ ] and "**Underlying Index**" means [ ]. Condition 21 shall apply to the Notes as if references therein to "Underlying Company" were references to the "Fund" and as if references therein to "Security" were references to

<sup>18</sup> This should specify "No" unless, exceptionally, location of Principal Paying Agent is to be included as a business day for the purposes of payments whilst Notes are in global form in the clearing systems.

"Unit".

- (ii) Underlying Company(ies): ☐ [and with respect to the Underlying Securities  
☐ [The Fund]
- (iii) Exchange(s): ☐
- (iv) Related Exchange(s): ☐ [All Exchanges]
- (v) Initial Price: ☐ [The definition in Condition 21(a) applies]
- (vi) Strike Date: ☐
- (vii) Final Price: ☐ [The definition in Condition 21(a) applies]
- (viii) Reference Price: ☐ [The definition in Condition 21(a) applies]
- (ix) Securities Transfer Amount: ☐  
(for Equity-Linked Notes  
only)
- (x) Settlement Date: ☐  
(for Equity-Linked Notes  
only)
- (xi) Settlement Disruption Event: Condition 21(b)(iii) [applies/does not apply]  
(for Equity-Linked Notes  
only)
  - Disruption Period (if  
other than as  
specified in  
Condition 21(b)(iii)):
- (xii) Delivery Disruption Event: Condition 21(b)(iv) [applies/does not apply]  
(for Equity-Linked Notes  
only)
- (xiii) Potential Adjustment Event: Condition 21(g)(i) [applies/does not apply]
  - Extraordinary  
Dividend (if other  
than as specified in  
the definition in  
Condition 21(a)) ☐
  - additional Potential  
Adjustment Event  
(for purposes of  
paragraph (viii) of the  
definition thereof)
- (xiv) Extraordinary Event: Condition 21(g)(ii) [applies/does not apply]
- (xv) Conversion: Condition 21(g)(iii) [applies/does not apply]  
(for Notes relating to  
Government Bonds and debt  
securities only)
- (xvi) Correction of prices: Condition 21(g)(iv) [applies/does not apply]
- (xvii) Additional Disruption Event [The following Additional Disruption Events apply:  
[Change in Law, Hedging Disruption, Increased Cost

- of Hedging] [*other - give details*] [Not applicable]
37. Additional provisions for Equity-Linked Notes: ☐ ☐
38. Provisions for Index-Linked Notes:
- (i) Index(ices): ☐ [The Index. Each of (*specify relevant indices in a basket*) ☐ is a Multiple Exchange Index]
  - (ii) Index Sponsor: ☐ [The definition in Condition 21(a) applies]
  - (iii) Index Rules: ☐ [Not applicable]
  - (iv) Exchange(s): ☐ ☐
  - (v) Related Exchange(s): ☐ [All Exchanges]
  - (vi) Initial Index Level: ☐ [The definition in Condition 21(a) applies]
  - (vii) Final Index Level: ☐ ☐
  - (viii) Strike Date: ☐ ☐
  - (ix) Reference Level: ☐ [The definition in Condition 21(a) applies]
  - (x) Adjustments to Indices: Condition 21(f) [applies/does not apply]
  - (xi) Additional Disruption Event: [The following Additional Disruption Events apply: [Change in Law, Hedging Disruption, Increased Cost of Hedging] [*Other - give details*] [Not applicable]
  - (xii) Index Substitution: [Applicable/Not applicable]
39. For Equity-Linked and Credit-Linked Notes: US Federal Income Tax Considerations
40. Valuation Date(s): ☐ ☐. [If, pursuant to Condition 21(e) such date is postponed to [*the Limit Valuation Date/ other (specify)*], and either, such date is not a Scheduled Trading Day or is a Disrupted Day, such date shall nevertheless be deemed to be the Valuation Date and the [Final Price/Final Index Level] shall be the [price/level] determined by the Calculation Agent in its sole discretion.]
41. Valuation Time: ☐ ☐ [The definition in Condition 21(a) applies]
42. Averaging Dates: [Yes/No. *If yes, specify dates*]
- (i) Details relating to how Final Redemption Amount will be calculated where the Notes relate to a basket of Indices or Securities: ☐ ☐
  - (ii) Averaging Date Market Disruption: [Omission/Postponement/Modified Postponement/Not applicable/*other (specify)*]
43. Other terms or special conditions relating to Index-Linked Notes, Cash Equity Notes or Equity-Linked Notes: [*specify*]

- (i) Knock-in Event: [Applicable to *[specify relevant payment or delivery]*]
- Knock-in Event: [ ] is [greater than/greater than or equal to/less than/less than or equal to] the Knock-in Price/Knock-in Level
  - Knock-in Period Beginning Date (if other than as specified in the definition thereof in Condition 21(a)): [ ]
  - Knock-in Period Ending Date (if other than as specified in the definition thereof in Condition 21(a)): [ ]
  - Knock-in Price/Knock-in Level: [ ]
  - Knock-in Valuation Time (if other than as specified in the definition thereof in Condition 21(a)): [ ]
- (ii) Knock-out Event: [Applicable to *[specify relevant payment or delivery]*]
- Knock-out Event: [ ] is [greater than/greater than or equal to/less than/less than or equal to] the Knock-out Price/Knock-out Level
  - Knock-out Period Beginning Date (if other than as specified in the definition thereof in Condition 21(a)): [ ]
  - Knock-out Period Ending Date (if other than as specified in the definition thereof in Condition 21(a)): [ ]
  - Knock-out Price/Knock-out Level: [ ]
  - Knock-out Valuation Time (if other than as specified in the definition thereof in Condition 21(a)): [ ]
- (iii) Automatic Early Redemption: Condition 21(c) [applies/does not apply]

- Automatic Early Redemption Event: [ ] is [greater than/greater than or equal to/less than/less than or equal to] the Automatic Early Redemption [Price/Level/Rate] as of [the/any] Automatic Early Redemption Valuation Date]
- Automatic Early Redemption Valuation Date(s): [ ]
- Automatic Early Redemption [Level/Price/Rate]: [ ]
- Automatic Early Redemption Date(s): [ ] [Subject to adjustment in accordance with *[specify relevant Business Day Convention]*]
- Automatic Early Redemption Amount: [ ]

## DISTRIBUTION

44. (i) If syndicated, names [, addresses and underwriting commitments]<sup>19</sup> of Relevant Dealer(s)/Lead Manager(s): [Not applicable/HSBC Bank plc/other - give name]  
(Give addresses and underwriting commitments)<sup>19</sup>
- (ii) If syndicated, names [, addresses and underwriting commitments]<sup>19</sup> of other Dealers/Managers (if any): [Not applicable/other - give name]  
(Give addresses and underwriting commitments)<sup>19</sup>  
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)
- (iii) Date of Subscription Agreement<sup>19</sup>: [ ]
- (iv) Stabilising Manager (if any): [Not applicable/give name]
45. If non-syndicated, name [and address]<sup>19</sup> of Relevant Dealer: [Not applicable/give name [and address]]<sup>19</sup>
46. Total commission and concession: [[ ] per cent. of the Aggregate Principal Amount/ Information not provided]<sup>19</sup>
47. Selling restrictions:  
United States of America: [For Bearer Notes: TEFRA C Rules/ TEFRA D Rules/TEFRA Not Applicable]  
  
[Notes may not be offered or sold within the United States of America or, to or for the account or the benefit of, a US person (as defined in Regulation S)]  
  
[Notes may be offered or sold within the United States of America or to, or for the account or the benefit of, a US person (as defined in Regulation S) only in compliance with the provisions set forth under

<sup>19</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

"*Transfer Restrictions.*")]

- Non-exempt Offer: [Not applicable] [An offer of the Notes may be made by the Managers [and [*specify, if applicable*]] other than pursuant to Article 3(2) of the Prospectus Directive in (*specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported*) ("**Public Offer Jurisdictions**") during the period from (*specify date*) until (*specify date*) ("**Offer Period**"). See further paragraphs 25 - 36 of Part B below.
- Other: (*specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement*)
48. Stabilisation: [Not applicable / **In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**]



## [LISTING AND ADMISSION TO TRADING APPLICATION]

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

*[In offers of Notes pursuant to Rule 144A insert:*

### TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of these Final Terms and the accompanying Prospectus, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that these Final Terms and the accompanying Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the accompanying Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Prospectus or any documents referred to herein.

Each purchaser of Notes in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that the Rule 144A Global Registered Notes, the Restricted Global Registered Notes and any US Definitive Registered Notes (as defined in "*Summary of Provisions relating to the Notes while in Global Form*" in the accompanying Base Prospectus) issued in exchange for interests therein will bear a legend (the "**Rule 144A Legend**") to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE [AND THE SECURITIES TO BE DELIVERED UPON EXERCISE HEREOF]<sup>20</sup> HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

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<sup>20</sup> To be included if the underlying securities have not been registered under the Securities Act.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN A PROSPECTUS SUPPLEMENT OR APPLICABLE FINAL TERMS, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("**SIMILAR LAW**") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

In addition, each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, it will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Base Prospectus.]

#### [RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. *[[Indices/share information]* has been extracted from *[insert name of source of information e.g. FTSE 100, Dow Jones etc.]*. [The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[insert name of source of information e.g. FTSE 100, Dow Jones etc.]*, no facts have been omitted which would render the reproduced inaccurate or misleading.]]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

## PART B - OTHER INFORMATION

### 1. LISTING

- (i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of the Financial Services Authority pursuant to Listing Rule [17/1921]. No assurance can be given as to whether or not, or when, such application will be granted/other (specify)]

[Not applicable]

- (ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading [on the Regulated Market/other (specify)] with effect from [ ]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Notes admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)<sup>22</sup>*

*(NB: Notes admitted to trading to the UK Regulated Market will also be admitted to the Official List as a matter of course.)*

- [(iii) Estimated total expenses of admission to trading:] [Information not provided / Not applicable / (specify amount)]<sup>23</sup>

### 2. RATINGS

- Ratings: [The long term senior debt of HSBC Bank plc has been rated:]

[S&P: [ ]]

[Moody's: [ ]]

[Fitch: [ ]]

[[other]: [ ]]

[The Notes have not specifically been rated.]/ [The Notes have been assigned a rating of [ ] by [ ].]<sup>24</sup>

[Each of [Fitch, S&P and Moody's] are established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended).]

<sup>21</sup> To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securitised derivatives.

<sup>22</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>23</sup> Only required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>24</sup> Select only if the Notes are rated.

[For these purposes, ["**S&P**" means Standard and Poor's Credit Market Services Europe Limited,] ["**Moody's**" means Moody's Investor Services Limited] [and] ["**Fitch**" means Fitch Ratings Limited].]

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]

### 3. NOTIFICATION

[The Financial Services Authority ("**FSA**") [has been requested to provide/has provided (*include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*)] the Financial Market Association (Austria), the Financial Services and Markets Authority (Belgium), the Autorité des marchés financiers (France), the Federal Financial Supervisory Authority (Germany), the Central Bank of Ireland (Ireland), the Commissione Nazionale per le Società e la Borsa (Italy), the Commission de Surveillance du Secteur Financier (Luxembourg), the Malta Financial Services Authority (Malta), the Comisión Nacional del Mercado de Valores (Spain) and the Netherlands Authority for the Financial Markets (Netherlands) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.] [Not applicable]

### 4. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:)*

["Save as discussed in ["*Subscription and Sale of Notes*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."] [Not applicable]

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)*

### 5. [REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer: [ ]  
*(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*
- (ii) Estimated net proceeds: [ ]<sup>25</sup> *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- (iii) Estimated total expenses: *(Include breakdown of expenses)*<sup>26</sup>  
*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, (i.e. if the Final Redemption Amount may be less than 100 per cent of the nominal value of the Notes), it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)]*

6. **[Fixed Rate Notes only - YIELD]**

- Indication of yield: [Calculated as *(include details of method of calculation in summary form)* on the Issue Date]<sup>27</sup>  
 [As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]]

7. **[Floating Rate Notes only - HISTORIC INTEREST RATES]**

[Details of historic [LIBOR/EURIBOR/other *(specify)*] rates can be obtained from [Reuters].]<sup>28</sup>

8. **[Index-Linked, Equity-Linked or other variable-linked Interest Notes only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]**<sup>29</sup>

*(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]<sup>30</sup>. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Also include appropriate index disclaimers. Where the underlying is not an index, need to include equivalent information).*<sup>31</sup>

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus*

<sup>25</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>26</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>27</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>28</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>29</sup> Refer to Prospectus Rules, Annex XII, paragraph 4.2.2 for disclosure requirements.

<sup>30</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>31</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount is less than 100 per cent. of the nominal value of the Notes).

*or a new base prospectus would be required in respect of such final terms.)*

The Issuer [intends to provide post-issuance information (*specify what information will be reported and where it can be obtained*)] [does not intend to provide post-issuance information].]

9. **[Dual Currency/Multi-currency Notes only - PERFORMANCE OF EXCHANGE RATE(S) [AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS]**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained (and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident).*  
<sup>32</sup>

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required.)*

**OPERATIONAL INFORMATION**

10. ISIN Code: ☐ [ ]/Not applicable]

11. Common Code: ☐ [ ]/Not applicable]

12. CUSIP: ☐ [ ]/Not applicable]

13. Valoren Number: ☐ [ ]/Not applicable]

14. SEDOL: ☐ [ ]/Not applicable]

15. Intended to be held in a manner which would allow Eurosystem eligibility:<sup>33</sup> ☐ [Yes] ☐ [No]

[Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg[, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] (*include this text if "yes" selected in which case the bearer Notes must be issued in NGN form*)

16. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant ☐ [CREST/ None/specify other]

<sup>32</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>33</sup> Under current ECB requirements, in order to be eligible as collateral a security must, amongst other things, be denominated in Euros and listed on a regulated market or certain non-regulated markets such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the ECB's February 2011 "The Implementation of Monetary Policy in the Euro Area - General Documentation on Eurosystem monetary policy instruments and procedures" brochure.

identification number(s):

- |     |  |  |
|-----|--|--|
| 17. | Delivery:  | Delivery [against/free of] payment   |
| 18. | Settlement procedures:   | [Eurobond/Medium Term Note/ <i>other (specify)</i> ]   |
| 19. | (i) Principal Paying Agent <sup>34</sup> /Registrar <sup>35</sup> :                      | [HSBC Bank plc] [ <i>other (specify)</i> ]   |
|     | (ii) Additional Paying Agent(s) (if any):  | [None/ <i>specify</i> ]  |
| 20. | Common Depositary:   | [HSBC Bank plc/Not applicable]   |
| 21. | Agent Bank/Calculation Agent:  | [HSBC Bank plc] [HSBC France] [ <i>specify</i> ]   |
|     | - is Calculation Agent to make calculations?   | [Yes/No]   |
|     | - if not, identify calculation agent:  | ( <i>N.B. Calculation agent appointment letter required</i> )  |
| 22. | Notices:<br>( <i>Condition 13</i> )  | [Condition 13 applies] ( <i>specify any other means of effecting communication</i> )   |
| 23. | City in which specified office of Registrar to be maintained:<br>( <i>Condition 14</i> ) | [London/Not applicable/ <i>specify</i> ]   |
| 24. | ERISA Considerations:  | [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Base Prospectus for further information./ <i>give details</i> ]<br>[Not applicable] |

**TERMS AND CONDITIONS OF THE OFFER** [*this section applies only to public offers – to be deleted if no public offer*]

- |     |   |   |
|-----|---|---|
| 25. | Offer Price:  | [Issue Price][ <i>other (specify)</i> ] |
| 26. | Conditions to which the offer is subject:   | [Not applicable/ <i>give details</i> ]  |
| 27. | Description of the application process:   | [Not applicable/ <i>give details</i> ]  |
| 28. | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: | [Not applicable/ <i>give details</i> ]  |
| 29. | Details of the minimum and/or maximum amount of application:  | [Not applicable/ <i>give details</i> ]  |
| 30. | Details of the method and time limits for paying up and delivering the Notes:                                 | [Not applicable/ <i>give details</i> ]  |
| 31. | Manner in and date on which results of the offer are to be made public:                                       | [Not applicable/ <i>give details</i> ]  |

<sup>34</sup> Delete if Notes are Registered Notes.

<sup>35</sup> Delete if Notes are Bearer Notes.



- |     |  |  |
|-----|--|--|
| 32. | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not applicable/ <i>give details</i> ] |
| 33. | Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:            | [Not applicable/ <i>give details</i> ] |
| 34. | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:      | [Not applicable/ <i>give details</i> ] |
| 35. | Amount of any expenses and taxes specifically charged to the subscriber or purchaser:  | [Not applicable/ <i>give details</i> ] |
| 36. | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:             | [None/ <i>give details</i> ]           |

## PRO FORMA FINAL TERMS FOR PREFERENCE SHARE-LINKED NOTES

*Set out below is the form of Final Terms which will be completed for each Tranche of Preference Share-Linked Notes issued under the Programme.*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.]*

[Notes issued pursuant to these Final Terms are securities to be listed under Listing Rule [17/19]<sup>36</sup>.]

### FINAL TERMS

Final Terms dated [•]

Series No.: [•]

Tranche No.: [•]

**HSBC Bank plc**

**Programme for the Issuance of Notes and Warrants**

**Issue of**

**[Aggregate Principal Amount of Tranche]**

**[(to be consolidated and form a single series with the existing [Insert details of existing Tranche(s)]) issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

**[Title of Notes]**

### PART A - CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme, which [together with the supplemental prospectus[es] dated [•]] constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**").]<sup>37</sup>

[If these Final Terms indicate that they relate to an issue of Certificates, then all references herein and in the Prospectus to Notes shall be deemed to be references to "Certificates" for the purposes of this Issue.]

[This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus.]<sup>38</sup> Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus is available for viewing at [address] [and] [website]<sup>39</sup> and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions (the "**Conditions**"), which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Notes. This document

<sup>36</sup> *To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securitised derivatives Notes which include an element of principle will generally be eligible for listing under Listing Rule 17 but in some circumstances will be eligible for listing under Listing rule 19.*

<sup>37</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*

<sup>38</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*

<sup>39</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*

constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>40</sup>, and must be read in conjunction with the Base Prospectus dated 19 June 2012 which [together with the supplemental prospectus(es)] dated [•], constitute[s] a [base] prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive]<sup>41</sup>. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus. The Prospectus and the Conditions are available for viewing during normal business hours at [address] [and] [website]<sup>42</sup> and copies may be obtained from [address].

*[For Notes offered and sold in the United States of America include:*

#### IMPORTANT NOTICES

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("**RSA 421-B**") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

#### AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

**It is advisable that prospective investors considering acquiring any Notes understand the risks of transactions involving the Notes and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the**

<sup>40</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>41</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>42</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

**information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "Risk Factors" in the Prospectus.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

1. (i) Issuer: HSBC Bank plc  
(ii) Arranger(s): HSBC Bank plc
2. (i) Series number: [ ]  
(ii) [Tranche number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]*  
(iii) Whether issue is of Notes or Certificates: [Notes/Certificates] (if the issue is of Certificates, all references in these Final Terms and in the Prospectus to Notes shall be deemed to be "Certificates" for the purposes of this issue)
3. Specified Currency or Currencies:  
(i) of denomination: [ ]  
(ii) of payment: [ ]
4. Aggregate Principal Amount [of Notes admitted to trading]<sup>43</sup>:  
[(i) Series:] [ ]  
[(ii) Tranche:] [ ]
5. (i) Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from [insert date] (in the case of fungible interest-bearing issues only, if applicable)]  
(ii) Commission payable: [[ ] per cent./None/ Information not provided]  
(iii) Selling concession: [[ ] per cent./None/Information not provided]
6. (i) Denomination(s) [ ]<sup>44</sup>  
(Condition 1(b)):  
(ii) Calculation Amount<sup>45</sup>: [ ]

<sup>43</sup> Delete for debt securities with a denomination per unit of less than EUR 100,000.

<sup>44</sup> If denominations in excess of and smaller than the minimum specified denomination are to be permitted then the Issuer should normally waive its right to elect to exchange the Permanent Global Note for definitive Notes in paragraph (d) of the Permanent Global Note - see item 29(iii) below.

<sup>45</sup> The applicable Calculation Amount (which is used for the calculation of redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation

7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [ ]
8. Maturity Date: *[[ ] - i.e. date scheduled to fall two Business Days after the Valuation Date or, if later, [two] Business Days after the Valuation Date).]*  
(Condition 6(a))
9. Interest basis: *[[ ] per cent. Fixed Rate]*  
(Conditions 3 to 5)
- [[specify reference rate]+/- [ ] per cent. Floating Rate Notes]*
- [Variable Coupon Amount]*
- [Zero Coupon Notes]*
- [Index-Linked Interest Notes]*
- [Other (specify)]*
- (further particulars specified below)*
10. Redemption basis: *[Preference Share-Linked Redemption]*  
(Condition 6)
- [[Other (specify)]*
11. Change of interest or redemption basis: *(Specify details of any provision for convertibility of Notes to another interest or redemption/payment basis)*
12. Put/Call options: *[Condition 6[(c)][(d)] will apply as specified below]*  
*[Not applicable]*
13. (i) Status of the Notes: *Unsubordinated, unsecured*  
(Condition 2)
- (ii) Date [Board] approval for issuance of Notes obtained: *[ ] [and [ ], respectively]] (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)] [Not applicable]*
14. Method of distribution: *[Syndicated/Non-syndicated]*

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. Fixed Rate Note provisions: *[Applicable/Not applicable]*  
(Condition 3)
- (If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- (i) Rate of Interest: *[ ] per cent. per annum [payable [annually/semi-annually/quarterly/ monthly] in arrear]*
- (ii) Interest Payment Date(s): *[dd/mm, dd/mm, dd/mm and dd/mm] in each year*
- [adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "Business Day"] / [not adjusted]*

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*Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.*

- (iii) Fixed Coupon Amounts(s): [☐ ] per Calculation Amount][Not applicable]
- (iv) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / other (specify)] [Not applicable]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ Not applicable / other (give details)]
- (vi) Business Centre(s): [Not applicable/give details]
- (v) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not applicable/give details] (Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis)
16. Floating Rate Note provisions: [Applicable/Not applicable]  
(Condition 4)  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- (i) [Interest Period(s)] / [Specified Period]<sup>46</sup>: [specify]
- (ii) Interest Payment Dates: [specify dates]  
*(If Business Day Convention embedded in Condition 4(b) is not to apply, specify alternative convention)*
- (iii) First Interest Payment Date: [☐ ]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (v) Business Centre(s): [Not applicable/give details]
- (vi) Screen Rate Determination: [Applicable / Not applicable]
- (1) Reference Rate: (specify LIBOR or other)
- (2) Interest Determination Date: [☐ ]
- (3) Relevant Screen Page: [☐ ]
- (4) Relevant Financial Centre: [☐ ]
- (vii) ISDA Determination: [Applicable / Not applicable]
- (1) Floating Rate Option: [☐ ]
- (2) Designated Maturity: [☐ ]
- (3) Reset Date: [☐ ]

<sup>46</sup> Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

- |        |   |   |
|--------|---|---|
| (viii) | Margin:   | [[+/-][ ] per cent. per annum] [Not applicable] |
| (ix)   | Day Count Fraction:   | [ ]   |
| (x)    | Relevant time:  | [ ]   |
| (xi)   | Minimum Interest Rate:  | [[ ] per cent. per annum] [Not applicable]      |
| (xii)  | Maximum Interest Rate:  | [[ ] per cent. per annum] [Not applicable]      |
| (xiii) | Fall back provisions,<br>rounding provisions,<br>denominator and any other<br>terms relating to the method<br>of calculating interest on<br>Floating Rate Notes, if<br>different from those set out in<br>the Conditions: | [ ]   |
17. Variable Coupon Amount Note provisions:  
(Condition 5)
- [Applicable/Not applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- |       |                                 |                               |
|-------|---------------------------------|-------------------------------|
| (i)   | Interest Payment Dates:         | [ ]                           |
| (ii)  | Method of calculating interest: | [ ]                           |
| (iii) | Business Centre(s):             | [Not applicable/give details] |
18. Zero Coupon Note provisions:  
(Condition 5)
- [Applicable/Not applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- |      |                                      |     |
|------|--------------------------------------|-----|
| (i)  | Rate of interest on overdue amounts: | [ ] |
| (ii) | Redemption formula:                  | [ ] |
19. Dual Currency Note provisions/Multi-currency Note provisions:
- [Applicable/Not applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- |       |  |  |
|-------|--|--|
| (i)   | Currencies:  | [ ]  |
| (ii)  | Exchange Rate(s):  | [give details] <sup>47</sup>   |
| (iii) | Provisions applicable where calculation by reference to Exchange Rate impossible or impracticable: | <i>(Need to include a description of market disruption or settlement disruption events and adjustment provisions.)</i> |

#### PROVISIONS RELATING TO REDEMPTION

20. Issuer's optional redemption (Call): [Applicable/Not applicable]

<sup>47</sup> If denomination per unit is less than EUR 100,000, include details of where past and future performance and volatility of the relevant rate(s) can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying.

- (Condition 6(c))
- (i) Redemption Amount (Call): ☐ per Calculation Amount (*specify — if not par, also specify details of any formula*)
- ☐ [Early Redemption Amount] (*specify — in case of Preference Share-Linked Notes*)
- (ii) Series redeemable in part: ☐ per Calculation Amount (*specify — otherwise redemption will only be permitted of entire Series*)
- (iii) Call option date(s)/Call option period: ☐ [*specify*]
21. Noteholder's optional redemption (Put):  
(Condition 6(d)) Not applicable
22. Final Redemption Amount of each Note:  
(Condition 6(a))
- ☐ [[Calculation Amount]
- $$\times \frac{\text{Share Value}_{\text{final}}}{\text{Share Value}_{\text{initial}}}$$
- per Calculation Amount
- Where:
- "Share Value<sub>final</sub>" means the Preference Share Value on the Valuation Date; and
- "Share Value<sub>initial</sub>" means the Preference Share Value on the Initial Valuation Date.
- Calculation Agent responsible for calculating the Final Redemption Amount: ☐ [ ]
23. Instalment Notes:  
(Condition 6(a)) ☐ [*specify/Not applicable*]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Instalment Amounts: ☐ [ ]
- (ii) Dates for payment of Instalments: ☐ [ ]
24. Early Redemption Amount: Yes



- |      |   |  |
|------|---|--|
| (i)  | Early Redemption Amount (upon redemption for taxation reasons, following redemption at the option of the Issuer, following an event of default, following the occurrence of a Preference Share Early Redemption Event, an Extraordinary Event or Additional Disruption Event) | Per Calculation Amount, an amount in [ <i>specify currency of payment</i> ] calculated by the Calculation Agent on the same basis as the Final Redemption Amount except that the definition of Share Value <sub>final</sub> shall be the Preference Share Value on the day falling [ <i>two</i> ] Business Days before the due date for early redemption of the Notes. |
| (ii) | Other redemption provisions: (Condition 6(i))   | [[ ]] per Calculation Amount ( <i>specify - if not par, also specify details of any formula</i> ) / Not applicable]  |

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

- |       |   |   |
|-------|---|---|
| 25.   | Form of Notes:<br>(Condition 1(a))  |   |
| (i)   | Form of Notes:  | [Bearer Notes/Registered Notes/Uncertificated Registered Notes]   |
| (ii)  | Bearer Notes exchangeable for Registered Notes:   | [Yes/No] [ <i>Answer will be no where no Registered Notes or where the issue is wholly or partly a Rule 144A issue</i> ]  |
| 26.   | [New Global Note [( <i>delete if Registered Note</i> )]/ Issued under the new safekeeping structure [( <i>delete if Bearer Note</i> )]: | [Yes/No]  |
| 27.   | If issued in bearer form:   |   |
| (i)   | Initially represented by a Temporary Global Note or Permanent Global Note:  | [specify] ( <i>Notes may only be represented initially by a Permanent Global Note if these Final Terms specifies that TEFRA C Rules apply</i> )   |
| (ii)  | Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes:<br>(Condition 1(a))       | Yes [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive notes only in limited circumstances specified in the Permanent Global Note / ( <i>specify</i> )]   |
| (iii) | Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or Registered Notes:                            | [Yes/No] ( <i>If yes, specify: the Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.</i> )  |
| (iv)  | Coupons to be attached to Definitive Notes <sup>48</sup> :  | [Yes/No/Not applicable]<br><br>( <i>N.B. This will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems - see provisions contained in Permanent Global Note</i> ) |

<sup>48</sup> Definitive Notes will typically have coupons attached to them if interest bearing.

- (v) Talons for future Coupons to be attached to Definitive Notes<sup>49</sup>: [Yes/No/Not applicable]  
(*N.B. The above comment also applies here*)
- (vi) (a) Definitive Notes to be security printed: [Yes/No]  
(*N.B. The above comment also applies here*)
- (b) if the answer to (a) is yes, whether steel engraved plates will be used<sup>50</sup>: [Yes/No/Not applicable]
- (vii) Definitive Notes to be in ICMA or successor's format: [Yes/No]  
(*N.B. The above comment also applies here*)
- (viii) Issuer or Noteholder to pay costs of security printing: [Issuer/Noteholder/Not applicable]
28. Exchange Date for exchange of Temporary Global Note: [Not earlier than 40 days after the Issue Date /(specify)]
29. Payments:  
(Condition 8)
- (i) Method of payment: [Condition 8 applies / specify if other than by cheque or transfer to a designated account]
- (ii) Relevant Financial Centre Day: (specify all places)
- (ii) Local banking day specified for payments in respect of the Notes in global form: [Yes/ No]<sup>51</sup>
30. Party Paid Notes:  
(Condition 1)
- (If yes, specify number, amounts and dates for, and method of, payment of instalments of subscription monies and any further additional provisions (including forfeiture dates in respect of late payments of partly paid instalments)) (specify)
31. Redenomination:  
(Condition 9)
- (i) Redenomination: [Applicable/Not applicable]
- (ii) Exchange: [Applicable/Not applicable]
32. Other final terms: [Not applicable/specify/See Annex]

<sup>49</sup> Talons will be needed if there are 27 or more coupons.

<sup>50</sup> Answer to (a) and (b) should generally be 'yes' in all cases where Definitive Notes are to be printed.

<sup>51</sup> This should specify "No" unless, exceptionally, location of Principal Paying Agent is to be included as a business day for the purposes of payments whilst Notes are in global form in the clearing systems.

*(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)*

## PROVISIONS APPLICABLE TO PREFERENCE SHARE-LINKED NOTES

33. Provisions for Preference Share-Linked Notes:
- (i) Preference Shares: [ ]
  - (ii) Preference Share Issuer: [ ]
  - (iii) Initial Valuation Date: The Issue Date
  - (iv) Valuation Date: [means the [eighth] Business Day following the Preference Share Valuation Date]
  - (v) Preference Share Valuation Date: [ ]
  - (vi) Valuation Time: [ ]
  - (vii) Extraordinary Event: Condition 22(c) [applies/does not apply]  
*(insert any additional Extraordinary Events)*
  - (viii) Additional Disruption Event: [Condition 22(d) [applies /does not apply]. The following Additional Disruption Events apply: [Change in Law and/or Insolvency Filing]
34. Additional provisions for Preference Share-Linked Notes: [ ]

## DISTRIBUTION

35. (i) If syndicated, names [, addresses and underwriting commitments]<sup>52</sup> of Relevant Dealer(s)/Lead Manager(s): [Not applicable/HSBC Bank plc/other - give name]  
*(Give addresses and underwriting commitments)<sup>19</sup>*
- (ii) If syndicated, names [, addresses and underwriting commitments]<sup>19</sup> of other Dealers/Managers (if any): [Not applicable/other - give name]  
*(Give addresses and underwriting commitments)<sup>19</sup>*  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (iii) Date of Subscription Agreement<sup>19</sup>: [ ]
- (iv) Stabilising Manager (if any): [Not applicable/give name]

<sup>52</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

36. If non-syndicated, name [and address]<sup>19</sup> of Relevant Dealer: [Not applicable/give name [and address]]<sup>19</sup>
37. Total commission and concession: [[ ] per cent. of the Aggregate Principal Amount<sup>19</sup>] [Information not provided] [Not applicable]
38. Selling restrictions: [For Bearer Notes: TEFRA C Rules/ TEFRA D Rules/TEFRA Not Applicable]
- United States of America: [Notes may not be offered or sold within the United States of America or, to or for the account or the benefit of, a US person (as defined in Regulation S)]
- [Notes may be offered or sold within the United States of America or to, or for the account or the benefit of, a US person (as defined in Regulation S) only in compliance with the provisions set forth under "Transfer Restrictions."]
- Non-exempt Offer: [Not applicable] [An offer of the Notes may be made by the Managers [and [specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive in (specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported) ("Public Offer Jurisdictions") during the period from (specify date) until (specify date) ("Offer Period"). See further paragraphs 25 - 36 of Part B below.
- Other: (specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement)
39. Stabilisation: [Not applicable / In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.]

## [LISTING AND ADMISSION TO TRADING APPLICATION]

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

*[In offers of Notes pursuant to Rule 144A insert:*

### TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of these Final Terms and the accompanying Prospectus, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that these Final Terms and the accompanying Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the accompanying Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Prospectus or any documents referred to herein.

Each purchaser of Notes in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that the Rule 144A Global Registered Notes, the Restricted Global Registered Notes and any US Definitive Registered Notes (as defined in "*Summary of Provisions relating to the Notes while in Global Form*" in the accompanying Base Prospectus) issued in exchange for interests therein will bear a legend (the "**Rule 144A Legend**") to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE [AND THE SECURITIES, IF ANY, TO BE DELIVERED UPON EXERCISE THEREOF] <sup>53</sup> HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE

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<sup>53</sup> To be included if the underlying securities have not been registered under the Securities Act.

PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN A PROSPECTUS SUPPLEMENT OR APPLICABLE FINAL TERMS, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("**SIMILAR LAW**") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

In addition, each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, it will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Base Prospectus.]

#### [RESPONSIBILITY

[The information on the Preference Shares has been extracted from the constitutional documents of the Preference Share Issuer. Information on the Preference Share Underlying is extracted from (*insert name of source of information e.g. FTSE 100, Dow Jones etc*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by (*insert name of source of information e.g. FTSE 100, Dow Jones, constitutional documents*

*of the Preference Share Issuer etc.*), no facts have been omitted which would render the reproduced inaccurate or misleading.]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

## PART B - OTHER INFORMATION

### 1. LISTING

- (i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of the Financial Services Authority pursuant to Listing Rule [17/1954]. No assurance can be given as to whether or not, or when, such application will be granted/other (specify)]
- [Not applicable]
- (ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading [on the Regulated Market/other (specify)] with effect from [ ]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Notes admitted to trading on the PORTAL System of the US National Association of Securities Dealers.]
- [Not applicable]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)<sup>55</sup>*
- (NB: Notes admitted to trading to the UK Regulated Market will also be admitted to the Official List as a matter of course.)*
- [(iii) Estimated total expenses of admission to trading:] [Information not provided / Not applicable / (specify amount)]<sup>56</sup>

### 2. RATINGS

- Ratings: [The long term senior debt of HSBC Bank plc has been rated:]
- [S&P: [ ]]
- [Moody's: [ ]]
- [Fitch: [ ]]
- [[other]: [ ]]
- [The Notes have not specifically been rated.]/ [The Notes have been assigned a rating of [ ] by [ ].]<sup>57</sup>
- [Each of [Fitch, S&P and Moody's] are established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended).]

<sup>54</sup> To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securitised derivatives.

<sup>55</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>56</sup> Only required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>57</sup> Select only if Notes are rated.



[For these purposes, ["**S&P**" means Standard and Poor's Credit Market Services Europe Limited,] ["**Moody's**" means Moody's Investor Services Limited] [and] ["**Fitch**" means Fitch Ratings Limited].]

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]

### 3. NOTIFICATION

[The Financial Services Authority ("**FSA**") [has been requested to provide/has provided - *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the Financial Market Association (Austria), the Financial Services and Markets Authority (Belgium), the Autorité des marchés financiers (France), the Federal Financial Supervisory Authority (Germany), the Central Bank of Ireland (Ireland), the Commissione Nazionale per le Società e la Borsa (Italy), the Commission de Surveillance du Secteur Financier (Luxembourg), the Malta Financial Services Authority (Malta), the Comisión Nacional del Mercado de Valores (Spain) and the Netherlands Authority for the Financial Markets (Netherlands) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.] [Not applicable]

### 4. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:)*

"Save as discussed in ["*Subscription and Sale of Notes*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer." [Not applicable]

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)*

### 5. [REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer: [ ]  
*(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*
- [(ii) Estimated net proceeds: [ ]<sup>58</sup> *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- [(iii) Estimated total expenses: *(Include breakdown of expenses)*<sup>59</sup>  
*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, (i.e. if the Final Redemption amount may be less than 100 per cent of the nominal value of the Notes), it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)*

6. **[Fixed Rate Notes only - YIELD]**

Indication of yield: [Calculated as *(include details of method of calculation in summary form)* on the Issue Date]<sup>60</sup>  
 [As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]]

7. **[Floating Rate Notes only - HISTORIC INTEREST RATES]**

[Details of historic [LIBOR/EURIBOR/other *(specify)*] rates can be obtained from [Reuters].]<sup>61</sup>

8. **PERFORMANCE OF THE PREFERENCE SHARES, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE PREFERENCE SHARES AND THE PREFERENCE SHARE UNDERLYING**

The Preference Share-Linked Notes relate to the [ ] preference shares relating to [ ] of the Preference Share Issuer.

The Preference Share Value will be published on each [Business Day] on [ ] page [ ].

The performance of the Preference Shares depends on the performance of the relevant underlying asset(s) or basis of reference to which the Preference Shares are linked (the "**Preference Share Underlying**"). The Preference Share Underlying is *[insert details of the relevant underlying asset(s) or basis of reference to which the Preference Shares relate e.g. FTSE 100]*. Information on the Preference Share Underlying (including past and future performance and volatility) is published on [ ].

9. **[Dual Currency/Multi-currency Notes only - PERFORMANCE OF EXCHANGE RATE(S) [AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS]**

<sup>58</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>59</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>60</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>61</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

*(Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]).*  
62

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)]*

## OPERATIONAL INFORMATION

- |     |   |   |
|-----|---|---|
| 10. | ISIN Code:  | <input type="checkbox"/> /Not applicable] |
| 11. | Common Code:  | <input type="checkbox"/> /Not applicable] |
| 12. | CUSIP:  | <input type="checkbox"/> /Not applicable] |
| 13. | SEDOL:  | <input type="checkbox"/> /Not applicable] |
| 14. | Intended to be held in a manner which would allow Eurosystem eligibility: <sup>63</sup> | [Yes] [No]                                |

*(Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg[, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [include this text if "yes" selected in which case the bearer Notes must be issued in NGN form)*

- |     |  |   |
|-----|--|---|
| 15. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | [CREST/ None/specify other]                 |
| 16. | Delivery:  | Delivery [against/free of] payment          |
| 17. | Settlement procedures:   | [Eurobond/Medium Term Note/other (specify)] |
| 18. | (i) Principal Paying Agent <sup>64</sup> /Registrar <sup>65</sup> :  | [HSBC Bank plc] [other (specify)]           |

<sup>62</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>63</sup> Under current ECB requirements, in order to be eligible as collateral a security must, amongst other things, be denominated in Euros and listed on a regulated market or certain non-regulated markets such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the ECB's February 2011 "The Implementation of Monetary Policy in the Euro Area - General Documentation on Eurosystem monetary policy instruments and procedures" brochure.

<sup>64</sup> Delete if Notes are Registered Notes.

<sup>65</sup> Delete if Notes are Bearer Notes.

- (ii) Additional Paying Agent(s) (if any): [None/specify]
19. Common Depository: [HSBC Bank plc/Not applicable/specify]
20. Agent Bank/Calculation Agent: [HSBC Bank plc] [HSBC France] [specify]
- is Calculation Agent to make calculations? [Yes/No]
- if not, identify calculation agent: (N.B. Calculation agent appointment letter required)
21. Notices: (Condition 13) [As per Condition 13 /specify any other means of effecting communication]
22. City in which specified office of Registrar to be maintained: (Condition 14) [London /Not applicable/specify]
23. ERISA Considerations: [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Base Prospectus for further information./give details]  
[Not applicable]

**TERMS AND CONDITIONS OF THE OFFER** [this section applies only to public offers – to be deleted if no public offer]

24. Offer Price: [Issue Price][other (specify)]
25. Conditions to which the offer is subject: [Not applicable/give details]
26. Description of the application process: [Not applicable/give details]
27. Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not applicable/give details]
28. Details of the minimum and/or maximum amount of application: [Not applicable/give details]
29. Details of the method and time limits for paying up and delivering the Notes: [Not applicable/give details]
30. Manner in and date on which results of the offer are to be made public: [Not applicable/give details]
31. Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not applicable/give details]
32. Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [Not applicable/give details]
33. Process for notification to applicants of the amount allotted and the indication whether dealing may begin [Not applicable/give details]

before notification is made:

34. Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not applicable/*give details*]
35. Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [None/*give details*]

## ADDITIONAL PROVISIONS RELATING TO EQUITY-LINKED WARRANTS AND INDEX-LINKED WARRANTS

The following additional conditions shall be deemed to be added as Conditions 17 and 18 to terms and conditions set out in the section headed "*Terms and Conditions of the Warrants*" appearing in "*Part C - Warrants*" of the Base Prospectus in respect of any issue of Equity-Linked Warrants and Index-Linked Warrants.

### 17. Provisions relating to Equity-Linked Warrants and Index-Linked Warrants

As used in this Condition 17 and Condition 18, and in respect of Equity-Linked Warrants and Index-Linked Warrants, and unless otherwise provided in the relevant Final Terms, the following expressions shall have the following meanings:

**"Additional Disruption Event"** has the meaning ascribed thereto in Condition 18(g);

**"Averaging Date"** means, in respect of each Valuation Date, each date specified as such or otherwise determined as provided in the relevant Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of Condition 18(b);

**"Basket"** means, in respect of an Index Basket Warrant, a basket composed of each Index specified in the relevant Final Terms in the relative proportions indicated in the Final Terms and, in the case of a Security Basket Warrant, a basket composed of Securities of each Underlying Company specified in the relevant Final Terms in the relative proportions and numbers of Securities of each Underlying Company indicated in the Final Terms;

**"Clearing System Business Day"** means, in relation to any Securities or any Index, any day on which the principal domestic clearing system customarily used for settling trades in such Securities or, as the case may be, the securities comprising such Index is (or, but for the occurrence of an event beyond the control of the Issuer as a result of which such clearing system cannot clear the transfer of such securities, would have been) open for the acceptance and execution of settlement instructions;

**"Component Security"** means, with respect to an Index, each component security of that Index.;

**"Conversion"** means, in respect of any Securities, any irreversible conversion by the Underlying Company of such Securities into other securities;

**"Delisting"** means that the Exchange announces that pursuant to the rules of such Exchange, the Securities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union);

**"Deposit Agreement"** means, in relation to each Depositary Receipt, the agreement(s) or other instrument(s) constituting such Depositary Receipt, as from time to time amended or supplemented;

**"Depositary"** means, in relation to a Depositary Receipt, the issuer of such Depositary Receipt as appointed under the Deposit Agreement, including its successors from time to time;

**"Depositary Receipt(s)"** means any Security specified as such in the relevant Final Terms **provided that** if the relevant Deposit Agreement is terminated at any time, any reference to any Depositary Receipt(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it, in its sole and absolute discretion, determines to be appropriate to the relevant Warrants and determine, in its sole and absolute discretion, the effective date of such adjustment;

**"Disrupted Day"** means (a) any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred; or (b) if the Warrants are Multiple Exchange Index-Linked Warrants, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred or (c) any Scheduled Trading Day on which the Index Sponsor fails to publish the Index;

**"DR Linked Warrants"** means a Series of Security Warrants which relate to one or more Securities which are Depositary Receipts;

**"Early Closure"** means (a) the closure on any Exchange Business Day of the relevant Exchange (in the case of Security Warrants or Security Basket Warrants) or any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index Warrants or Index Basket Warrants) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or (b) if the Warrants are Multiple Exchange Index-Linked Warrants, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day;

**"Exchange"** means (a) with respect to a Security or an Index, each exchange or quotation system specified as such in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Security or the components of the Index, as the case may be, has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to such Security or components, as the case may be, as on the original Exchange); or (b) in the case of a Multiple Exchange Index and each relevant Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent (which exchange or quotation system as of the Issue Date may be specified as such in the relevant Final Terms);

**"Exchange Business Day"** means (a) any Scheduled Trading Day on which each Exchange and any relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; or (b) with respect to a Multiple Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time;

**"Exchange Disruption"** means (a) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for the Securities on the Exchange (in the case of a Security Warrant or a Security Basket Warrant) or on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of an Index Warrant or an Index Basket Warrant), or (ii) to effect transactions in, or obtain market values for, future or options contracts relating to the Securities (in the case of a Security Warrant or a Security Basket Warrant) or the relevant Index (in the case of an Index Warrant or an Index Basket Warrant) on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (i) any Component Security on the Exchange in respect of such Component Security or (ii) futures or options contracts relating to the Index on the relevant Related Exchange;

**"Extraordinary Dividend"** means the amount per Security specified or otherwise determined as provided in the relevant Final Terms or, if no such amount is so specified or determined, any dividend or the portion of any dividend which the Calculation Agent determines in its sole and absolute discretion should be characterised as an Extraordinary Dividend;

**"Extraordinary Event"** means (a) in all cases other than where the Final Terms specify that the Securities are Units in a Fund, a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting (b) in the case where the Final terms specify that the Securities are Units in a Fund, a Merger Event, Nationalisation, Insolvency, Delisting or Extraordinary Fund Event;

**"Extraordinary Fund Event"** means, in the determination of the Calculation Agent, the occurrence or existence of any of the following:

- (i) the Fund (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C)(1) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (A) to (E) above;
- (ii) the Fund has violated any leverage restriction that is applicable to, or affecting, such Fund or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any contractual restriction binding on or affecting the Fund or any of its assets;
- (iii) the resignation, termination or replacement of the Fund Adviser (as defined below);
- (iv) any change or modification of the Fund Documents that could reasonably be expected to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Issue Date;
- (v) any breach or violation of any strategy or investment guidelines stated in the Fund Documents that is reasonably likely to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent);
- (vi) the Issuer, or any of its affiliates, is unable, or it is impractical for it, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (1) any restrictions or increase in charges or fees imposed by the Fund on any investor's ability to redeem the Units, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Units, or (2) any mandatory redemption, in whole or in part, of such Units imposed by the Fund (in each case other than any restriction in existence on the Issue Date);
- (vii) (A) cancellation, suspension or revocation of the registration or approval of the Units or the Fund by any governmental, legal or regulatory entity with authority over the Units or the Fund, (B) any change in the legal, tax, accounting or regulatory treatments of the Fund or the Fund Adviser that is reasonably likely to have an adverse impact on the value of the Units or on any investor therein (as determined by the Calculation Agent), or (C) the Fund or the Fund Adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory



authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the Fund;

- (viii) (A) the occurrence of any event affecting the Units that, in the determination of the Calculation Agent, would make it impossible or impracticable to determine the value of the Units, and such event is likely, in the determination of the Calculation Agent, to continue for the foreseeable future; or (B) any failure of the Fund to deliver, or cause to be delivered (1) information that the Fund has agreed to deliver, or cause to be delivered to the Issuer and/or Calculation Agent or (2) information that has been previously delivered to the Issuer and/or Calculation Agent in accordance with the Fund's, or its authorised representative's, normal practice and that the Issuer and/or Calculation Agent deems necessary for it to monitor the Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the Units;
- (ix) on or after the Strike Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (X) it has become illegal to hold, acquire or dispose of the Units, or (Y) the Issuer will incur a materially increased cost in performing its obligations under the Warrants (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (x) the Issuer would incur a materially increased (as compared with circumstances existing on the Strike Date) amount of tax (including any potential tax which the Calculation Agent considers may arise), duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Extraordinary Fund Event; and
- (xi) (A) the cancellation or cessation of any Underlying Index or (B) a material change in the formula for or the method of calculating or any other material modification to any Underlying Index (other than a modification prescribed in that formula or method to maintain such Underlying Index in the event of changes in constituent stock and capitalisation and other routine events) or (C) the relevant sponsor of any Underlying Index fails to calculate and announce such Index.

**"Final Index Level"** means, with respect to an Index and a Valuation Date, the level determined as provided in the relevant Final Terms or, if no such level is so provided (a) the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Valuation Date or (b) with respect to a Multiple Exchange Index, the official closing level of the Index on the Valuation Date as calculated and published by the Index Sponsor or (c) if Averaging Dates are specified in the relevant Final Terms in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant currency in which the Index is published, one half of a unit being rounded upwards) of the Reference Level on such Averaging Dates;

**"Final Price"** means, with respect to a Security and a Valuation Date, the price determined as provided in the relevant Final Terms, or if no such price is so provided (a) the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on such Valuation Date or (b) if Averaging Dates are specified in the relevant Final Terms in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant currency in which the Security is valued, one half of a unit being rounded upwards) of the Reference Prices on such Averaging Dates;

**"Fund"** means the exchange traded fund or similarly traded or listed fund as specified in the relevant Final Terms;

**"Fund Adviser"** means, with respect to a Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment manager (including a non-discretionary investment

manager to a discretionary investment manager or to another non-discretionary investment manager), as provided in the related Fund Documents;

**"Fund Documents"** means, in relation to any Fund, the constitutive and governing documents, subscription agreements and other agreements of such Fund specifying the terms and conditions relating to such Fund, in each case as amended or supplemented from time to time;

**"Index"** means, in relation to a Series of Warrants, the index to which such Warrants relates, as specified in the relevant Final Terms, subject to adjustment pursuant to Condition 18, and **"Indices"** shall be construed accordingly;

**"Index Basket Warrants"** means a Series of Warrants relating to a basket of Indices, as specified in the relevant Final Terms;

**"Index Rules"** has the meaning ascribed to it in the applicable Final Terms

**"Index Sponsor"** means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Scheduled Trading Day (which corporation or entity as of the Issue Date may be specified as such in the relevant Final Terms);

**"Index Warrants"** means a Series of Warrants relating to a single Index, as specified in the relevant Final Terms;

**"Initial Index Level"** means, with respect to an Index, the level specified as such or otherwise determined as provided in the relevant Final Terms or, if no such level is so specified or otherwise determined, the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date or, with respect to a Multiple Exchange Index, the official closing level of the Index on the Strike Date as calculated and published by the Index Sponsor;

**"Initial Price"** means, with respect to a Security, the price specified as such or otherwise determined as provided in the relevant Final Terms or, if no such price is so specified or otherwise determined, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date;

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting an Underlying Company, (A) all the Securities of that Underlying Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Securities of that Underlying Company become legally prohibited from transferring them;

**"Knock-in Determination Day"** means each Scheduled Trading Day during the Knock-in Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-in Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-in Determination Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-in Determination Day is a Disrupted Day. In that case, that eighth Scheduled Trading Day shall be deemed to be the Knock-in Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is also a Disrupted Day in accordance with the provisions of Condition 18(b)(i)(A), (B) or (C), as the case may be;

**"Knock-in Determination Period"** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date;

**"Knock-in Event"** means (i) the event or occurrence specified as such in the relevant Final Terms; and (ii) (unless otherwise specified in the relevant Final Terms) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than

or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Price or, as the case may be, the Knock-in Level;

**"Knock-in Level"** means the level of the Index specified as such or otherwise determined in the relevant Final Terms;

**"Knock-in Period Beginning Date"** means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-in Determination Day" above;

**"Knock-in Period Ending Date"** means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-in Determination Day" above;

**"Knock-in Price"** means the price per Security specified as such or otherwise determined in the relevant Final Terms;

**"Knock-in Valuation Time"** means the time or period of time on any Knock-in Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time;

**"Knock-out Determination Day"** means each Scheduled Trading Day during the Knock-out Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-out Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-out Determination Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-out Determination Day is a Disrupted Day. In that case, that eighth Scheduled Trading Day shall be deemed to be the Knock-out Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is a Disrupted Day in accordance with the provisions of Condition 18(b)(i)(A), (B) or (C), as the case may be;

**"Knock-out Determination Period"** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date;

**"Knock-out Event"** means that (i) the event or occurrence specified as such in the relevant Final Terms; and (ii) (unless otherwise specified in the relevant Final Terms) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Price or, as the case may be, Knock-out Level;

**"Knock-out Level"** means the level of the Index specified as such or otherwise determined in the relevant Final Terms;

**"Knock-out Period Beginning Date"** means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-out Determination Day" above;

**"Knock-out Period Ending Date"** means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-out Determination Day" above;

**"Knock-out Price"** means the price per Security specified as such or otherwise determined in the relevant Final Terms;

**"Knock-out Valuation Time"** means the time or period of time on any Knock-out Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time;

**"Market Disruption Event"** means (a) the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one-hour period that ends at the relevant Valuation Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be or (iii) an Early Closure **provided that** for the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a component of the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event; or (b) with respect to a Multiple Exchange Index, either:

- (A) the occurrence or existence, in respect of any Component Security, of (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded, OR (cc) an Early Closure; AND (2) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR
- (B) the occurrence or existence, in respect of futures or options contracts relating to the Index of: (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Related Exchange; or (cc) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Multiple Exchange Index at any time, if a Market Disruption Event occurs in respect of a Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data";

**"Merger Event"** means in respect of any relevant Securities, any (i) reclassification or change of such Securities that results in a transfer of or an irrevocable commitment to transfer all of such Securities outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Underlying Company with or into another entity or person (other than a consolidation, amalgamation or merger in which such Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Securities of the Underlying Company that results in a transfer of or an irrevocable commitment to transfer all such Securities (other than such Securities owned or controlled by such other entity or person) or (iv) consolidation, amalgamation, merger or binding share exchange of the Underlying Company or its subsidiaries with or into another entity in which the Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding but results in the outstanding Securities (other than Securities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Securities immediately following such event, in each case if the closing date of a Merger Event (or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent) is on or before, in the case of any Warrants which as specified in the relevant Final Terms as being Physical Settlement Warrants, the Settlement Date or, in any other case, the final Valuation Date.

If the Warrants are DR Linked Warrants, "Merger Event" shall include the occurrence of any of the events described in (i) to (iv) (inclusive) above in relation to the relevant Underlying Securities;

**"Multiple Exchange Index"** means an Index identified or specified as such in the relevant Final Terms;

**"Multiple Exchange Index-Linked Warrants"** means Warrants which relate to a Multiple Exchange Index;

**"Nationalisation"** means that all the Securities (or, if the Warrants are DR Linked Warrants, the relevant Underlying Securities) or all or substantially all the assets of an Underlying Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity;

**"Potential Adjustment Event"** means (i) a subdivision, consolidation or reclassification of relevant Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Securities to existing holders whether by way of bonus, capitalisation or similar issue; or (ii) a distribution, issue or dividend to existing holders of the relevant Securities of (A) such Securities or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Company equally or proportionately with such payments to holders of such Securities or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent in its sole and absolute discretion; or (iii) an Extraordinary Dividend; or (iv) a call by the Underlying Company in respect of relevant Securities that are not fully paid; or (v) a repurchase by the Underlying Company or any of its subsidiaries of relevant Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vi) in respect of the Underlying Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Underlying Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, **provided that** any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Securities; or (viii) any other event specified as such in the relevant Final Terms;

With respect to Depositary Receipts, "Potential Adjustment Event" shall also include (x) the occurrence of any of the events described in (i) to (viii) (inclusive) above in respect of the relevant Underlying Securities and (y) the making of any amendment or supplement to the terms of the Deposit Agreement;

**"Reference Level"** means, unless otherwise specified in the relevant Final Terms (a) in respect of an Index and an Averaging Date, the level of such Index as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date and (b) in respect of a Multiple Exchange Index and an Averaging Date, the official closing level of such Multiple Exchange Index on such Averaging Date as calculated and published by the Index Sponsor;

**"Reference Price"** means, unless otherwise specified in the relevant Final Terms, in respect of a Security and an Averaging Date, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date;

**"Related Exchange"** means, subject to the proviso below, in respect of a Security or Index, each exchange or quotation system specified as such for such Security or Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Security or Index, as the case may be, has temporarily relocated (**provided that** the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Security or Index, as the case may be, as on the original Related Exchange) **provided, however, that** where "All Exchanges" is specified as the Related Exchange in the relevant Final Terms, **"Related Exchange"** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Security or Index, as the case may be;

**"Scheduled Closing Time"** means in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

**"Scheduled Trading Day"** means (a) any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading for their respective regular trading sessions; or (b) with respect to a Multiple Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the

level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session or (c) any day on which the Index Sponsor is scheduled to publish the level of the Index;

**"Scheduled Valuation Date"** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

**"Securities"** means, in relation to a Series of Warrants or in relation to an Index, the equity securities, debt securities (including without limitation Government Bonds), depositary receipts or other securities or property, as adjusted pursuant to this Condition 17, to which such Warrants or Index, as the case may be, relate, as specified in the relevant Final Terms and **"Security"** shall be construed accordingly;

**"Securities Transfer Amount"** means the number of Securities per Warrant as specified in the relevant Final Terms or if no such number is so specified, the number of Securities per Warrant calculated by the Calculation Agent and equal to the fraction of which the numerator is the Denomination and denominator and is the Strike Price;

**"Security Basket Warrants"** means a Series of Warrants relating to a basket of Securities, as specified in the relevant Final Terms and **"Security Basket Warrant"** shall be construed accordingly;

**"Security Warrants"** means a Series of Warrants relating to a single Security, as specified in the relevant Final Terms and **"Security Warrant"** shall be construed accordingly;

**"Settlement Date"** means, in relation to Securities to be delivered in respect of an Exercise Date and unless otherwise specified in the relevant Final Terms, the first day on which settlement of a sale of such Securities executed on that Exercise Date customarily would take place through the relevant Clearing System **provided that** if a Settlement Disruption Event prevents delivery of such Securities on that day, then the Settlement Date shall be determined in accordance with Condition 18(e);

**"Settlement Disruption Event"** in relation to a Security or Component Security means an event which the Calculation Agent, in its sole and absolute discretion, determines to be beyond the control of the Issuer or relevant obligor and to be an event as a result of which the relevant Clearing System cannot clear the transfer of such Security or Component Security;

**"Strike Price"** has the meaning ascribed thereto in the relevant Final Terms;

**"Successor Index"** has the meaning given in Condition 18(c);

**"Tender Offer"** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Underlying Company, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant;

**"Trading Disruption"** means (a) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (1) relating to the Securities on the Exchange (in the case of a Security Warrant or a Security Basket Warrant) or on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index Warrants or Index Basket Warrants); or (2) in futures or options contracts relating to the Securities or the relevant Index on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (1) relating to any Component Security on the Exchange in respect of such Component Security, or (2) in futures or options contracts relating to the Index on any relevant Related Exchange;

**"Underlying Company"** means the issuer of the Security as specified in the relevant Final Terms (or, if the Warrants are DR Linked Warrants, each of the Depositary and the issuer of the relevant Underlying Security), subject to adjustment in accordance with this Condition;

**"Underlying Index"**, in relation to a Fund, has the meaning given to it in the relevant Final Terms;

"**Underlying Security**" means, with respect to DR Linked Warrants and a Depositary Receipt, the security and any other property to which such Depositary Receipt relates;

"**Unit**", in relation to a Fund, has the meaning given to it in the relevant Final Terms;

"**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur;

"**Valuation Date**" means each date specified or otherwise determined as provided in the relevant Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), in each case subject to Condition 18; and

"**Valuation Time**" means, (a) in relation to each Security to be valued or each Index the level of which falls to be determined on any date, the time on such date specified as such in the relevant Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on such date in relation to such Security or Index, as applicable or such scheduled time as set out in the Index Rules. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or (b) in relation to a Multiple Exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (a) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

18. **Valuation, Adjustments and Extraordinary Events affecting Securities**

(a) ***Knock-in and Knock-out Provisions***

If "Knock-in Event" or "Knock-out Event" is specified as applicable in the Final Terms in relation to any Warrant, then, unless otherwise specified in such Final Terms, the terms of the Warrants as to exercise and/or payment and/or delivery under the relevant Warrants subject to a Knock-in Event or "Knock-out Event" (respectively) shall be conditional upon the occurrence of such Knock-in Event or "Knock-out Event" (respectively).

(b) ***Consequences of Disrupted Days***

For the purposes of this Condition 18(b) "**Limit Valuation Date**" shall mean, if any Valuation Date in respect of a Warrant is a Disrupted Day, the eighth Scheduled Trading Day following such Valuation Date, notwithstanding the Market Disruption Event, **provided that:**

- (i) if, as a result of the foregoing, the Valuation Date would be deemed to fall less than five local banking days prior to the Cash Settlement Payment Date, a relevant Settlement Date or (as the case may be) any due date for payment of any amount due in respect of such Warrant, the Limit Valuation Date shall be deemed to fall on the day which is five local banking days prior to the Cash Settlement Payment Date, such Settlement Date or (as the case may be) due date for payment of any amount due in respect of such Warrant or, if such local banking day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day; and
- (ii) if the Scheduled Valuation Date falls on a day which is five local banking days or less prior to the relevant Cash Settlement Payment Date, a relevant Settlement Date or (as the case may be) any due date for payment of any amount due in respect of such Warrant, the Limit Valuation Date shall be deemed to be such Scheduled Valuation Date,

in each case notwithstanding the fact that such day is a Disrupted Day.

- (iii) If any Valuation Date is a Disrupted Day, then:
- (A) in the case of an Equity-Linked Warrant or an Index-Linked Warrant, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, **provided that** the Valuation Date shall not fall after the Limit Valuation Date. In that case:
- (1) in respect of an Index Warrant, the Calculation Agent shall determine in its absolute discretion that either:
- (aa) the Valuation Date shall be the Limit Valuation Date; or
- (bb) the Valuation Date shall be the first succeeding Exchange Business Day on which there is no Market Disruption Event,
- and, in the case of (aa) above, the Calculation Agent shall determine the level of the Index as of the Valuation Time on that Limit Valuation Date determined in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that Limit Valuation Date of each security or other property comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other property on that Limit Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on that Limit Valuation Date); and
- (2) in respect of a Equity-Linked Warrant, that Limit Valuation Date shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and the Calculation Agent shall determine its good faith estimate of the value for the relevant Security as of the Valuation Time on that Limit Valuation Date;
- (B) in the case of an Index Basket Warrant, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, unless each of the eight succeeding Scheduled Trading Days is a Disrupted Day relating to that Index. In that case, the Calculation Agent shall determine in its absolute discretion that either:
- (1) the Limit Valuation Date shall be deemed to be the Valuation Date for the relevant Index notwithstanding the fact that such day is Disrupted Day relating to that Index; or
- (2) the Valuation Date shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index,
- and, in each case, the Calculation Agent shall determine, in its sole and absolute discretion, the level of that Index, as of the Valuation Time on that eighth in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that Limit Valuation Date of each security or other property comprised in the relevant Index (or, if an event giving rise to a Disrupted Day has occurred in respect to the relevant security or other property on that Limit Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on that Limit Valuation Date); and
- (C) in the case of a Security Basket Warrant, the Valuation Date for each Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Security affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a



Disrupted Day relating to that Security, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Security. In that case, (1) that Limit Valuation Date shall be deemed to be the Valuation Date for the relevant Security, notwithstanding the fact that such day is a Disrupted Day, and (2) the Calculation Agent shall determine, in its sole and absolute discretion, its good faith estimate of the value for that Security as of the Valuation Time on that Limit Valuation Date.

- (iv) If Averaging Dates are specified in the relevant Final Terms, then notwithstanding any other provisions of these Conditions, the following provisions will apply to the valuation of the relevant Index or Securities:

(A) The Final Price or the Final Index Level will be, in relation to any Valuation Date:

- (1) in respect of an Index-Linked Warrant or Cash Settlement Equity-Linked Warrant, the arithmetic mean of the Reference Price of the Securities or (as the case may be) of the Reference Level of the Index on each Averaging Date;
- (2) in respect of an Index Basket Warrant, the arithmetic mean of the amounts for the Basket determined by the Calculation Agent in its sole and absolute discretion as provided in the relevant Final Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Index Level is so provided, the arithmetic mean of the amounts for such basket calculated on each Averaging Date as the sum of the Reference Levels of each Index comprised in the Basket (weighted or adjusted in relation to each Index as provided in the relevant Final Terms); and
- (3) in respect of a Cash Settlement Security Basket Warrant, the arithmetic mean of the prices for the Basket determined by the Calculation Agent in its sole and absolute discretion as provided in the relevant Final Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Price is so provided, the arithmetic mean of the prices for the Basket calculated on each Averaging Date as the sum of the values calculated for the Securities of each Underlying Company as the product of (aa) the Reference Price of such Security and (bb) the number of such Securities comprised in such basket.

(B) If any Averaging Date is a Disrupted Day, then, if the consequence specified in the relevant Final Terms in relation to "**Averaging Date Market Disruption**" is:

- (1) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Final Price **provided that**, if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Condition 18(b)(i) will apply for purposes of determining the relevant level, price or amount on the final Averaging Date in respect of that Valuation Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date;
- (2) "**Postponement**", then Condition 18(b)(i) will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred

Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the Warrant. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date; or

(3) "**Modified Postponement**", then:

(aa) in the case of an Index-Linked Warrant or Equity-Linked Warrant, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the Limit Valuation Date immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date (the "**Scheduled Final Averaging Date**") in relation to the relevant Scheduled Valuation Date, then:

(i) in respect of an Index Warrant, the Calculation Agent shall determine in its absolute discretion that either:

(a) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date); or

(b) the Averaging Date shall be the first succeeding Valid Date,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 18(b)(i)(A)(1); and

(ii) in respect of a Equity-Linked Warrant, the Limit Valuation Date shall be deemed to be the Averaging Date (irrespective of whether that Limit Valuation Date is already an Averaging Date), and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant price for that Averaging Date in accordance with Condition 18(b)(i)(A)(2); and

(bb) in the case of an Index Basket Warrant or a Security Basket Warrant, the Averaging Date for each Index or Security not affected by the occurrence of a Disrupted Day shall be the day specified in the relevant Final Terms as an Averaging Date in relation to the relevant Valuation Date (the "**Scheduled Averaging Date**") and the Averaging Date for an Index or Security affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index or Security. If the first succeeding Valid Date in relation to such Index or Security has not occurred as of the Valuation Time on the Limit Valuation Date immediately following the Scheduled Final Averaging Date, then:

(i) in respect of an Index Basket Warrant, the Calculation Agent shall determine in its absolute discretion that either:

(a) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Index; or

(b) the Averaging Date shall be the first succeeding Valid Date,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 18(b)(i)(B); and

(ii) in respect of a Security Basket Warrant, that Limit Valuation Date shall be deemed the Averaging Date (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Security, and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant amount for that Averaging Date in accordance with Condition 18(b)(i)(C).

If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

(C) If (1) on or prior to any Averaging Date, in respect of an Index Warrant or Index Basket Warrant, an Index Modification, an Index Cancellation or an Index Disruption (each as defined in Condition 18(c)(ii)) occurs, or (2) on any Averaging Date in respect of an Index Warrant or Index Basket Warrant an Index Disruption Event occurs, then the Calculation Agent shall determine, in its sole and absolute discretion, the relevant Final Price using, in lieu of a published level of the relevant Index, the level for that Index as determined by the Calculation Agent in its sole and absolute discretion in accordance with the formula for and method of calculating that Index last in effect prior to that change or failure, but using only those securities or other property that comprised that Index immediately prior to that change or failure (other than those securities or other property that have since ceased to be listed on any relevant Exchange).

(c) *Adjustments to Indices*

This Condition 18(c) is applicable only in relation to Index-Linked Warrants and Index Basket Warrants.

(i) *Successor Index*

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Sponsor acceptable to the Calculation Agent, or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that Index (the "**Successor Index**") will be deemed to be the Index.

(ii) *Index Modification*

If on or prior to any Valuation Date, a relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation or other routine events) (an "**Index Modification**"), then the Calculation Agent shall determine, in its sole and absolute discretion, whether such Index Modification has a material effect on the Warrants, and if so, shall make such adjustment(s) (if any) as it determines appropriate to account for the economic effect of the Index Modification and determine the effective date of any such modification or adjustment.

(iii) *Index Cancellation*

If on or prior to the Valuation Date (A) the Index Sponsor fails to calculate and announce a relevant Index, (B) the Index Sponsor announces that it suspends the calculation and publication of the level of a relevant Index, or (C) the Index Sponsor permanently cancels the Index and no Successor Index exists (each an "**Index Cancellation**"), then:

- (1) the Issuer shall as soon as is reasonably practicable after determining the same give notice (an "**Index Cancellation Notice**") of such Index Cancellation to the Warrantholders (with a copy to the Calculation Agent) in accordance with Condition 10 (*Notices*);
- (2) if Index Substitution is specified as being applicable in the relevant Final Terms, the Issuer shall, in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), determine whether or not and the date as of which the Index is to be substituted with a Substitute Index and, if it so determines, it shall give an Index Substitution Notice to the Warrantholders (with a copy to the Calculation Agent) in accordance with Condition 10 (*Notices*) and, with effect from the date so determined, the Substitute Index shall be deemed to be the Index; and
- (3) if no Substitute Index has been identified within ten Business Days of the giving of such Index Cancellation Notice or if Index Substitution has not been specified as being applicable in the relevant Final Terms, the Issuer shall, in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), determine whether or not the relevant Warrants shall continue and:
  - (A) if it determines that the Warrants shall continue, then the Calculation Agent shall determine, in its sole and absolute discretion, the Final Index Level for such Valuation Date using, in lieu of a published level of that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in its sole and absolute discretion in accordance with the formula for and method of calculating that Index last in effect prior to the Index Cancellation, but using only those components that comprised that Index immediately prior to that Index Cancellation; and

- (B) if it determines that the Warrants shall not continue, the Issuer shall terminate the relevant Warrants as of the date selected by the Issuer and give notice thereof to the Warrantholders (with a copy to the Calculation Agent) in accordance with Condition 10 (*Notices*), specifying the early redemption amount and early redemption date, and the entitlements of the relevant Warrantholders to receive the Cash Settlement Amount (or any other payment to be made by the Issuer, as the case may be) shall cease and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of such amount as is determined by the Calculation Agent to be the fair market value of the Warrants immediately prior (and ignoring the circumstances leading) to such early redemption, adjusted to account fully for any reasonable expenses, costs or proceeds, as the case may be, to the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and funding arrangements.

For these purposes:

**"Index Substitution Notice"** means a notice specifying a Substitute Index to be substituted for the Index and the date as of which such substitution is to take effect; and

**"Substitute Index"** means a successor index identified by the Calculation Agent using commercially reasonable efforts, with characteristics, objectives and rules similar to the Index in effect immediate prior to the occurrence of the Index Cancellation.

(iv) *Correction of Index Levels*

If, in respect of an Index Warrant or an Index Basket Warrant, the level of an Index published by the Index Sponsor at any time and used or to be used by the Calculation Agent for any calculation or determination under the Warrants is subsequently corrected and the correction is published by the Index Sponsor after the original publication, the Calculation Agent will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the settlement or payment terms of the Warrants to account for such correction **provided that** if any amount has been paid or delivered in an amount or value which exceeds the amount that would have been payable or deliverable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable or deliverable in respect of the Warrants and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement (or, in the case of a delivery, payment of the value) of, the relevant excess payment or delivery (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Warrantholder, together with interest on that amount for the period from and including the day on which payment or delivery was originally made to (but excluding) the day of payment of reimbursement (or value) by the Warrantholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(d) *Delivery Disruption of Physical Settlement Warrants*

This Condition 18(d) is applicable only in relation to Warrants specified in the relevant Final Terms as being Physical Settlement Warrants and to Warrants in relation to which the Issuer has elected for optional Physical Settlement in accordance with Condition 3(f).

If the Calculation Agent determines, in its sole and absolute discretion, that a Delivery Disruption Event has occurred, it shall notify the Issuer who shall promptly notify the relevant Warrantholder(s) and the Issuer may then:

- (A) determine, in its sole and absolute discretion, that the obligation to deliver the relevant Securities Transfer Amount will be terminated and the Issuer will pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the Securities Transfer Amount, in which event the entitlements of the respective

Warrantholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Warrants shall be satisfied in full upon payment of such amount; or

- (B) deliver on the Settlement Date such amount of the Securities Transfer Amount (if any) as it can deliver on that date and pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the remainder of the Securities Transfer Amount, in which event the entitlements of the respective Warrantholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Warrants shall be satisfied in full upon payment of such amount.

Where this Condition 18(d) fails to be applied, insofar as the Calculation Agent determines in its sole and absolute discretion to be practical, the same shall be applied as between the Warrantholders on a *pro rata* basis, but subject to such rounding down (whether of the amount of a payment or of a number of Securities to be delivered) and also to such other adjustments as the Calculation Agent determines, in its sole and absolute discretion, to be appropriate to give practical effect to such provisions.

(e) ***Settlement Disruption of Physical Settlement Warrants***

This Condition 18(e) is applicable only in relation to Warrants specified in the relevant Final Terms as being Physical Settlement Warrants.

The Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Settlement Disruption Event has occurred and where it determines such an event has occurred and so has prevented delivery of Securities on the original day that but for such Settlement Disruption Event would have been the Settlement Date, then the Settlement Date will be the first succeeding day on which delivery of such Securities can take place through the relevant Clearing System unless a Settlement Disruption Event prevents settlement on each of the eighth relevant Clearing System Business Days immediately following the original date (or during such other period (the "**Disruption Period**") specified in the relevant Final Terms) that, but for the Settlement Disruption Event, would have been the Settlement Date. In that case, if the Securities are debt securities, the Issuer shall use reasonable efforts to deliver such Securities promptly thereafter in a commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) outside the Clearing System and in all other cases (a) if such Securities can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be the first Business Day on which settlement of a sale of Securities executed on the eighth relevant Clearing System Business Day, or during such other period specified in the relevant Final Terms, customarily would take place using such other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) of delivery (which other manner of delivery will be deemed the relevant Clearing System for the purposes of delivery of the relevant Securities), and (b) if such Securities cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be postponed until delivery can be effected through the relevant Clearing System or in any other commercially reasonable manner.

For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Securities comprised in a basket, the Settlement Date for Securities not affected by the Settlement Disruption Event will be the first day on which settlement of a sale of such Securities executed on the Settlement Date customarily would take place through the relevant Clearing System.

(f) ***Adjustments and Events affecting Securities***

This Condition 18(f) is applicable only in relation to Security Warrants and Security Basket Warrants.

(i) *Potential Adjustment Events*

The Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Potential Adjustment Event has occurred and where it determines such an event has occurred, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Securities and, if so, will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the Strike Price, the number of Securities to which each Warrant relates and to any other exercise, settlement, payment or other term of the relevant Warrants, including without limitation the amount, number or type of cash, Securities, other securities or other property which may be transferred under such Warrants and determine the effective date(s) of such adjustment(s).

(ii) *Extraordinary Events*

Following the occurrence of any Extraordinary Event, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Warrants shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Warrants shall continue, it may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate, if any, to the amount, number or type of Securities, other property or securities which may be transferred under the Warrants, including, without limitation, the Strike Price, the formula for the Cash Settlement Amount set out in the relevant Final Terms and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion determine. If the Calculation Agent determines in its sole and absolute discretion that the relevant Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive Securities or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

(iii) *Conversion*

In respect of a Security Warrant or a Security Basket Warrant which relates to debt securities, following the occurrence of any Conversion, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Warrants will continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the Warrants shall continue, it may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate to the amount, number or type of Securities, other property or securities which may be transferred under the Warrants, including without limitation the Strike Price, the formula for the Cash Settlement Amount set out in the relevant Final Terms and/or any other adjustment and determine, in its sole and absolute discretion, the effective date(s) of such adjustment. If the Calculation Agent determines, in its sole and absolute discretion, that the Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of any Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive Securities or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) as of the date selected by the Calculation Agent in its sole and absolute discretion and the Issuer's obligations under the Warrants shall be satisfied in full upon payment of such amount as, in the opinion of the Calculation Agent (such opinion to be made by the Calculation Agent in its sole discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

(iv) *Correction of Prices*

In the event that any price published or announced on a given day and utilised or to be utilised for the purpose of any calculation or determination under the Warrants is

subsequently corrected and the correction is published or announced by the Exchange within one Settlement Cycle after the original publication, the Calculation Agent will make such adjustment(s) as it in its sole and absolute discretion determines to be appropriate, if any, to the settlement or payment terms of the Warrants to account for such correction and the Calculation Agent shall determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s) **provided that** if any amount has been paid or delivered in an amount or value which exceeds the amount that would have been payable or deliverable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable or deliverable in respect of the Warrants and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement (or, in the case of a delivery, payment of the value) of, the relevant excess payment or delivery (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Warrantholder, together with interest on that amount for the period from and including the day on which payment or delivery was originally made to (but excluding) the day of payment of reimbursement (or value) by the Warrantholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(g) ***Additional Disruption Events***

Following the occurrence of any Additional Disruption Event, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Warrants shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Warrants shall continue, the Calculation Agent may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate, if any, to the amount, number or type of Securities, other property or securities which may be transferred under the Warrants, including, without limitation, the Strike Price, the formula for the Cash Settlement Amount set out in the relevant Final Terms and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion determine. If the Calculation Agent determines in its sole and absolute discretion that the relevant Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive Securities or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

For the purposes of each Series of Warrants, "**Additional Disruption Event**" means any event specified as such in the relevant Final Terms, and for such purpose the following terms if so specified shall be deemed to have the following meanings unless otherwise provided in the relevant Final Terms:

- (i) "**Change in Law**" means that, on or after the Issue Date, (A) due to the adoption of or any change in any applicable law or regulation (including without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (x) it has become illegal for the Issuer to hold, acquire or dispose of Securities or component security, or other components comprised in the Index, relating to such Warrants, (y) it has become illegal for the Issuer to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to such Warrants, or in relation to the Issuer's hedging activities in connection with the Warrants, (ii) stock loan transactions in relation to such Warrants or (iii) other instruments or arrangements (howsoever described) held by the Issuer in order to hedge, individually or on a portfolio basis, such Warrants or (z) the Issuer will incur a materially increased cost in performing its obligations under the Warrants (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);



- (ii) **"Failure to Deliver"** means the failure of a party to deliver, when due, the relevant Securities in respect of the Warrants, where such failure is due to illiquidity in the market for such Securities;
- (iii) **"Insolvency Filing"** means that the issuer of the Securities institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such petition, **provided that** proceedings instituted or petitions presented by creditors and not consented to by the issuer of the Securities shall not be deemed an Insolvency Filing;
- (iv) **"Hedging Disruption"** means that the Issuer is unable or it is or has become not reasonably practicable, or it has otherwise become undesirable, for any reason, for the Issuer wholly or partially after using commercially reasonable efforts and acting in good faith, to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary or desirable to hedge the Issuer's obligations in respect of the Warrants or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s); and
- (v) **"Increased Cost of Hedging"** means that the Issuer would incur a materially increased costs (as compared with circumstances existing on the Issue Date), including, without limitation, amount of tax (including any potential tax which the Calculation Agent considers may arise), duty, expense or fee (other than brokerage commissions) to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Issuer's obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

(h) ***Other Adjustments***

Upon the occurrence of any event(s) that the Calculation Agent determines (in its discretion, but acting reasonably) affects or could potentially affect the value of the Warrants, the Calculation Agent may (in its discretion, but acting reasonably) make any adjustments to the Strike Price, the number and/or type of Securities and/or Indices to which such Warrants relate, or to any exercise, settlement, payment or other terms of such Warrants including, without limitation, the amount, number or type of cash, Securities, other securities or property which may be transferred under such Warrants and determine the effective date(s) of such adjustments.

(i) ***Adjustments where the Securities are Units in a Fund***

Where the Securities are specified in the relevant Final Terms as being Units in a Fund, in the case of the occurrence at any time on or prior to the Valuation Date of any Extraordinary Event affecting the Fund or the value of the Units, the Calculation Agent may make any adjustment as provided in the preceding provisions of this Condition 18 or:

- (i) if the Calculation Agent determines that no adjustment that it could make under the preceding provision of this Condition 18 would produce a commercially reasonable result:
  - (a) the Calculation Agent will use commercially reasonable efforts to identify a new underlying asset with characteristics, investment objectives and policies similar to those in effect for the Affected Units immediately prior to the occurrence of the relevant Extraordinary Event and any substitution of the new underlying asset for the Affected Units shall be effected at such time and in such manner as determined by the Calculation Agent in its sole and absolute discretion; and

- (b) if necessary, the Calculation Agent will adjust any relevant terms, including, but not limited to, adjustments to account for changes in volatility, investment strategy or liquidity relevant to the Units or the Warrants; or
- (ii) if the Calculation Agent determines in its sole and absolute discretion that the relevant Warrants shall be terminated, then the Warrants shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Warrantholders to receive the relevant Securities Transfer Amount or Cash Settlement Amount, as the case may be, shall cease and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of an amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

In this Condition 18(i) "**Affected Unit(s)**" means each Unit subject to an applicable Extraordinary Event.

#### PRO FORMA FINAL TERMS FOR EQUITY-LINKED WARRANTS AND INDEX-LINKED WARRANTS

*Set out below is the form of Final Terms which will be completed for each Tranche of Equity-Linked Warrant or Index-Linked Warrant issued under the Programme.*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.]*

[Warrants issued pursuant to these Final Terms are securities to be listed under Listing Rule 19.<sup>66</sup>]

Final Terms dated [•]

Series No.: [•]

Tranche No.: [•]

**HSBC Bank plc**

**Programme for the Issuance of Notes and Warrants**

**Issue of**

**[Aggregate Principal Amount of Tranche]**

**[Title of Warrants]**

**[(to be consolidated and form a single series with the existing *[Insert details of existing Tranche(s)]*) issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

#### PART A - CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of the Tranche of Warrants described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Warrants (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme, which [together with the supplemental prospectus[es] dated [•]] constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>67</sup>.

[This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus.]<sup>68</sup> Full information on the Issuer and

<sup>66</sup> To be included in respect of all issues which are to be admitted to listing.

<sup>67</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>68</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

the offer of the Warrants is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus is available for viewing at [address] [and] [website]<sup>69</sup> and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions (the "**Conditions**"), which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Warrants. This document constitutes the Final Terms of the Warrants described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>70</sup> and must be read in conjunction with the Base Prospectus dated 19 June 2012 which [together with the supplemental prospectus[(es)] dated [•]], constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive]<sup>71</sup>. Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus. The Prospectus and the Conditions are available for viewing during normal business hours at [address] [and] [website]<sup>72</sup> and copies may be obtained from [address].

[For Warrants offered and sold in the United States of America include:

#### IMPORTANT NOTICES

THE WARRANTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S OF THE SECURITIES ACT ("**REGULATION S**")) AS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE WARRANTS ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF WARRANTS PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

#### AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Warrants, the Issuer will promptly furnish, upon request of a holder of a Warrant, to such holder and a prospective

<sup>69</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>70</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>71</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>72</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

**purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]**

**It is advisable that prospective investors considering acquiring any Warrants understand the risks of transactions involving the Warrants and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Warrants in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Warrants will have on their overall investment portfolio) and the information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "*Risk Factors*" in the Prospectus.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

1. Issuer: HSBC Bank plc
2. Principal Warrant Agent: HSBC Bank plc
3. Calculation Agent: [HSBC Bank plc] [HSBC France]
4. Warrant Agent: HSBC Bank plc
5. (i) Series number: [ ]  
(ii) [Tranche number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Warrants become fungible).]*
6. Specified Currency or Currencies: [ ]
7. Aggregate Number of Warrants in the:  
[(i) Series:] [ ]  
[(ii) Tranche:] [ ]
8. Issue Date: [ ]
9. Issue Price: [currency] [amount] per Warrant
10. Strike Price: [currency] [amount]
11. Final Price: [ ] [[The definition in Condition 17 applies]
12. Reference Price: [ ] [[The definition in Condition 17 applies]
13. Date [Board] approval for the issuance of Warrants obtained: [ ] [and [ ], respectively]] [Not applicable]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Warrants)*
14. Type of Warrants: [Security Warrant / Security Basket Warrant / Index Warrant / Index Basket Warrant]

15. Series represented by: [Global Warrant <sup>73</sup> / Global Registered Warrant]/[NA]. Warrants in definitive form [will / will not] be issued.] *[other (specify)]*
16. Form of Warrant: [Book-Entry Form Warrants/Registered Warrants/Uncertificated Registered Warrants]
17. Style of Warrants: The Warrants are [American / European / Bermudan / *other (specify)*] Style [Call/Put] Warrants. Condition [3(a)/3(b)/3(c)] is applicable.
18. (i) Expiry Date: [*Time*] [*City*] time [*specify fallback if Expiry Date is not a business day*]
- (ii) Exercise Procedure: [Condition 4 is applicable / *other (specify)*]
- (iii) Automatic Exercise: [Applicable/Not applicable]<sup>74</sup>
- (iv) Exercise Period: [*American Style Warrants only*]. [The period beginning from (and including) [ ] and ending on (and including) the Expiry Date]
- (v) Potential Exercise Date(s): [*Bermudan Style Warrants only*] [*insert date*]
- (vi) Knock-in Event: [Applicable to [*specify relevant payment or delivery*]]
- Knock-in Event: [ ] [Greater than / greater than or equal to / less than / less than or equal to / the Knock-in [Price/Level]]
- Knock-in Period Beginning Date (if other than as specified in the definition thereof in Condition 17(a)): [ ]
- Knock-in Period Ending Date (if other than as specified in the definition thereof in Condition 17(a)): [ ]
- Knock-in Price: [ ]
- Knock-in Valuation Time (if other than as specified in the definition thereof in Condition 17(a)): [ ]
- (vii) Knock-out Event: [Applicable to [*specify relevant payment or delivery*]]
- Knock-out Event: [ ] [Greater than / greater than or equal to / less than / less than or equal to / the

<sup>73</sup> Warrants will generally be in book-entry form represented by a Global Warrant. If, and only if Warrants are being sold in reliance on Rule 144A, will they be in registered form and represented by a Global Registered Warrant.

<sup>74</sup> Refer to Listing Rule 19.2.6. If the Warrants are Retail Securitised Derivatives as defined in Listing Rule 19, then automatic exercise is required.

		Knock-out [Price/Level]]
	-	Knock-out Period Beginning Date (if other than as specified in the definition thereof in Condition 17(a)): [ ]
	-	Knock-out Period Ending Date (if other than as specified in the definition thereof in Condition 17(a)): [ ]
	-	Knock-out Price: [ ]
	-	Knock-out Valuation Time (if other than as specified in the definition thereof in Condition 17(a)): [ ]
19.	(i)	Minimum Exercise Number: [ ] Warrants
	(ii)	Permitted Multiple: [ ] Warrants
20.	Cash Settlement:	[Applicable. The Warrants are Cash Settlement Warrants. Condition 3(d) ( <i>Cash Settlement</i> ) [and Condition 3(f) ( <i>Optional Physical Settlement</i> )] [applies/apply]/[Not applicable].
	(i)	Settlement Currency: [ ]
	(ii)	Cash Settlement Amount: [ ]
	(iii)	Cash Settlement Payment Date: [ ]
21.	Physical Settlement:	[Applicable. The Warrants are Physical Settlement Warrants. Condition 3(e) ( <i>Physical Settlement</i> ) [and Condition 3(g) ( <i>Optional Cash Settlement</i> )] [applies/apply]/[Not applicable].
	(i)	Strike Price Payment Date: [ ]
	(ii)	Settlement Date: [ ]
		(Consider treatment of dividends).
		Stamp duty [is / is not] currently payable by the Warrantholder on Security delivery. There [are / are no] restrictions on the transferability of the Securities.
22.	Index Warrant or Index Basket Warrant:	[Applicable. The Warrants are [Index Warrants / Index Basket Warrants]]/[Not applicable].
	(i)	Index/Indices: [ ] [The Exchanges/[ ] [ ] [is / are] Multiple Index Exchange(s)]
	(ii)	Basket: [(specify each Index in the Basket and indicate the relative proportions)/Not applicable]

- (iii) Index Sponsor(s): ☐ [The definition in Condition 17 applies]
- (iv) Index Rules: ☐ [Not applicable]
- (v) Exchange(s): ☐
- (vi) Related Exchange(s): ☐ [All Exchanges]
- (vii) Valuation Time: ☐
- (viii) Valuation Date: ☐
- (ix) Averaging Dates: [Applicable / Not applicable] *[If applicable, specify dates]*
- (x) Reference Level: ☐ [The definition in Condition 17 applies]
- (xi) Additional Disruption Event: [The following Additional Disruption Events apply: [Change in Law, Hedging Disruption, Increased Cost of Hedging] *[other (specify)]* [Not applicable]]
- (xii) Initial Index Level: ☐
- (xiii) Final Index Level: ☐
- (xiv) Other Information: ☐
23. Security Warrant or Security Basket Warrant: [Applicable. The Warrants are [Security Warrants / Security Basket Warrants]/[Not applicable].
- (i) Securities: [[Ordinary/*other (specify)*] shares of [par value] *[currency/amount]* of ☐ and "Security" means any one of them.]
- [Units in the Fund, where "Fund" means ☐ , "Unit" means a share or notional unit of the Fund (as defined in the Fund Documents), the price of which is denominated in ☐ . [The Units represent undivided ownership interests in the portfolio of investments held by the Fund]*[delete if not applicable]*, "Underlying Index" means ☐ Condition 18 shall apply to the Notes as if references therein to "Underlying Company" were references to the "Fund" and as if references therein to "Security" were references to "Unit".
- (ii) Basket: *[specify each Security in the Basket and indicate the relative proportions/Not applicable]*
- (iii) Exchange(s): *[specify exchange on which the Securities are listed]*
- (iv) Related Exchange: *[specify/Not applicable]*
- (v) Valuation Time: ☐
- (vi) Valuation Date: ☐

- (vii) Averaging Dates: [Applicable / Not applicable] *[If applicable, specify dates]*
- (viii) Clearing System: [ ]
- (ix) Additional Disruption Event: [The following Additional Disruption Events apply: [Change in Law, Hedging Disruption, Increased Cost of Hedging] *[other (specify)]*]/[Not applicable]]
24. Averaging Date Market Disruption: [Omission / Postponement / Modified Postponement / Not applicable / *other (specify)*]
25. Business Day: [As in the Conditions / *other (specify)*]
26. Expiry Business Day: [ ]/[Not applicable]
27. [Determination Date:] [ ] [Not applicable]
28. Selling Restrictions: In addition to selling restrictions listed in "Purchase and Sale of the Warrants" contained in the Base Prospectus:
- (Specify any selling restrictions applicable to the Warrants which are additional to, or in substitution for, those contained in the Base Prospectus)*
29. Other Final Terms: [ ]<sup>75</sup>

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<sup>75</sup> *If new term constitutes a "significant new factor", consider whether a drawdown prospectus or a new base prospectus is required.*



## [LISTING AND ADMISSION TO TRADING APPLICATION]

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Warrants described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

*[In offer of Warrants pursuant to Rule 144A insert:*

### TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Warrants offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Warrants.

Each prospective purchaser of Warrants offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of these Final Terms and the accompanying Prospectus, will be deemed to have represented and agreed with respect to such Warrants as follows:

- (a) such 144A Offeree acknowledges that these Final Terms and the accompanying Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Warrants other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the accompanying Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Prospectus or any documents referred to herein.

Each purchaser of Warrants sold in reliance on Rule 144A ("**Restricted Warrants**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Warrants for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Warrants to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Warrants are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Warrants offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Warrants will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS WARRANT [AND THE SECURITIES TO BE DELIVERED UPON EXERCISE HEREOF]<sup>76</sup> HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS WARRANT IS HEREBY NOTIFIED THAT THE SELLER OF THIS WARRANT MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS WARRANT, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS WARRANT MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH

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<sup>76</sup> To be included if the underlying securities have not been registered under the Securities Act.

THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS WARRANT FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN A PROSPECTUS SUPPLEMENT OR APPLICABLE FINAL TERMS, EACH PURCHASER OR TRANSFEREE OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS WARRANT TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS WARRANT THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

ANY EXERCISE OF THIS WARRANT WILL BE CONDITIONED ON (1) THE DELIVERY OF A DULY EXECUTED EXERCISE NOTICE BY THE HOLDER HEREOF AND (2) WITH RESPECT TO EXERCISE BY ANY US PERSON, THE UNDERLYING SECURITIES BEING (A) REGISTERED UNDER THE SECURITIES ACT OR (B) SUBJECT TO AN EXEMPTION FROM REGISTRATION THEREUNDER AT THE TIME OF SUCH EXERCISE.

- (4) Each purchaser of Restricted Warrants acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Warrants for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Warrant represented by a Restricted Global Registered Warrant may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Warrant, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Warrants While in Global Form*" in the accompanying Base Prospectus.

#### [RESPONSIBILITY]

The Issuer accepts responsibility for the information contained in these Final Terms. [(Indices/share information) has been extracted from [(insert name of source of information e.g. FTSE 100, Dow Jones etc.)]. [(Relevant third party information) has been extracted from [(specify source)]]]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to

ascertain from information published by [(insert name of source of information e.g. FTSE 100, Dow Jones etc.)], no facts have been omitted which would render the reproduced inaccurate or misleading.]]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

## PART B - OTHER INFORMATION

### 1. LISTING

- (i) Listing: [Application [will be/has been] made to admit the Warrants to listing on the Official List of the Financial Services Authority pursuant to Listing Rule 19. No assurance can be given as to whether or not, or when, such application will be granted/Not applicable]
- (ii) Admission to trading: [Application has been made for the Warrants to be admitted to trading [Regulated Market/other (specify)] with effect from [ ]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Warrants admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable]
- (Where documenting a fungible issue need to indicate that original warrants are already admitted to trading.)<sup>77</sup>*

### 2. NOTIFICATION

[The Financial Services Authority ("FSA") [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the Financial Market Association (Austria), the Financial Services and Markets Authority (Belgium), the Autorité des marchés financiers (France), the Federal Financial Supervisory Authority (Germany), the Central Bank of Ireland (Ireland), the Commissione Nazionale per le Società e la Borsa (Italy), the Commission de Surveillance du Secteur Financier (Luxembourg), the Malta Financial Services Authority (Malta), the Comisión Nacional del Mercado de Valores (Spain) and the Netherlands Authority for the Financial Markets (Netherlands) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.] [Not applicable]

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:)*

["Save as discussed in ["Purchase and Sale of Warrants"], so far as the Issuer is aware, no person involved in the offer of the Warrants has an interest material to the offer."]

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)]*

### 4. [Index-Linked, Equity-Linked or other variable-linked Interest Warrants only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING<sup>78</sup>

*(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained (and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident)<sup>79</sup>. Where the underlying is an index need to include the name of the index*

<sup>77</sup> Not required for derivative securities which can only be acquired for at least EUR 100,000 per security.

<sup>78</sup> Refer to Prospectus Rules, Annex XII, paragraph 4.2.2 for disclosure requirements.

<sup>79</sup> Not required for derivative securities which can only be acquired for at least EUR 100,000 per security.

and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Also include appropriate index disclaimers. Where the underlying is not an index, need to include equivalent information.)

The Issuer [intends to provide post-issuance information (specify what information will be reported and where it can be obtained)]/[does not intend to provide post-issuance information].

5. **[REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

- (i) Reasons for the offer: [ ] (Specify reason only if reason is different from making profit or hedging activities, otherwise: not applicable)]
- (ii) Estimated net proceeds: (Specify if reasons for the offer are specified above under (i), otherwise: Not applicable.) (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)
- (iii) Estimated total expenses: (Specify if reasons for the offer are specified above under (i), otherwise: Not applicable) [Include breakdown of expenses]<sup>80</sup>

**OPERATIONAL INFORMATION**

6. ISIN Code: [[ ]/Not applicable]
7. Common Code: [[ ]/Not applicable]
8. CUSIP: [[ ]/Not applicable]
9. Valoren Number: [[ ]/Not applicable]
10. SEDOL: [[ ]/Not applicable]
11. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [None/specify]
12. Delivery: Delivery [against/free of] payment
13. Additional Paying Agent(s) (if any): [None/specify]
14. Common Depositary: [HSBC Bank plc/Not applicable/specify]
15. Notices: (Condition 10) [As per Condition 10 / specify any other means of effecting communication]
16. City in which specified office of Registrar to be maintained: [Not applicable/London/specify]
17. ERISA Considerations: [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Base Prospectus for further information./give details]  
[Not applicable]

<sup>80</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

**TERMS AND CONDITIONS OF THE OFFER** [*this section applies only to public offers*]

- |     |  |  |
|-----|--|--|
| 18. | Offer Price:   | [Issue Price][ <i>other</i> (specify)] |
| 19. | Conditions to which the offer is subject:  | [Not applicable/ <i>give details</i> ] |
| 20. | Description of the application process:  | [Not applicable/ <i>give details</i> ] |
| 21. | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:                                | [Not applicable/ <i>give details</i> ] |
| 22. | Details of the minimum and/or maximum amount of application:   | [Not applicable/ <i>give details</i> ] |
| 23. | Details of the method and time limits for paying up and delivering the Warrants:   | [Not applicable/ <i>give details</i> ] |
| 24. | Manner in and date on which results of the offer are to be made public:  | [Not applicable/ <i>give details</i> ] |
| 25. | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not applicable/ <i>give details</i> ] |
| 26. | Categories of potential investors to which the Warrants are offered and whether tranche(s) have been reserved for certain countries:         | [Not applicable/ <i>give details</i> ] |
| 27. | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:      | [Not applicable/ <i>give details</i> ] |
| 28. | Amount of any expenses and taxes specifically charged to the subscriber or purchaser:  | [Not applicable/ <i>give details</i> ] |
| 29. | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:             | [None/ <i>give details</i> ]           |

## INDEX DISCLAIMERS

Where a Series of Notes or Warrants relates to any of the Indices specified below, a statement regarding such Index will be included in the relevant Final Terms in or substantially in the form for such Index set out below.

### STATEMENTS REGARDING THE DOW JONES EURO STOXX 50<sup>SM</sup> INDEX

*The following statement is required by the licensor of the Dow Jones Euro STOXX<sup>®</sup> 50 Index:*

STOXX Limited ("STOXX") and Dow Jones & Company, Inc. ("Dow Jones") have no relationship to the Issuer other than the licensing of the Dow Jones Euro STOXX<sup>®</sup> 50 Index and the related trademarks for use in connection with the Notes.

**STOXX and Dow Jones do not:**

- Sponsor, endorse, sell or promote the Notes.
- Recommend that any person invest in the Notes or any other securities.
- Have any responsibility or liability for or make any decisions about the timing, amount or pricing of Notes.
- Have any responsibility or liability for the administration, management or marketing of the Notes.
- Consider the needs of the Notes or the owners of the Notes in determining, composing or calculating the Dow Jones Euro STOXX<sup>®</sup> 50 Index or have any obligation to do so.

**STOXX and Dow Jones will not have any liability in connection with the Notes. Specifically,**

- **STOXX and Dow Jones do not make any warranty, express or implied and disclaim any and all warranty about:**
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**ANNEX 1 TO PART D - HSBC MANAGED INDICES GROUND RULES**

# HSBC Indices

## Ground Rules for HSBC Climate Change Indices

March 2008

# HSBC Indices

## Ground Rules for HSBC Climate Change Indices

1. Introduction		6. Daily Review	
1.1 Aims and Objectives of the Index	1	6.1 Shares Changes	9
1.2 Climate Change Universe Overview	1	6.2 Mergers, Acquisitions and Restructurings	9
1.3 Climate Change Index Family	1	6.3 IPOs	10
1.4 Calculation Overview	2	6.4 Suspension	10
1.5 Index Calculation Formula	3	6.5 Replacement of Constituents	10
1.6 Initial Values	3	6.6 Dividends	11
1.7 Daily Calculations	3		
1.8 Index Data Sources	3	7. Announcements	
		7.1 Index Reviews	11
2. Stock Universe		7.2 Constituent Changes	11
2.1 Country Coverage	3	7.3 Amendments	11
2.2 Share Classes	4		
2.3 Liquidity Screening	4	8. Distribution	
2.4 Multiple Share Classes	4	8.1 Index Values	11
		8.2 Constituent Data	12
3. Industry Classification		8.3 Reports	12
3.1 The HSBC Climate Classification Structure	4	8.4 Historic Data	12
4. Free Float		9. About HSBC Quantitative Techniques	
4.1 Indices Using Free Float Shares	5	9.1 About HSBC Indices	12
4.2 Monitoring	5	9.2 Responsibility for Indices	12
4.3 Banding	5	9.3 Contacts	13
5. Constituent Selection and Review			
5.1 Review Procedure	5	Appendix A	14
5.2 Climate Change Exposure Factor	8	Appendix B	15
5.3 Index Review Adjustments	8	Appendix C	17
5.4 Number Of Constituents	9	Appendix D	18
5.5 HSBC Policy Committee	9	Appendix E	20

## 1. Introduction

### 1.1 Aims and Objectives of the Index

HSBC has created a family of climate change indices to track and reflect the stock market performance of key companies best placed to profit from the challenges of climate change. These include industries and companies involved in, and engaged in, reducing emissions; those involved in reacting to the impacts of climate change; and those focussed on adapting to the effects of climate change.

HSBC believes that these indices are ideal for investors with strategic, tactical or thematic investment objectives.

### 1.2 Climate Change Universe Overview

HSBC's Global Climate Change Benchmark, Global Climate Change 100 Index, and Investable Indices are representative of global companies directly associated with low carbon energy production, energy management, energy efficiencies and water, waste & pollution management. First, a universe of companies is constructed for all companies above with revenues associated with climate change, then screened for eligibility and liquidity. We use this universe (The Climate Change Universe) to select our index constituents.

### 1.3 Climate Change Index Family

Companies with revenues associated with climate change are assigned climate exposure factors as follows:

Revenues Associated with climate change	Climate Exposure Factor
Between 0% - 10%	0.10
Between 10% - 25%	0.25
Between 25% - 50%	0.50
Greater than 50%	1.00

Once the companies have been assigned the climate exposure factors, the family of indices is constructed with the criteria summarised as follows. (The market capitalisation and turnover figures are based on the September 2007 position.)

Index / Sector Indices	Climate Exposure Factors	Minimum Market Cap	Liquidity Criteria
<b>Index</b>			
HSBC Global Climate Change Benchmark	0.25, 0.50, 1.00	USD 500m	Minimum Threshold
<b>Sector Indices</b>			
HSBC Benchmark Low Carbon Energy Production	0.25, 0.50, 1.00	USD 500m	Minimum Threshold
HSBC Benchmark Energy Efficiency & Management	0.25, 0.50, 1.00	USD 500m	Minimum Threshold
HSBC Benchmark Water, Waste & Pollution	0.25, 0.50, 1.00	USD 500m	Minimum Threshold
HSBC Benchmark Financials	0.25, 0.50, 1.00	USD 500m	Minimum Threshold
<b>Index</b>			
HSBC Global Climate Change 100	0.25, 0.50, 1.00	USD 500m	100 most liquid
<b>Index</b>			
HSBC Investable Climate Change	1.00	USD 1bn	USD 5m daily
<b>Sector Indices</b>			
HSBC Investable Low Carbon Energy Production	1.00	USD 1bn	USD 5m daily
HSBC Investable Energy Efficiency & Management	1.00	USD 1bn	USD 5m daily
HSBC Investable Water, Waste & Pollution	1.00	USD 1bn	USD 5m daily

The sub-sectors for the HSBC Global Climate Change Benchmark and HSBC Investable Climate Change Index are as follows:

#### Low Carbon Energy Production

Agrochemical, Biofuels, Diversified Renewable Energy, Gas, Geothermal / Hydro, Integrated Power, Nuclear, Solar, Wind

#### Energy Efficiency & Management

Building Insulation, Energy Efficient Solutions, Fuel Efficiency Autos, Fuelcells, Power Storage

#### Water, Waste & Pollution

Pollution, Waste, Water

#### Financials

Carbon Trading, Investment Company

## 1.4 Calculation Overview

HSBC's Climate Change Indices are calculated Monday to Friday using closing prices, and are market capitalisation weighted, adjusted for free floats and revenue associated with climate change. The HSBC Climate Change Indices are rebalanced quarterly, with changes effective the Monday following the 3rd Friday in March, June, September, and December. Corporate actions affecting the price of a security are processed immediately.



1.5 Index Calculation Formula

The Index return is a weighted average return of its constituent companies, where the weights are the market capitalisation, converted to US Dollars (USD). The exchange rates used to convert to USD are the Global Treasury Information Services (GTIS) 4:00 p.m. (UK time) rates as provided to HSBC by IDC. The weights are adjusted to accommodate capitalisation issues and corporate actions; this is the same method of calculation as that used for standard indices. The Index calculation formula is provided in Appendix A.

1.6 Initial Values

The HSBC Climate Change Indices base date is 31 December 2003, with initial values of 100.

1.7 Daily Calculations

Index values are calculated and released normally before 10:00 a.m. (UK time) and are distributed to data vendors, where they are available on the following pages:

Vendor	Page
Bloomberg:	HSWW
Thomson Financial Datastream:	please use vendor's Search facility
Micropal:	please use vendor's Search facility
Reuters:	HSBC/INDICES1
HSBC Indices Website:	<a href="http://www.research.hsbc.com/ibcom/out/indices/facility/summary">http://www.research.hsbc.com/ibcom/out/indices/facility/summary</a>

1.8 Index Data Sources

Closing prices are obtained from HSBC's database which sources data each day from IDC. The Database is supplemented with other information and is then subjected to verification procedures making it the most accurate database of its type in the world. Data is available as a service to clients of HSBC. Please contact HSBC for more details.

2 Stock Universe

2.1 Country Coverage

Countries and territories are included in one of HSBC's regions if: (i) shares are legally available to foreign investors; (ii) HSBC is able to source all data required to calculate indices; and (iii) there is a liquid equity market in domestic issues or depositary receipts. The full country and exchanges list is shown in Appendix B.

## 2.2 Share Classes

Most shares included in HSBC's indices will be ordinary voting shares. However, where appropriate, other share classes are also included. For example: A and B shares in Denmark, Norway and Sweden; and Preference Shares in Brazil, Germany and Korea.

## 2.3 Liquidity Screening

Liquidity screening takes place at each quarterly review and is based on the daily turnover for the quarter preceding each review date. The screening also identifies the most liquid line of stock for each company. In some instances, there may be only one issue whilst in others the most liquid line may not necessarily be the largest.

The median daily turnover of the most liquid lines of stock from each of the last three months preceding the review is then calculated. To qualify for the Climate Change Universe, a stock's median daily turnover must be greater than the Minimum Threshold for at least 2 of the 3 month review periods. Typically the Minimum Threshold is set at 0.02% of a company's total market capitalisation.

The HSBC Investable Climate Change Index is rebalanced using the Climate Change Universe, but the minimum liquidity is raised to a daily average turnover of 0.5% of the minimum market capitalisation threshold for the Investable Index over the 6 months preceding the review date. IPOs may be included after 1 month's trading if average daily turnover exceeds the 0.5% criterion. Please refer to Section 5 for the constituent selection and review procedures.

## 2.4 Multiple Share Classes

As mentioned in 2.3, where a stock has more than one line (or share class) issued, the most liquid of these is used to measure liquidity, as long as that share class is available to foreign investors. All eligible share classes are included in the index provided the market capitalisation of the line of stock is greater than 30% of the minimum USD market capitalisation threshold as defined in section 5.1.

# 3. Industry Classification

## 3.1 The HSBC Climate Classification Structure

All constituents of the HSBC Climate Change Indices are classified according to a 2-tier structure consisting of 4 economic groups and 19 sectors. HSBC exercises its judgement when classifying constituents, using publicly available information about each company.

The full sector and sub-sector classification structure is shown in Appendix C.

## 4. Free Float

### 4.1 Indices Using Free Float Shares

HSBC Indices use free float market capitalisations in their calculations. A company must have a minimum of 10% free float to qualify for the index.

### 4.2 Monitoring

Free floats are monitored on an ongoing, rolling basis using a variety of data services. In practice, the monitoring rate and size of universe results in each company being checked at least once per year. Any adjustments to free floats will be effective on the following review date.

### 4.3 Banding

Free float market capitalisations are calculated by applying a factor to a company's issued share capital. The factor is calculated by first calculating the number of closely-held shares in the company, defined as the sum of all holdings which are 5% of the issued share capital or above. This figure is then rounded down to the nearest multiple of 20%. The free float factor is 100% minus this number. Consequently, free float factors are 20%, 40%, 60%, 80%, or 100%.

Actual Free Float	Free Float Factor Banding
0% - 10%	0%
10% - 20%	20%
20% - 40%	40%
40% - 60%	60%
60% - 80%	80%
80% - 100%	100%

## 5. Constituent Selection and Review

### 5.1 Review Procedure

At each quarterly Review Date, the Climate Change Universe is screened using revenue data based on HSBC's analysis of publicly available information and an external source specialising in renewable energy, low carbon technology and the carbon market. We apply a climate exposure factor to each company within the universe. From this universe we create 3 sets of indices.

#### The HSBC Global Climate Change Benchmark

As at September 2007, this Index represents all companies with a total market capitalisation above USD500m and a climate exposure factor of 0.25, 0.50 or 1.00.

#### The HSBC Global Climate Change 100 Index

As at September 2007, the Index represents the 100 most liquid stocks in the HSBC Global Climate Change Benchmark.

#### The HSBC Investable Climate Change Index

As at September 2007, this Index represents companies with a daily average volume greater than USD5m, with a total market capitalisation above USD1bn, and a climate exposure factor of 1.00.

The steps to rebalance the HSBC Global Climate Change Benchmark, the HSBC Global Climate Change 100 Index, and the HSBC Investable Climate Change Index are as follows.

#### The HSBC Global Climate Change Benchmark

1. All securities with a climate exposure factor of 0.25, 0.50 or 1.00 are eligible for inclusion in the Benchmark.
2. A minimum USD market capitalisation threshold for inclusion in the Benchmark is calculated. The minimum market capitalisation threshold represents the 95th percentile of "live" securities on the HSBC Global Equities Database rounded to the nearest USD 50 million. The September 2007 threshold value is USD 500m.
3. At each rebalance a security is included in the Benchmark where the market capitalisation is 10% above the minimum market capitalisation threshold and the climate exposure factor criterion in step 1 is satisfied.
4. At each rebalance a security is removed from the benchmark where the market capitalisation is 10% below the minimum market capitalisation threshold or the climate exposure factor falls below 0.25.

#### The HSBC Global Climate Change 100 Index

1. The rebalanced Benchmark constituents (see above) are ranked by average six month traded USD volume, and the top 100 selected for inclusion in the Index. The selection ensures that a minimum of 18 stocks is selected from the three main subsectors: Low Carbon Energy Production; Energy Efficiency & Management; and Water, Waste & Pollution.

2. The 100 constituents are further screened to ensure that none of the following rules are breached:
  - Maximum allocation to the sector = > 60%
  - Top 10 largest stock holdings < 45%
  - Top 5 largest stock holdings < 30%
  - Top 3 largest stock holdings < 20%
  - Aggregate value of the stocks that make up more than 5% of the portfolio value cannot exceed 40%
  - No single stocks > 10% of the portfolio value

When any of the above limits are breached, constraint factors are applied to the appropriate securities in order to bring the weightings within these limits.

#### HSBC Investable Climate Change Index

1. The constituents of the HSBC Global Climate Change Benchmark with a climate exposure factor of 1.00 are selected.
2. The minimum USD market capitalisation threshold calculated for the benchmark (see step 2 above) is doubled to obtain the minimum market capitalisation threshold for the Investable Index. The September 2007 threshold value is USD 1bn.
3. The six month (minimum one month) average daily turnover in USD is calculated for each security. The average USD turnover value must exceed 0.5% of the minimum Investable Index threshold as defined in step 2. The September 2007 average daily turnover value is USD 5m.
4. At each rebalance a security is eligible for inclusion in the Investable Index where the market capitalisation is 10% above the minimum Investable Index market capitalisation threshold (step 2) and the average daily turnover criterion in step 3 is satisfied. Where more than one line of a company passes the criteria in steps 2 and 3, the most liquid line is selected.
5. At each rebalance a security is not eligible for inclusion in the Investable Index where the market capitalisation is 10% below the minimum Investable Index market capitalisation threshold or the average daily turnover criterion in step 3 is not satisfied.
6. Five highest ranking securities by free-float market capitalisation which pass the filters in steps 1 to 5 are selected from each of the three main climate change sectors (Low Carbon Energy Production; Energy Efficiency & Management; Water, Waste & Pollution,) and are automatically included in the Index.

7. The remaining securities passing each of the filters in steps 1 to 5 are ranked by free float market capitalisation and a fixed number of Index constituents are determined by selecting a number which covers at least 90% of the Index. The Investable Index fixed number of constituents at September 2007 was set at 50. A 10% banding above and below the fixed number of constituents is used as in step 5 to determine inclusions / exclusions from the Investable Index, i.e., securities ranked 45 and above are automatically included and those below 55 are excluded.

This final step is included in order to keep the number of constituents at a practical level while ensuring sector and market capitalisation exposure is close to the corresponding weights of the overall investable universe which meet the criteria in steps 2 and 3 above.

## 5.2 Climate Change Exposure Factor

Once the index is rebalanced, all companies have the following weighting factors applied to represent their revenue from climate change. Where the revenue is derived from more than one climate sector, the weight is applied to the largest sector.

Revenue Associated with climate change	Weight in Index
Between 10% and 25%	25%
Between 25% and 50%	50%
Above 50%	100%

## 5.3 Index Review Adjustments

### Ordinary adjustment dates

The number of securities and free-float shares are adjusted on four ordinary adjustment dates a year:

- The third Friday in March (after close of trading)
- The third Friday in June (after close of trading)
- The third Friday in September (after close of trading)
- The third Friday in December (after close of trading)

Where the third Friday is a holiday, the preceding business day is used.

The announcement of the provisional new index occurs at least four trading days before the adjustment date. Typically this will be the Monday preceding the third Friday. The dataset used for the review will be the Friday preceding the third Friday of the month. HSBC reserves the right to take account of recent changes before the adjustment date.

## 5.4 Number Of Constituents

The HSBC Global Climate Change Benchmark does not have a fixed number of constituents. The HSBC Global Climate Change 100 Index is fixed at 100 at each rebalance. The HSBC Investable Climate Change Index is currently fixed at 50 at each rebalance. The following table shows the number of constituents based on the September 2007 position.

Index	Number Of Constituents
HSBC Global Climate Change Benchmark	300
HSBC Global Climate Change 100 Index	100
HSBC Investable Climate Change Index	50

## 5.5 HSBC Policy Committee

HSBC reviews its indices policies and coverage once per quarter preceding the review dates. This review process is internal to HSBC; however, being a product of HSBC Research, the review process is independent of banking, trading, and other non-research activities of HSBC.

# 6. Daily Review

## 6.1 Shares Changes

Shares Changes which affect the price of a constituent are processed just before the action takes effect. Such actions include subdivisions, bonus issues, consolidations, rights issues, capital repayments, and complex issues.

## 6.2 Mergers, Acquisitions and Restructurings

Corporate Actions which affect the eligibility of a constituent to be in an index are processed after the close of the business day following an announcement by HSBC. Such corporate actions include takeovers, mergers, and schemes of arrangement. These are generally processed at the start of the date on which they are effective. If an index constituent has a spin off, the committee will review both the original company and the resultant company prior to the effective date and announce if the resultant company will enter the index and if the original company is to be removed.

### 6.3 IPOs

In exceptional circumstances, newly listed companies may gain fast entry into the benchmark index, out with the review dates subject to committee approval and the following rules.

IPO market capitalisation, one week prior to listing date, adjusted for free float and revenue factor, must be greater than 1% of the benchmark index. The price used for the IPO market capitalisation is determined in the following order:

1. If grey market exists, grey market traded price one week prior to listing is used.
2. If no grey market exists, official IPO issue price is used.
3. If no grey market price exists, and official IPO price is not known, publicly sourced estimated valuation (mid) will be used.

If the IPO exceeds the 1% criteria one week before listing, the IPO will enter the benchmark index effective immediately following the first trading day. The IPO is an addition to the benchmark index, no constituents are removed.

### 6.4 Suspension

A stock's quotation may be suspended for a number of reasons but, for index purposes, these fall into two categories. If the purpose of the suspension is to comply with regulations during takeover discussions, regulatory arrangements, or other corporate restructurings, then the constituent is not removed from the index.

If the suspension is attributable to the possibility that the constituent is insolvent, is in breach of regulations or laws which may prevent the continuance of the constituent's quote, or is likely to be suspended for an indefinite period, then the constituent is removed with zero value. Removal of suspended constituents takes place after the tenth business day of suspension, but the time period can be longer if the consequences of the reasons for suspension are unclear.

If a suspended company resumes trading it will be reinstated in the index at zero value.

### 6.5 Replacement of Constituents

As there is no fixed number of constituents in the benchmark, if a company is removed from the index due to takeover, delisting or suspension, there is no replacement. For the HSBC Global Climate Change 100 Index and the HSBC Investable Climate Change Index there are also no replacements. However, at the rebalance, the number of constituents is reset to the fixed number – as described in section 5.1.



## 6.6 Dividends

For the purposes of calculating a total return index, dividends are processed when a company is quoted ex-dividend. Dividends which appear to be paid from a company's capital are treated as capital repayments (please see section 6.1).

For gross total return purposes, indices adjust for dividends at the time the stock is quoted ex-dividend, using gross dividends with the exception of UK stocks, where the net dividend (10% tax) is used. For net total return purposes, the withholding tax rates provided in Appendix D are applied to the gross dividend rate.

## 7. Announcements

### 7.1 Index Reviews

HSBC will typically announce Quarterly Review constituent changes on the Monday following the 2nd Friday in March, June, September, and December. Where the Monday is a UK bank holiday, the announcement will be made on the next UK business day.

### 7.2 Constituent Changes

Announcements concerning constituent changes (apart from Quarterly Reviews) are made as soon as HSBC has verified and processed the implications of the reasons for the change. Normally, any changes take effect following the business day after the announcement is made.

### 7.3 Amendments

If an announcement needs to be amended, then HSBC issues a replacement announcement as soon as is reasonably practicable. HSBC makes every attempt to be as accurate as possible, and it cannot be held responsible for any actions subscribers take relating to announcements which are subsequently amended.

## 8. Distribution

### 8.1 Index Values

Index Values are calculated daily in arrears and supplied to clients and data providers at 10:00 a.m. daily (UK time). HSBC cannot be held responsible for any errors, intentional or unintentional, on the part of the data provider.

## 8.2 Constituent Data

Constituent Data is only available electronically directly from HSBC or through an approved re-seller. It is a condition that a customer of HSBC or of the re-seller enters into a contract with HSBC which states the terms of use regarding constituent data. Constituent data is available daily, weekly or monthly.

## 8.3 Reports

HSBC provides index values and constituent data in the form of a monthly report. This is normally distributed to customers of HSBC by the third business day of each month. Data pertains to the closing values at the end of the previous month.

## 8.4 Historic Data

Historic Data, other than index values covered by data providers, is only available directly from HSBC. Please contact HSBC for more information.

# 9. About HSBC Quantitative Techniques

## 9.1 About HSBC Indices

HSBC started publishing indices in 1993 with the launch of the HSBC (formerly James Capel) Smaller European Companies Indices. Other Indices followed, such as HSBC Dragon 300 (June 1996), HSBC Latin America 100 (May 1994), and HSBC Subcontinent of India (February 1996). HSBC has remained focussed on smaller companies indices, emerging markets indices, and custom indices.

HSBC calculates a total of 5,471 indices covering 69 countries and territories worldwide.

## 9.2 Responsibility for Indices

The HSBC Indices are maintained and distributed by HSBC Quantitative Techniques (QT). QT is part of HSBC's Global Research business, which in turn is part of HSBC's Corporate, Investment Banking and Markets division (CIBM). QT provides advisory services, indices and data products to customers on a commercial basis. QT is both structurally and physically separated from other parts of HSBC and hence provides an independent service to users of the HSBC Indices and its other customers.

### 9.3 Contacts

For information on all aspects of the HSBC Indices, please contact QT on +44 8455 847360.

## Appendix A: Index Calculation Formula

The Index return is a weighted average return of its constituent companies, where the weights are the market capitalisation. The weights are adjusted to accommodate capitalisation issues and corporate actions; this is the same method of calculation as that used for standard indices. The Index calculation formula is:

$$Index_t = Index_0 \times \frac{\sum (P_{it} X_{it} N_{it} F_{it} CF_{it})}{D_t}$$

where:

$Index_t$	=	Index at time t.
$Index_0$	=	Index value at the inception of the Index.
$P_{it}$	=	The closing price (or last traded price) of constituent i at time t.
$X_{it}$	=	USD cross rate of underlying currency of constituent i at time t.
$N_{it}$	=	The issued share capital of constituent i at time t.
$F_{it}$	=	The free-float factor of constituent i at time t.
$CF_{it}$	=	The climate change factor of constituent i at time t.
$D_t$	=	Divisor at time t. The Divisor is a figure that represents the total market capitalisation at the base date of the Index. It is only adjusted (formula below) to accommodate changes to constituents and changes in the constituents' share capital, thus avoiding distortions in the Index.

### Divisor Adjustments

The Divisor adjustment formula is :

$$D_t = D_{t-1} \times \left( 1 + \frac{\sum CA_{it} X_{it}}{M_{t-1}} \right)$$

where:

$D_t$	=	Divisor at time t.
$D_{t-1}$	=	Divisor at time t minus 1 day.
$CA_{it}$	=	The capital adjustment of constituent i at time t.
$X_{it}$	=	USD cross rate of underlying currency of constituent i at time t.
$M_{t-1}$	=	Market Capitalisation of the Index at time t minus 1 day.

## Appendix B: The HSBC Country & Exchanges Universe

Region	Country	Exchange
Asia	AUSTRALIA	Australian Stock Exchange
Asia	CHINA	Shenzhen Stock Exchange Shanghai Stock Exchange
Asia	HONG KONG	Stock Exchange of Hong Kong
Asia	INDIA	National Stock Exchange
Asia	INDONESIA	Mumbai Stock Exchange
Asia	JAPAN	Jakarta Stock Exchange
Asia	KOREA	Tokyo Stock Exchange
Asia	MALAYSIA	Regional Exchanges Korea Exchange
Asia	NEW ZEALAND	Malaysia Stock Exchange
Asia	PAKISTAN	New Zealand Stock Exchange
Asia	PHILIPPINES	Karachi Stock Exchange
Asia	SINGAPORE	Philippines Stock Exchange
Asia	SRI LANKA	Singapore Exchange
Asia	TAIWAN	Colombo Stock Exchange
Asia	THAILAND	Taiwan Stock Exchange
Developed Europe	AUSTRIA	Stock Exchange of Thailand
Developed Europe	BELGIUM	Vienna Stock Exchange
Developed Europe	DENMARK	Euronext
Developed Europe	FINLAND	Copenhagen Stock Exchange
Developed Europe	FRANCE	Helsinki Stock Exchange
Developed Europe	GERMANY	Euronext
Developed Europe	GREECE	Deutsche Börse
Developed Europe	IRELAND	Athens Exchange
Developed Europe	ITALY	Irish Stock Exchange
Developed Europe	NETHERLANDS	Borsa Italiana
Developed Europe	NORWAY	Euronext
Developed Europe	PORTUGAL	Oslo Stock Exchange Euronext

Region	Country	Exchange
Developed Europe	SPAIN	Madrid Stock Exchange
Developed Europe	SWEDEN	Stockholm Stock Exchange
Developed Europe	SWITZERLAND	Swiss Exchange
Developed Europe	UNITED KINGDOM	London Stock Exchange
Emerging Europe	CZECH REPUBLIC	Prague Stock Exchange
Emerging Europe	HUNGARY	Budapest Stock Exchange
Emerging Europe	POLAND	Warsaw Stock Exchange
Emerging Europe	RUSSIA	Russian Trading System (RTS)
Emerging Europe	TURKEY	Istanbul Stock Exchange
Emerging Europe	ARGENTINA	Buenos Aires Stock Exchange
Latin America	BRAZIL	Bolsa de Valores de São Paulo
Latin America	CHILE	Santiago Stock Exchange
Latin America	COLOMBIA	Colombian Stock Exchange
Latin America	MEXICO	Mexican Stock Exchange
Latin America	PERU	Lima Stock Exchange
Latin America	VENEZUELA	Caracas Stock Exchange
Middle East & North Africa	BAHRAIN	Bahrain Stock Exchange
Middle East & North Africa	EGYPT	Cairo & Alexandria Stock Exchanges
Middle East & North Africa	ISRAEL	Tel Aviv Stock Exchange
Middle East & North Africa	JORDAN	Amman Stock Exchange
Middle East & North Africa	KUWAIT	Kuwait Stock Exchange
Middle East & North Africa	MOROCCO	Casablanca Stock Exchange
Middle East & North Africa	OMAN	Oman Securities Market
Middle East & North Africa	QATAR	Doha Securities Market
Middle East & North Africa	UAE	Abu Dhabi Stock Exchange
South Africa	SOUTH AFRICA	Johannesburg Stock Exchange
North America	CANADA	Toronto Stock Exchange
North America	USA	New York Stock Exchange NASDAQ American Stock Exchange

## Appendix C: The HSBC Climate Classification Structure

Sector	Sub-Sector
LOW CARBON ENERGY PRODUCTION	AGROCHEMICAL
LOW CARBON ENERGY PRODUCTION	BIOFUELS
LOW CARBON ENERGY PRODUCTION	DIVERSIFIED RENEWABLE ENERGY
LOW CARBON ENERGY PRODUCTION	GAS
LOW CARBON ENERGY PRODUCTION	GEO THERMAL / HYDRO
LOW CARBON ENERGY PRODUCTION	INTEGRATED POWER
LOW CARBON ENERGY PRODUCTION	NUCLEAR
LOW CARBON ENERGY PRODUCTION	SOLAR
LOW CARBON ENERGY PRODUCTION	WIND
ENERGY EFFICIENCY & MANAGEMENT	BUILDING INSULATION
ENERGY EFFICIENCY & MANAGEMENT	ENERGY EFFICIENT SOLUTIONS
ENERGY EFFICIENCY & MANAGEMENT	FUEL EFFICIENCY AUTOS
ENERGY EFFICIENCY & MANAGEMENT	FUELCELLS
ENERGY EFFICIENCY & MANAGEMENT	POWER STORAGE
WATER, WASTE & POLLUTION	POLLUTION
WATER, WASTE & POLLUTION	WASTE
WATER, WASTE & POLLUTION	WATER
FINANCIALS	CARBON TRADING
FINANCIALS	INVESTMENT COMPANY

## Appendix D: Withholding Tax Rates

Region	Country	Withholding Tax Rate %
Asia	AUSTRALIA	30
Asia	CHINA	0
Asia	HONG KONG	0
Asia	INDIA	0
Asia	INDONESIA	20
Asia	JAPAN	7
Asia	KOREA	27.5
Asia	MALAYSIA	0
Asia	NEW ZEALAND	30
Asia	PAKISTAN	10
Asia	PHILIPPINES	35
Asia	SINGAPORE	0
Asia	SRI LANKA	10
Asia	TAIWAN	20
Asia	THAILAND	10
Developed Europe	AUSTRIA	25
Developed Europe	BELGIUM	25
Developed Europe	DENMARK	28
Developed Europe	FINLAND	28
Developed Europe	FRANCE	25
Developed Europe	GERMANY	21.1
Developed Europe	GREECE	0
Developed Europe	IRELAND	20
Developed Europe	ITALY	27
Developed Europe	NETHERLANDS	15
Developed Europe	NORWAY	25
Developed Europe	PORTUGAL	20



Region	Country	Withholding Tax Rate
Developed Europe	SPAIN	18
Developed Europe	SWEDEN	30
Developed Europe	SWITZERLAND	35
Developed Europe	UNITED KINGDOM	0
Emerging Europe	CZECH REPUBLIC	15
Emerging Europe	HUNGARY	0
Emerging Europe	POLAND	19
Emerging Europe	RUSSIA	15
Emerging Europe	TURKEY	15
Latin America	ARGENTINA	0
Latin America	BRAZIL	0
Latin America	CHILE	21.69
Latin America	COLOMBIA	0
Latin America	MEXICO	0
Latin America	PERU	4.1
Latin America	VENEZUELA	0
Middle East & North Africa	BAHRAIN	0
Middle East & North Africa	EGYPT	0
Middle East & North Africa	ISRAEL	25
Middle East & North Africa	JORDAN	0
Middle East & North Africa	KUWAIT	0
Middle East & North Africa	MOROCCO	10
Middle East & North Africa	OMAN	0
Middle East & North Africa	QATAR	0
Middle East & North Africa	UAE	0
South America	SOUTH AFRICA	0
North America	CANADA	25
North America	USA	30

## Appendix E:

### Ground Rules for the HSBC UCITS III Compliant Indices

#### Aims and Objectives of the HSBC UCITS Indices

The HSBC UCITS Indices have been created to give fund managers a series of indices that can be replicated within the constraints of the UCITS III Directive.

#### UCITS III Restrictions

The restriction

- (1) The Directive is only relevant to open-ended collective vehicles that promote to the general public, so schemes that are restricted in their promotion fall outside the Directive's scope. Furthermore, the Directive applies to any collective investment scheme falling within its scope, regardless of whether it is promoted in other EEA States.

Within this range of investment assets there are some detailed spread and concentration rules. The main requirements can be summarised as:

No more than 5% in transferable securities or money market instruments with one issuer.  
This can be raised to 10% but only in respect of a maximum 40% of the scheme value.

#### HSBC UCITS Indices Methodology

The HSBC UCITS Indices are all rules based versions of existing HSBC Indices. Providing an index has a minimum of 18 constituents, the following rules are applied.

1. The weight of any index constituent is capped at 9.5% at each rebalance date, with the excess weight being evenly redistributed across the remaining constituents.
2. The combined weight of any constituents greater than 5% is restricted to 38%. All constituents with weights greater than 5%, but less than 10% are reweighted evenly, with the excess weight being evenly redistributed across the remaining constituents. Constituents with weights capped at 9.5% will remain with a 9.5% weight.

## HSBC UCITS Indices Rebalance

The HSBC UCITS Indices are rebalanced at each index review date, as at the previous business day.

The indices are not rebalanced out with these review dates unless there has been a significant change to the underlying index. These changes may include

1. There has been an IPO fast tracked into an underlying index.
2. A constituent with a capped weight is removed from an underlying index due to delisting or takeover.
3. A constituent with a capped weight has a merger or spin off.

## HSBC UCITS Indices

- HSBC Global Climate Change Investable 50 UCITS
- HSBC Global Climate Change 100 Low Carbon Energy Production UCITS
- HSBC Global Climate Change 100 Energy Efficiency & Management UCITS
- HSBC Global Climate Change 100 Water, Waste & Pollution UCITS

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# HSBC Global Markets Indices

## HSBC Optimised Vietnam Index

March 2008

# HSBC Global Markets Indices

## Ground Rules for HSBC Optimised Vietnam Index

1.	Introduction	5	5.	Announcements	14
1.1	HSBC Optimised Vietnam		5.1	Index reviews	14
	Index overview	5	5.2	Index constituent changes	14
1.2	HSBC Optimised Vietnam		5.3	Amendments	14
	Index currencies	5	5.4	Information about announcements	14
1.3	Weighting	5	5.5	Index Values	14
1.4	Weighting and				
	Constituent Numbers	6	6.	Contacts	15
1.5	Exclusions	6			
1.6	Liquidity screening	6			
1.7	Multiple share classes	7			
2.	Index Maintenance	7			
2.1	Changes to number of shares in issue		Appendix A:		
	and Capital Adjustments	7	Index Calculation Formula	16	
2.2	Mergers, acquisitions and		Appendix B		
	restructurings	7	HSBC Optimised Vietnam		
2.3	IPOs	7	Index Constituents	17	
2.4	Suspension	8			
2.5	Replacement of Index Constituents	8	Appendix D:		
2.6	Dividends	8	Important Note	18	
2.7	Foreign Ownership Reviews	9			
3.	Index governance	10			
3.1	Overview	10			
3.2	Oversight Committee	10			
3.3	Information about the Index	10			
3.4	About HSBC Global Markets Indices	11			
4.	Role of the Calculation Agent	11			
4.1	Calculation	12			
4.2	Index calculation formula	12			
4.3	Initial values	12			
4.4	Daily calculations	12			
4.5	Index calculation and maintenance				
	data sources	13			
4.6	Market Disruptions and Data				
	Disruptions	13			

March 2008

## Definitions

Average Daily Traded Value	Average daily value of shares traded over a specified period of time
Calculation Agent	HSBC's Quantitative Techniques business (QT) – a division of HSBC and an independent Calculation Agent which provides data and calculates indices for parts of HSBC Group, including to the Global Research Department and to organisations outside of HSBC
Capital Adjustment	Adjustment to a company's share capital resulting from bonus issues, rights issues, subdivisions, consolidations, capital repayments, mergers, demergers and other events of a related nature
Creation Date	1 January 2008
Currency Adjusted Market Capitalisation	Total value of a company's issued share capital expressed in US dollars
Data Disruption	Event involving unavailability of data as defined in Section 4.6
Effective Date	Date on which constituent changes from a Quarterly Review take effect in the calculation of the Index
Foreign Ownership	Non-Vietnamese investment into Vietnamese shares as defined and monitored by the Saigon Securities Institute
Foreign Ownership Review	Monthly procedure for adjusting the Index Shares of a company to reflect changes to an Index Constituent's Foreign Ownership Room. Also takes place when Foreign Ownership Room falls to below 2% for an Index Constituent (Section 2.7)
Foreign Ownership Room	The difference between the maximum number of shares available for Foreign Ownership and the actual number of shares in Foreign Ownership. Can also be expressed as a value in USD by multiplying by the stock price and USD/VND exchange rate
Free-float	Shares of a company which are freely available for purchase in stock markets
Ground Rules	The rules defining calculation, maintenance, governance and publication of the Index
Index	HSBC Optimised Vietnam Index
Index Constituent	Company whose shares are used to calculate the Index Value
Index Shares	The number of shares of an Index Constituent used to calculate the Index Value
Index Value	Calculated value of the Index. Applies to both capital (price) return and total return calculations
Optimised Indices Oversight Committee	A committee of HSBC Global Markets professionals charged with issues of index governance
Market Disruption	Event where trading or index calculation does not take place as defined in Section 4.6
Quarterly Review	Procedure for reviewing the list of constituents which make up the Index
Quarterly Review Date	Date from which data for the Quarterly Review is taken which is the last Business Day on the Ho Chi Minh Exchange in the months of February, May,

	August and November
Weighting Factor	Multiplier applied to Index Shares in order to restrict maximum weight at Quarterly Review or Foreign Ownership Review to 15%



## 1. Introduction

### 1.1 HSBC Optimised Vietnam Index overview

The HSBC Optimised Vietnam Index (the "Index") is promoted by HSBC Global Markets, a business area of HSBC Bank plc. The Index is provided as two series: The HSBC Optimised Vietnam Total Return Index, which includes ex-dividend adjustments; and the HSBC Optimised Vietnam Price Return Index, which excludes the effects of dividends.

The purpose of the Index is to provide investors with a benchmark which gives exposure to up to 20. liquid stocks listed on the Ho Chi Minh Stock Exchange. Each stock must have sufficient shares available for Foreign Ownership. Please refer to Section 2.7 for further information about Foreign Ownership Limits. Each stock must have a minimum Currency Adjusted Market Capitalisation of USD 200 million and minimum Average Daily Traded Value of USD 250,000 at the launch date and at each Quarterly Review Date. The 20 largest stocks (by market capitalisation) are selected.

Index Constituents are weighted by full market capitalisation, although the largest Index Constituents have a reduced weighting in the Index to limit their dominance. Please refer to Section 1.3 for further information about weighting factors.

Appendix B details the list of constituents and their weightings as of 31 January 2008.

### 1.2 HSBC Optimised Vietnam Index currencies

The Index Values shall be calculated in VND and USD. Please refer to Section 4.5 for information about exchange rates used to calculate Index Values.

### 1.3 Weighting

For rebalancing purposes, the starting point is that all constituents of the universe from which Index Constituents are selected are represented by their full market capitalisation. For Index calculation purposes, the maximum weight per Index Constituent on each Quarterly Review Date or following changes resulting from a Foreign Ownership Review (please see Section 2.7) is 15%.

If the largest Index Constituent is greater than 15% then this constituent's weight is set at 15% by the multiplication of a Weighting Factor, with lower-ranked Index Constituents having their weights increased pro-rata. If the second Index Constituent is 15% or more then the process is repeated and is repeated again with the third Index Constituent onwards until all Index Constituents have 15% weight or lower. The consequent Weighting Factor is the ratio between the weight before applying this rule

and the weight after. Where no Index Constituent has a weight of 15% or above should the Index be represented by Index Constituents at their full market capitalisations, all Weighting Factors are set to 1.

#### 1.4 Weighting and Constituent Numbers

Only securities incorporated in Vietnam and listed on the Ho Chi Minh Stock Exchange (stock exchange) are eligible for inclusion in the Index. However please see Section 1.7 (below).

The maximum number of constituents in the index is 20 and the minimum is 7. If the total number of eligible companies is lower than 7 then the liquidity criterion is lowered progressively until at least 7 companies are eligible.

For historic simulation purposes, the same procedures apply at each historic Quarterly Review Date that apply at the Creation Date.

#### 1.5 Exclusions

The following securities are ineligible as Index Constituents and are excluded from Quarterly Reviews:

- Companies with below 10% free float
- Companies in whose shares HSBC Global Markets is prohibited from dealing and which have been notified to the Calculation Agent by HSBC Global Banking and Markets Compliance.
- Companies where the remaining Foreign Ownership Limit is 4% (2% if already an Index Constituent) of the total market capitalisation, subject to a minimum USD 15 million.

Index Constituents which become ineligible between Quarterly Reviews are replaced with the eligible non-constituent with the highest market capitalisation (please see Section 1.1). Results of actions affecting the Index will be published on the HSBC Global Markets website for indices [www.hsbcinvestorsolutions.com](http://www.hsbcinvestorsolutions.com).

#### 1.6 Liquidity screening

At the date of launch and on subsequent Quarterly Review Dates, each company must have a minimum Average Daily Traded Value over 3 months of USD 250,000 (however this may be lowered under certain circumstances— please see Section 1.4). When companies are newly listed on the Ho Chi Minh Exchange (or relevant exchange where ADRs or GDRs are used in their place), and 3-month data is not available, the Average Daily Traded Value over the period since trading began is used provided that at least four weeks of price and volume data is available.

## 1.7 Multiple share classes

Other than ordinary shares listed on the Ho Chi Minh Exchange, American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs) are also permitted. The substitution by an ADR or GDR of a Ho Chi Minh listed security will arise only where either insufficient liquidity renders an eligible security ineligible (please see Section 1.6) or where the shares available for Foreign Ownership on the Ho Chi Minh listed security has dropped below 4% (2% for Index Constituents) (please see Section 2.7).

## 2. Index Maintenance

### 2.1 Changes to number of shares in issue and Capital Adjustments

Changes to the number of shares in issue and Capital Adjustments which affect the price of an Index Constituent (bonus issues, rights issues, subdivisions, consolidations, capital repayments, mergers and demergers) are processed on the day the action takes effect.

Share changes resulting from IPOs, additional listings and conversions (of warrants, convertibles etc), or partial cancellations and buy-backs would not normally be processed before the subsequent Quarterly Review Date.

### 2.2 Mergers, acquisitions and restructurings

Corporate actions which affect the eligibility of an Index Constituent are processed after the close of the business day. Such corporate actions include takeovers, mergers, acquisitions, restructurings and schemes of arrangement. These are processed at the start of the date on which they are effective. If an Index Constituent is no longer eligible then it is removed without replacement. If an Index Constituent has a spin off (or de-merger), then the Calculation Agent (see Section 4 below) will review both the original company and the resultant company prior to the effective date and announce on the HSBC Global Market website for indices if the resultant company will become an Index Constituent with the original company removed.

### 2.3 IPOs

Newly listed companies only become eligible for inclusion into the Index at the next Quarterly Review Date, provided that four weeks of price and volume data are available to the Calculation Agent to ensure that liquidity criteria are met. Consequently there may be more than three months between the

date when a company's shares are first traded and the date when they are considered for inclusion into the Index.

## 2.4 Suspension

A stock's quotation may be suspended for a number of reasons but, for index purposes, these fall into two categories. If the purpose of the suspension is to comply with regulations during takeover discussions, regulatory arrangements, or other corporate restructurings, then the Index Constituent is not removed from the index and its price remains static at the value when it was suspended.

If the suspension is attributable to the possibility that the Index Constituent is insolvent, is in breach of regulations or laws which may prevent the continuance of the Index Constituent's quote, or is likely to be suspended for an indefinite period, then the Index Constituent is removed with zero value. Removal of suspended Index Constituents takes place after the tenth business day of suspension, but the time period can be longer where the reason for suspension has not been clearly established.

If a suspended company which was removed from the Index at zero value resumes trading it will be reinstated in the Index at zero value, thereafter being valued at its closing price. Notification of constituent suspensions will be posted on the HSBC Global Markets website for indices.

## 2.5 Replacement of Index Constituents

If a company is removed for reasons of Free-float or restrictions on ownership by HSBC (please see Section 1.5) or Foreign Ownership (please see Section 2.7) then it is replaced by the eligible company with the highest current market capitalisation which is not already an Index Constituent. If a company is removed from the Index due to takeover, delisting or suspension, there is no replacement before the following Effective Date as a consequence of the Quarterly Review. Notice of removal shall be posted on the HSBC Global Markets website for indices.

## 2.6 Dividends

For the purposes of calculating a total return index, net dividends, meaning the dividend amount received after deduction of any local and withholding taxes based on the tax treatment of a Luxembourg based investor, are processed when a company is quoted ex-dividend. Net Dividends which appear to be paid from a company's capital are treated as capital repayments (please see Section 2.1). See Appendix C: HSBC Optimised Vietnam Index withholding tax rates.

The indices are calculated to act as reference values for financial products which are linked to their performance. Should the tax regulations as they relate to the withholding tax on corporate actions (dividends) in Luxembourg change, the Optimised Indices Oversight Committee may change the

withholding tax rates applied to properly reflect the financial impact. Changes will be posted on the HSBC Global Markets website for indices.

## 2.7 Foreign Ownership Reviews

A Foreign Ownership Review takes place during the first week of each month, coinciding once per quarter with the Quarterly Review. A Foreign Ownership Review also takes place on any day in a month following a Foreign Ownership Review when QT discovers that an Index Constituent's Foreign Ownership Room has dropped to below 2% of the number of shares in issue. The consequences of a Foreign Ownership Review are stated below:

- (i) If an Index Constituent's Foreign Ownership Room is below 2% or USD 15million for one regular monthly Foreign Ownership Review then its Index Shares are reduced to two thirds of its number of issued shares
- (ii) If an Index Constituent's Foreign Ownership Room is below 2% or USD 15million for two regular monthly Foreign Ownership Reviews then its Index Shares are reduced to one third of its number of issued shares
- (iii) If an Index Constituent's Foreign Ownership Room is below 2% or USD 15million for three regular monthly Foreign Ownership Reviews then its Index Shares are removed completely from the Index and the shares become ineligible until Foreign Ownership Room is 4% and USD 15million or higher at a subsequent Quarterly Review
- (iv) If an Index Constituent's Index Shares have been reduced following (i) or (ii) (above) at a previous Foreign Ownership Review and its Foreign Ownership Room has increased to 4% and USD 15million or greater then the Index Shares are restored to the full number of shares in issue for the Index Constituent.
- (v) If an Index Constituent's Foreign Ownership Room is below 4% but is not below 2% or USD 15million at a regular monthly Foreign Ownership Review then its Index Shares remain at the level at which they were set at the previous Foreign Ownership Review
- (vi) Weighting Factors based on Index Shares arising from the application of (i) to (v) (above) are recalculated (Section 3.3) following a Foreign Ownership Review whenever any changes to Index Shares take place. Where all Index Shares remain unchanged there will be no recalculation of Weighting Factors.

If there exists an ADR or a GDR whose underlying share is listed on the Ho Chi Minh stock exchange with Foreign Ownership Room causing Index Shares to be reduced or removed following the

application of (i) to (iii) (above) and which satisfies liquidity criteria then the ADR or GDR becomes eligible as a Index Constituent, replacing the Index Constituent whose Index Shares would otherwise have been reduced. ADRs and GDRs are not subjected to Foreign Ownership Reviews. The replacement of Index Shares with ADRs and GDRs is used in preference to the weight-reducing procedure described in the previous paragraph. ADRs and GDRs remain Index Constituents until at a Quarterly Review the underlying shares have Foreign Ownership Room of 4% and USD 15million or greater at which time the underlying shares are again used.

### 3. Index governance

#### 3.1 Overview

The HSBC Optimised Vietnam Index is a Rules Based Index sponsored by HSBC Global Markets. The Index is calculated independently by the Calculation Agent. HSBC Global Markets has formed an Optimised Indices Oversight Committee to review policies and coverage of the HSBC Global Markets Indices, meeting between Quarterly Review Dates as and when required. Whilst, it is not envisaged that the Rules will change, any modification to the Rules, including notification of when HSBC Global Markets resolves to cease publishing the Index, will be available directly from the HSBC Global Markets website for indices (please refer to Section 4.4) with a 3-month notice period prior to the proposed change. Any decision to cease publication shall only be taken once HSBC Global Markets has made sure all products which use the Index as a reference have expired or have been redeemed.

#### 3.2 Oversight Committee

The HSBC Optimised Indices Oversight Committee has the following constituents:

HSBC Global Markets:

1. Structured Equities
2. Execution Services
3. Third Party Structured Product Development
4. Compliance

The names of Oversight Committee members can be obtained by contacting HSBC Global Markets. Any changes to the Index Rules made by the Oversight Committee will be published on the HSBC Global Markets website for indices. The amendments will be updated in the Index Rules.

#### 3.3 Information about the Index

All data and information concerning the Index, such as

- a) Ground Rules
- b) Change of Ground Rules (if any)
- c) Index Values
- d) Index Constituents
- e) Announcements
- f) Information as to historical volatilities etc.

is available directly from the HSBC Global Markets website for indices.

### 3.4 About HSBC Global Markets Indices

This Index has been created by HSBC Global Markets. The aim of the HSBC Optimised Indices is to provide reference benchmarks for investment products. HSBC Global Markets has attempted to optimise the Index Rules so that investment products which reference these indices can be serviced on a long-term basis. These indices are characterised by their relatively small number of constituents and their strong emphasis on foreign availability and market liquidity.

**Investors should be aware that the Index is constituted by the Global Markets Division of HSBC Bank plc ("HSBC Global Markets") and is not an independent research index operated by the Global Research Department.**

*The HSBC Global Markets Indices are a distinct series of indices from the range offered by HSBC Global Research, of which the Calculation Agent is a part. HSBC Global Research operates as a separate business within HSBC from HSBC Global Markets (please see Appendix D: Important Note).*

## 4 Role of the Calculation Agent

The role of the Calculation Agent is to calculate the daily value of the constituted Index and to Review the Index on each Review date in order to reconstitute the Index in accordance with the rules of the Index as specified by HSBC Global Markets.

The Calculation Agent:

1. Reviews the Vietnam Stock Universe.
2. Reviews liquidity.
3. Identifies Index Constituent changes.
4. Revises weighting factors.
5. Compiles the new constituents for the Index

All removals and inclusions are effective on the Effective Date.

#### 4.1 Calculation

Index Values are calculated daily, after the close of business at the Ho Chi Minh stock exchange.

Corporate actions affecting the price of a security (bonus issues, rights issues, subdivisions, consolidations, capital repayments, mergers and de-mergers) are processed on the day when they are effective. See Section 2 for further details of how corporate actions affect the Index calculation.

The list of constituents forming the Index is rebalanced quarterly, based on prices, numbers of shares and exchange rates as at the last business day of the Ho Chi Minh stock exchange in the months of February, May, August and November. These are the Quarterly Review Dates. Index Constituent changes resulting from the Quarterly Review are effective after the close of business on the Effective Date, which is the Wednesday preceding the second Friday in March, June, September and December.

#### 4.2 Index calculation formula

Each daily index return is a weighted average of the returns of its Index Constituents, where the weights are defined according to the methodology in Section 1.3. The weights are subsequently adjusted to accommodate capital changes (rights issues, capital repayments, mergers and de-mergers). The Index calculation formula is provided in Appendix A.

The index calculation method does not incorporate any deductions for transaction costs, taxes or fees other than taxes used in the calculation of net dividends for the purpose of calculating the total return series (please see Section 2.6).

#### 4.3 Initial values

Each index series' Creation Date is 1 January 2008. Index Values are available from 1 March 2007.

#### 4.4 Daily calculations

Index Values are calculated and released normally before 3:30 p.m. (UK time) and are distributed to data vendors, where they are available on the following pages:

Data Vendor	Page
Bloomberg:	HSIP
Reuters:	HSBC/OPTIMISED1
HSBC Global Markets website for indices	<a href="http://www.hsbcinvestorsolutions.com">www.hsbcinvestorsolutions.com</a>



Remark: Market Disruptions (please see Section 4.6) may prevent Index Values being published before 3:30 pm.

#### 4.5 Index calculation and maintenance data sources

The Calculation Agent obtains closing prices, traded volumes and numbers of issued shares used for both calculation and maintenance of the Index Values each day from Reuters. The Calculation Agent may supplement data from Reuters with other sources such as Interactive Data Corporation, Bedford, USA (IDC) at its absolute discretion.

The Calculation Agent obtains exchange rates used for both calculation and maintenance of the Index Values each day from IDC. The exchange rate data provided by IDC are composite; meaning they are calculated using a number of quotes taken at 12:00 noon in London. The Calculation Agent may supplement data from IDC with other sources such as Reuters at its absolute discretion.

Free-float percentages are sourced from the Ho Chi Minh Stock Exchange website.

Foreign ownership data is currently collected from the Saigon Securities Institute website.

The Calculation Agent does not guarantee the accuracy of the data from its data vendors or independently verify such data.

#### 4.6 Market Disruptions and Data Disruptions

In the event of a Market Disruption (including but not restricted to: the Ho Chi Minh Stock Exchange not opening for or severely curtailing hours of business or; trading on the Ho Chi Minh Stock Exchange being conducted without timely electronic dissemination of closing price data or; disruptions preventing HSBC staff from calculating and/or disseminating Index Values), HSBC shall not publish Index Values until such time as the Market Disruption is over and that it believes it can once again accurately calculate the Index Values.

In the event of a Data Disruption (including but not restricted to: failure of electronic data delivery by data providers contracted to HSBC; unavailability of electronic or internet access to data obtained from an online source; or a disruption of any of HSBC's data systems rendering data inaccessible to processes required to calculate the Index) HSBC shall use its best endeavours to source data from alternative sources with the aim of publishing Index Values by 3:30 p.m. on a day of calculation. HSBC shall not publish Index Values until the Data Disruption is over or data from an alternative source has been acquired. The unavailability of Free-float and Foreign Ownership data shall not be considered sufficient reason to delay the calculation of Index Values and until such time that Free-float

or Foreign Ownership data is once again available HSBC shall continue using the last data available to it for the maintenance of the Index.

## 5. Announcements

### 5.1 Index reviews

The Calculation Agent will typically announce Quarterly Review constituent changes during the first week in March, June, September and December. All changes to constituents, including those arising from Foreign Ownership Reviews will be notified to HSBC Global Markets one day (excluding UK bank holidays and non-trading days in Vietnam) before constituent or weighting changes, if any, take effect.

### 5.2 Index Constituent changes

Announcements concerning Index Constituent changes (apart from Quarterly Reviews) are made as soon as the Calculation Agent has verified and processed the implications of the reasons for the change. Normally, any changes take effect following the business day after the announcement is made.

### 5.3 Amendments

If an announcement needs to be amended, then HSBC issues a replacement announcement as soon as is reasonably practicable. HSBC makes every attempt to be as accurate as possible, and it cannot be held responsible for any actions subscribers take relating to announcements which are subsequently amended.

### 5.4 Information about announcements

Details of announcements are available on the HSBC Global Markets website for indices (please see Section 4.4) by following the link to "Announcements".

### 5.5 Index Values

The Calculation Agent is acting in an arm's length capacity to provide independent calculation services to HSBC Global Markets. Index Values are calculated daily and supplied to clients and data providers at 3:30 p.m. (UK time). Neither HSBC Global Markets nor the Calculation Agent can be held responsible for any errors, intentional or unintentional, on the part of external data providers nor for any delays in publishing the Index.

## 6. Contacts

For general information about the HSBC Optimised Vietnam Index and other HSBC Global Markets Indices please contact your local HSBC Global Markets representative or contact HSBC Global Markets Third Party Structured Products Development on +44 (0)20 7992 6002, email [structured.investments@hsbcib.com](mailto:structured.investments@hsbcib.com), or visit the HSBC Global Markets website for indices, [www.hsbcinvestorsolutions.com](http://www.hsbcinvestorsolutions.com)

For more information concerning these Ground Rules and the calculation of the HSBC Global Markets Indices please contact the Calculation Agent, QT, on + 44 8455 847360 or email [qt-inquiries@hsbcib.com](mailto:qt-inquiries@hsbcib.com).

## Appendix A:

### Index Calculation Formula

The Index return is a weighted average return of its constituent companies, where the weights are the market capitalisation. The weights are adjusted to accommodate capitalisation issues and corporate actions; this is the standard method of calculation for indices. The Index calculation formula is:

$$Index_t = Index_0 \times \frac{\sum (P_{it} N_{it} F_{it})}{D_t}$$

where:

$Index_t$  = Index Value at time t.

$Index_0$  = Index Value as at the inception date of the Index.

$P_{it}$  = The closing price of Index Constituent i at time t.

$N_{it}$  = The number of Index Shares of Index Constituent i at time t.

$F_{it}$  = The Weighting Factor of Index Constituent i at time t.

$D_t$  = Divisor at time t.

*The Divisor is a figure that represents the total market capitalisation at the base date of the Index. It is only adjusted (formula below) to accommodate changes to Index Constituents and changes in the Index Constituents' share capital, thus avoiding distortions in the Index.*

#### Divisor Adjustments

The Divisor adjustment formula is:

$$D_t = D_{t-1} \times \left( 1 + \frac{\sum CA_{it}}{M_{t-1}} \right)$$

where:

$D_t$  = Divisor at time t.

$D_{t-1}$  = Divisor at time t minus 1 day.

$CA_{it}$  = The capital adjustment of Index Constituent i at time t.

$M_{t-1}$  = Market Capitalisation of the Index at time t minus 1 day

## Appendix B:

### HSBC Optimised Vietnam Index Constituents

The following table shows the constituents of the HSBC Optimised Vietnam Index as at 1 January 2008.

HSBC Vietnam Optimised Index				
Rank	Symbol	Name	Factor	Weight
1	VNM	Vietnam Dairy Products	1	13.26%
2	DPM	Petrovietnam Fertiliser	1	12.82%
3	PPC	Pha Lai Thermal Power	1	8.82%
4	FPT	Corp For Financing & Promoting	1	9.34%
5	SSI	Saigon Securities	1	9.19%
6	PVD	Petrovietnam Drilling	1	7.63%
7	ITA	Tan Tao Industries	1	4.60%
8	HPG	Hoa Phat Group	1	5.72%
9	VIC	Vincom	1	5.65%
10	SJS	SongDa Urban	1	4.56%
11	KDC	Kinhdo Corporation	1	3.18%
12	SAM	Sacom	1	3.40%
13	VSH	Vinh Son – Song	1	2.93%
14	DHG	DHG Pharmaceutical	1	2.20%
15	TRC	Tay Ninh Rubber	1	1.67%
16	MPC	Minh Phu Seafood Corporation	1	1.91%
17	VTO	Vietnam Tanker	1	1.63%
18	VIP	Vietnam Petroleum	1	1.47%
19	-	-	-	-
20	-	-	-	-

## Appendix C:

### IMPORTANT NOTE

This document is issued by HSBC Bank plc ("HSBC"). HSBC is authorised and regulated by the Financial Services Authority ("FSA") and is a member of the HSBC Group of companies ("HSBC Group"). Any member of the HSBC Group, together with their directors, officers and employees may have traded for their own account as principal, or together with its officers, directors and employees may have a long or short position in any related instrument mentioned in this material.

The HSBC Optimised Vietnam Index (the "Index") is promoted by the Global Banking and Markets business of HSBC Bank plc ("Global Banking and Markets"). The Index is not an independent Research product of the Global Research Department. The Index is calculated by HSBC Bank plc's Quantitative Techniques business ("QT"). Global Banking and Markets has no responsibility for the calculation of the Index and does not guarantee or represent or warrant the accuracy or completeness of the Index or the data comprised therein.

QT provides an independent service offering indices and data products to customers including users of the HSBC Indices. QT operates independently from the Global Banking and Markets business from which it is both structurally and physically separated. Whilst QT calculates and publishes the level of the Index in good faith based on sources which it believes to be reliable, it does not guarantee, represent or warrant the accuracy or completeness of the Index or the data comprised therein.

Except in the case of fraudulent misrepresentation, no liability is accepted by either Global Banking and Markets or QT whatsoever for any direct, indirect or consequential loss arising from the Index.

Neither Global Banking and Markets nor QT make any representation, warranty or guarantee whatsoever as to the performance of the Index. Investments can fluctuate in price or value and prices, values or income may fall against an investor's interests. Changes in rates of exchange and rates of interest may have an adverse effect on the value, price or income of the Index. You are solely responsible for making your own independent appraisal of and investigation into the Index referred to in this document and you should not rely on any information in this document as constituting investment advice. Neither HSBC nor any of its affiliates are responsible for providing you with legal, tax or other specialist advice and you should make your own arrangements in respect of this accordingly. This document is intended solely for professional clients and eligible counterparties (as defined in the rules of the FSA) and is not intended for the use of retail clients. No opinions are expressed as to the merits or suitability of the Index. Investments in the Index may not be suitable for all requirements and if you have any doubts, seek advice from your investment adviser.

These index rules are a "financial promotion" within the scope of the rules of the FSA.

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# HSBC Global Markets Indices

HSBC Optimised GEM Index

March 2008

# HSBC Global Markets Indices

## Ground Rules for HSBC Optimised GEM Index

1.	Introduction	4	5.	Announcements	13
1.1	HSBC Optimised GEM		5.1	Index reviews	13
	Index overview	4	5.2	Index constituent changes	13
1.2	HSBC Optimised GEM		5.3	Amendments	13
	Index currencies	5	5.4	Information about announcements	13
1.3	Weighting	5	5.5	Index Values	13
1.4	Market/Region Weighting and		6.	Contacts	13
	Constituent Distribution	5			
1.5	Exclusions	6			
1.6	Liquidity screening	6			
1.7	Multiple share classes	6			
1.8	Annual review	7			
2.	Index Maintenance	7	Appendix A:		
2.1	Changes to number of shares in issue		Index Calculation Formula	15	
	and Capital Adjustments	7	Appendix B		
2.2	Mergers, acquisitions and		HSBC Optimised GEM		
	restructurings	7	Index Constituents	17	
2.3	IPOs	8	Appendix C:		
2.4	Suspension	8	HSBC Optimised GEM		
2.5	Replacement of Index Constituents	8	Index withholding tax rates	19	
2.6	Dividends	8	Appendix D:		
3.	Index governance	9	Important Note	20	
3.1	Overview	9			
3.2	Oversight Committee	9			
3.3	Information about the Index	9			
3.4	About HSBC Global Markets Indices	10			
4.	Role of the Calculation Agent	10			
4.1	Calculation	11			
4.2	Index calculation formula	11			
4.3	Initial values	11			
4.4	Daily calculations	11			
4.5	Index calculation and maintenance				
	data sources	12			
4.6	Market Disruptions and Data				
	Disruptions	12			

March 2008



## Definitions

Annual Review	Annual Review of market / regional weightings as described in Section 1.8
Annual Review Date	The Semi-annual Review date which occurs in February each year
Average Daily Traded Value	Average daily value of shares traded over a specified period of time
Calculation Agent	HSBC's Quantitative Techniques business (QT) – a division of HSBC and an independent Calculation Agent which provides data and calculates indices for parts of HSBC Group, including to the Global Research Department and to organisations outside of HSBC
Capital Adjustment	Adjustment to a company's share capital resulting from bonus issues, rights issues, subdivisions, consolidations, capital repayments, mergers, demergers and other events of a related nature
Creation Date	31 January 2008
Currency Adjusted Market Capitalisation	Total value of a company's issued share capital expressed in US dollars
Data Disruption	Event involving unavailability of data as defined in Section 4.6
Effective Date	Date on which constituent changes from a Semi-annual Review take effect in the calculation of the Index
Financial Stock	A stock which has one of the following GICS (Global Industry Classification Standard) sector classifications: Banks (4010), Diversified Financials (4020), Insurance (4030).
Free-float	Shares of a company which are freely available for purchase in stock markets
GEM	Global Emerging Markets
Ground Rules	The rules defining calculation, maintenance, governance and publication of the Index
Index	HSBC Optimised GEM Index
Index Constituent	Company whose shares are used to calculate the Index Value
Index Shares	The number of shares of an Index Constituent used to calculate the Index Value
Index Value	Calculated value of the Index. Applies to both capital (price) return and total return calculations
Optimised Indices Oversight Committee	A committee of HSBC Global Markets professionals charged with issues of index governance
Market Disruption	Event where trading or index calculation does not take place as defined in Section 4.6
Semi-annual Review	Procedure for reviewing the list of constituents which make up the Index
Semi-annual Review Date	Date from which data for the Semi-annual Review is taken which is the last Business Day in the UK in the months of February and August
Weighting Factor	Multiplier applied to Index Shares in order to restrict maximum weight at Semi-annual Review or Foreign Ownership Review to 15%

## 1. Introduction

### 1.1 HSBC Optimised GEM Index overview

The HSBC Optimised GEM Index (the "Index") is promoted by HSBC Global Markets, a business area of HSBC Bank plc. The Index is provided as two series: The HSBC Optimised GEM Total Return Index, which includes ex-dividend adjustments; and the HSBC Optimised GEM Price Return Index, which excludes the effects of dividends.

The purpose of the Index is to provide investors with a benchmark which gives exposure to up to 50 companies from up to 10 emerging market countries or regions. Each stock must be open to foreign investment and normally have a minimum Average Daily Traded Value of USD 2 million over a three-month period at each Semi-annual Review Date. The largest stocks (by market capitalisation) in each market or region are selected. The minimum Average Daily Traded Value may be lowered if there are below 30 companies or only 5 markets/regions represented.

Table 1 gives the weights for each country/region, the number of constituents for each country/region and weights constituents on the start date in the Index. Only securities incorporated and listed on regulated stock exchanges in the following markets are eligible for inclusion in the Index.

Table 1

Market or Region	Initial weight (%)	Number of constituents	Weight per constituent	Notes
China	30	10	3%	Only "H" shares listed on the Hong Kong Stock Exchange are included.
Russia	14	5	2.8%	
Brazil	12	5	2.4%	
India	10	5	2%	
				Until HSBC Global Markets is able to freely access the Indian domestic market, only eligible ADRs and GDRs will be included.
South Korea	7	5	1.4%	Czech Republic, Hungary, Poland and Romania
New Europe	7	5	1.4%	
Mexico	6	4	1.5%	Excluding securities with primary listing outside of South Africa
Taiwan	5	4	1.25%	
South Africa	5	4	1.25%	
Turkey	4	3	1.333%	
<b>Total</b>	<b>100</b>	<b>50</b>		

Appendix B details the list of constituents and their weightings as of 31 January 2008.

## 1.2 HSBC Optimised GEM Index currencies

The Index Values shall be calculated in USD only.

## 1.3 Weighting

For rebalancing purposes, the starting point is that all constituents of the universe from which Index Constituents are selected are represented by their full USD market capitalisation. Although the largest stocks by full market capitalisation in each market/region are selected for the Index, the maximum number of Financial Stocks is limited to 40% of the number of constituents for the market/region (rounded down). Further, if Financial Stocks represent more than 30% of the constituents in any market/region then such Financial Stocks are equally weighted with a total weight of 30% of the weight of the market/region whilst non-Financial Stocks are equally weighted with a total weight of 70% of the weight of the market/region. At each Semi-annual Review Date, constituents are equally weighted within their market/region, according to Table 1. The weights are subsequently adjusted to accommodate capital changes (rights issues, capital repayments, mergers, and de-mergers). The Index calculation formula is provided in Appendix A.

## 1.4 Market/Region Weighting and Constituent Distribution

The maximum number of constituents in the index is 50 and the minimum is 30. The maximum number of markets/regions is 10 and the minimum is 5. If there are fewer eligible companies than the numbers shown in the Table 1 in any market/region then the number available is used. If the total number of companies is consequently lower than 30 or the number of markets/regions is lower than 5 then the liquidity criterion is lowered by USD100,000 progressively until at least 30 companies are eligible and 5 markets/regions are represented.

If during the above process a market/region is not represented then its weight is distributed *pro-rata* amongst remaining markets/regions and its constituents are re-distributed into one market/region at a time starting with the remaining market/region with the most constituents and repeating from the start if necessary until all the excluded market's/region's allocation has been reallocated.

In the event of two markets/regions having the same number of constituents, preference is given to the market/region with the highest market capitalisation as defined in the last paragraph in this section (below). For example if there are no Chinese constituents eligible for the Index then China's 30% weight is *pro-rated* amongst the other nine markets/regions by multiplying each by  $100/(100-30)$ . Russia's weight therefore rises from 14% to 20%. China's constituents are distributed one by one starting with the market/region with the highest number and highest market capitalisation. This means that eight of the nine markets/regions will have one extra constituent allocated to them and another will have two more constituents. The market/region with two extra constituents will be the market/region

with the highest market capitalisation out of Russia, Brazil, India, South Korea and New Europe as each have an initial five constituents.

For historic simulation purposes, the same procedures apply at each historic Semi-annual Review Date that apply at the Creation Date.

## 1.5 Exclusions

The following securities are ineligible as Index Constituents and are excluded from Semi-annual Reviews:

- Companies with below 10% free float
- Companies in whose shares HSBC Global Markets is prohibited from dealing and which have been notified to the Calculation Agent by HSBC Global Banking and Markets Compliance.

Index Constituents which become ineligible between Semi-annual Reviews are replaced with the eligible non-constituent with the highest market capitalisation (please see Section 1.1). Results of actions affecting the Index will be published on the HSBC Global Markets website for indices [www.hsbcinvestorsolutions.com](http://www.hsbcinvestorsolutions.com).

## 1.6 Liquidity screening

At the date of launch and on subsequent Semi-annual Review Dates, each company must have a minimum Average Daily Traded Value over 3 months of USD 2,000,000 (however this may be lowered under certain circumstances— please see Section 1.4). When companies are newly listed on the relevant stock exchange (or relevant exchange where ADRs or GDRs are used in their place), and 3-month data is not available, the Average Daily Traded Value over the period since trading began is used provided that at least four weeks of price and volume data is available.

## 1.7 Multiple share classes

Other than ordinary shares listed on the relevant exchanges for each market/region, American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs) and equivalent issuances are also permitted. The substitution by an ADR or GDR of a domestic listed security will arise where its liquidity renders it eligible even if the domestic listed security is also eligible, where these Ground Rules prohibit domestic listed securities, or where the foreign ownership limit on the domestic listed security has been reached. For example, at the time of this document Indian regulations prevent access to local Indian stocks and HSBC Global Markets does not have access to local shares. Thus only ADRs and GDRs are eligible for Indian companies, subject to the Ground Rules. In the event of more than one ADR/GDR issue or different classes of shares e.g. A and B shares becoming eligible the most liquid of ADR/GDR or of A/B shall be selected.

## 1.8 Annual Review

In addition to the Semi-annual Review, the Annual Review looks at the weights assigned to each country/region. The Annual Review Date falls on an anniversary of the Creation Date, market/region weightings are reviewed according to the relative change in market capitalisation since the Creation Date. The market capitalisation is defined as the sum of the market capitalisations of the largest 20 eligible securities in the market/region. Market/region weightings are revised in proportion to changes in market capitalisation up to a maximum change of 20% of the market/region weight at the Creation Date. In the event of one or more market/region weightings being in excess of 20% of their weighting as at the Creation Date, market/region weightings are fixed at the maximum change (increase or decrease) with the excess weight *pro-rated* amongst remaining markets/regions. The review procedures for constituent distribution (above) are then applied.

## 2. Index Maintenance

### 2.1 Changes to number of shares in issue and Capital Adjustments

Changes to the number of shares in issue and Capital Adjustments which affect the price of an Index Constituent (bonus issues, rights issues, subdivisions, consolidations, capital repayments, mergers and demergers) are processed on the day the action takes effect.

Shares changes resulting from IPOs, additional listings and conversions (of warrants, convertibles etc), or partial cancellations and buy-backs would not normally be processed before the subsequent Semi-annual Review Date.

### 2.2 Mergers, acquisitions and restructurings

Corporate actions which affect the eligibility of an Index Constituent are processed after the close of the business day. Such corporate actions include takeovers, mergers, acquisitions, restructurings and schemes of arrangement. These are processed at the start of the date on which they are effective. If an Index Constituent is no longer eligible then it is removed without replacement. If an Index Constituent has a spin off (or de-merger), then the Calculation Agent (see Section 4 below) will review both the original company and the resultant company prior to the effective date and announce on the HSBC Global Market website for indices if the resultant company will become an Index Constituent with the original company removed.

## 2.3 IPOs

Newly listed companies only become eligible for inclusion into the Index at the next Semi-annual Review Date, provided that four weeks of price and volume data are available to the Calculation Agent to ensure that liquidity criteria are met. Consequently there may be more than three months between the date when a company's shares are first traded and the date when they are considered for inclusion into the Index.

## 2.4 Suspension

A stock's quotation may be suspended for a number of reasons but, for index purposes, these fall into two categories. If the purpose of the suspension is to comply with regulations during takeover discussions, regulatory arrangements, or other corporate restructurings, then the Index Constituent is not removed from the index and its price remains static at the value when it was suspended.

If the suspension is attributable to the possibility that the Index Constituent is insolvent, is in breach of regulations or laws which may prevent the continuance of the Index Constituent's quote, or is likely to be suspended for an indefinite period, then the Index Constituent is removed with zero value. Removal of suspended Index Constituents takes place after the tenth business day of suspension, but the time period can be longer where the reason for suspension has not been clearly established.

If a suspended company which was removed from the Index at zero value resumes trading it will be reinstated in the Index at zero value, thereafter being valued at its closing price. Notification of constituent suspensions will be posted on the HSBC Global Markets website for indices.

## 2.5 Replacement of Index Constituents

If a company is removed from the Index due to takeover, delisting or suspension, there is no replacement before the following Effective Date as a consequence of the Semi-annual Review. Notice of removal shall be posted on the HSBC Global Markets website for indices.

## 2.6 Dividends

For the purposes of calculating a total return index, net dividends, meaning the dividend amount received after deduction of any local and withholding taxes based on the tax treatment of a Luxembourg based investor, are processed when a company is quoted ex-dividend. Net Dividends which appear to be paid from a company's capital are treated as capital repayments (please see Section 2.1). See Appendix C: HSBC Optimised GEM Index withholding tax rates.

The indices are calculated to act as reference values for financial products which are linked to their performance. Should the tax regulations as they relate to the withholding tax on corporate actions (dividends) in Luxembourg change, the Optimised Indices Oversight Committee may change the withholding tax rates applied to properly reflect the financial impact. Changes will be posted on the HSBC Global Markets website for indices.

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### 3.4 About HSBC Global Markets Indices

This Index has been created by HSBC Global Markets. The aim of the HSBC Optimised Indices is to provide reference benchmarks for investment products. HSBC Global Markets has attempted to optimise the Index Rules so that investment products which reference these indices can be serviced on a long-term basis. These indices are characterised by their relatively small number of constituents and their strong emphasis on foreign availability and market liquidity.

**Investors should be aware that the Index is constituted by the Global Markets Division of HSBC Bank plc (“HSBC Global Markets”) and is not an independent research index operated by the Global Research Department.**

*The HSBC Global Markets Indices are a distinct series of indices from the range offered by HSBC Global Research, of which the Calculation Agent is a part. HSBC Global Research operates as a separate business within HSBC from HSBC Global Markets (please see Appendix D: Important Note).*

## 4 Role of the Calculation Agent

The role of the Calculation Agent is to calculate the daily value of the constituted Index and to Review the Index on each Review date in order to reconstitute the Index in accordance with the rules of the Index as specified by HSBC Global Markets.

The Calculation Agent:

1. Reviews the GEM Stock Universe.
2. Reviews liquidity.
3. Identifies Index Constituent changes.
4. Revises weighting factors.
5. Compiles the new constituents for the Index

All removals and inclusions are effective on the Effective Date.



## 4.1 Calculation

Index Values are calculated daily, after the close of business at the US stock exchanges.

Corporate actions affecting the price of a security (bonus issues, rights issues, subdivisions, consolidations, capital repayments, mergers and de-mergers) are processed on the day when they are effective. See Section 2 for further details of how corporate actions affect the Index calculation.

The list of constituents forming the Index is rebalanced semi-annually, based on prices, numbers of shares and exchange rates as at the last business day of the relevant exchange in the months of February and August. These are the Semi-annual Review Dates. Index Constituent changes resulting from the Semi-annual Review are effective after the close of business on the Effective Date, which is the Wednesday preceding the second Friday in February and August.

## 4.2 Index calculation formula

Each daily index return is a weighted average of the returns of its Index Constituents, where the weights are defined according to the methodology in Section 1.3. The weights are subsequently adjusted to accommodate capital changes (rights issues, capital repayments, mergers and de-mergers). The Index calculation formula is provided in Appendix A.

The index calculation method does not incorporate any deductions for transaction costs, taxes or fees other than taxes used in the calculation of net dividends for the purpose of calculating the total return series (please see Section 2.6).

## 4.3 Initial values

Each index series Creation Date is 31 January 2008. Index Values are available from 30 January 2004 when the Index Value is set at 100.

## 4.4 Daily calculations

Index Values are calculated and released normally before 8:00 a.m. (UK time) and are distributed to data vendors, where they are available on the following pages:

Data Vendor	Page
Bloomberg:	HSIP
Reuters:	HSBC/OPTIMISED1
HSBC Global Markets website for indices	<a href="http://www.hsbcinvestorsolutions.com">www.hsbcinvestorsolutions.com</a>

Remark: Market Disruptions (please see Section 4.6) may prevent Index Values being published before 8:00 am.

#### 4.5 Index calculation and maintenance data sources

The Calculation Agent obtains exchange rates, closing prices, traded volumes and numbers of issued shares used for both calculation and maintenance of the Index Values each day from Interactive Data Corporation, Bedford, USA (IDC). The exchange rate data provided by IDC are composite; meaning they are calculated using a number of quotes taken at 4:00 p.m. in London. The Calculation Agent may supplement data from IDC with other sources such as Reuters at its absolute discretion. The Calculation Agent does not guarantee the accuracy of the data from its data vendors or independently verify such data.

#### 4.6 Market Disruptions and Data Disruptions

In the event of a Market Disruption (including but not restricted to: a relevant stock exchange not opening for or severely curtailing hours of business or; trading on a relevant stock exchange being conducted without timely electronic dissemination of closing price data or; disruptions preventing HSBC staff from calculating and/or disseminating Index Values), HSBC shall not publish Index Values until such time as the Market Disruption is over and that it believes it can once again accurately calculate the Index Values.

In the event of a Data Disruption (including but not restricted to: failure of electronic data delivery by data providers contracted to HSBC; unavailability of electronic or internet access to data obtained from an online source; or a disruption of any of HSBC's data systems rendering data inaccessible to processes required to calculate the Index) HSBC shall use its best endeavours to source data from alternative sources with the aim of publishing Index Values by 8:00 a.m. on a day of calculation. HSBC shall not publish Index Values until the Data Disruption is over or data from an alternative source has been acquired. The unavailability of Free-float and Foreign Ownership data shall not be considered sufficient reason to delay the calculation of Index Values and until such time that Free-float or Foreign Ownership data is once again available HSBC shall continue using the last data available to it for the maintenance of the Index.

## 5. Announcements

### 5.1 Index reviews

The Calculation Agent will typically announce Semi-annual Review constituent changes during the first week in February and August. All changes to constituents, including those arising from Foreign Ownership Reviews will be notified to HSBC Global Markets one day (excluding UK bank holidays) before constituent or weighting changes, if any, take effect.

### 5.2 Index Constituent changes

Announcements concerning Index Constituent changes (apart from Semi-annual Reviews) are made as soon as the Calculation Agent has verified and processed the implications of the reasons for the change. Normally, any changes take effect following the business day after the announcement is made.

### 5.3 Amendments

If an announcement needs to be amended, then HSBC issues a replacement announcement as soon as is reasonably practicable. HSBC makes every attempt to be as accurate as possible, and it cannot be held responsible for any actions subscribers take relating to announcements which are subsequently amended.

### 5.4 Information about announcements

Details of announcements are available on the HSBC Global Markets website for indices (please see Section 4.4) by following the link to "Announcements".

### 5.5 Index Values

The Calculation Agent is acting in an arm's length capacity to provide independent calculation services to HSBC Global Markets. Index Values are calculated daily and supplied to clients and data providers at 8:00 a.m. (UK time). Neither HSBC Global Markets nor the Calculation Agent can be held responsible for any errors, intentional or unintentional, on the part of external data providers nor for any delays in publishing the Index.

## 6. Contacts

For general information about the HSBC Optimised GEM Index and other HSBC Global Markets Indices please contact your local HSBC Global Markets representative or contact HSBC Global Markets Third Party Structured Products Development on +44 (0)20 7992 6002, email

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structured.investments@hsbcib.com, or visit the HSBC Global Markets website for indices,  
[www.hsbcinvestorsolutions.com](http://www.hsbcinvestorsolutions.com)

For more information concerning these Ground Rules and the calculation of the HSBC Global Markets  
Indices please contact the Calculation Agent, QT, on + 44 8455 847360 or email [qt-inquiries@hsbcib.com](mailto:qt-inquiries@hsbcib.com).

## Appendix A:

### Index Calculation Formula

The Index return is a weighted average return of its constituent companies, where the weights are the market capitalisation. The weights are adjusted to accommodate capitalisation issues and corporate actions; this is the standard method of calculation for indices. The Index calculation formula is:

$$Index_t = Index_0 \times \frac{\sum (P_{it} N_{it} F_{it})}{D_t}$$

where:

$Index_t$  = Index Value at time t.

$Index_0$  = Index Value as at the inception date of the Index.

$P_{it}$  = The closing price of Index Constituent i at time t.

$N_{it}$  = The number of Index Shares of Index Constituent i at time t.

$F_{it}$  = The Weighting Factor of Index Constituent i at time t.

$D_t$  = Divisor at time t.

The weighting factor,  $F_{it}$ , is calculated at each Semi-annual Review Date to comply with the requirement to equally-weight constituents in the same market/region.

$$F_{it} = \frac{Wm \times \sum (P_{jt} N_{jt})}{Nm \times P_{it} N_{it}}$$

Where Financial Stocks exceed 30% and must be capped to 30% of a market/region the above formula becomes for Financial Stocks:

$$F_{it} = \frac{0.30 \times Wm \times \sum (P_{jt} N_{jt})}{NFm \times P_{it} N_{it}}$$

Whilst for non-Financial Stocks:

$$F_{it} = \frac{0.70 \times Wm \times \sum (P_{jt} N_{jt})}{(Nm - NFm) \times P_{it} N_{it}}$$

Where  $W_m$  and  $N_m$  are the weight and number of constituents in market/region  $m$  (in which the  $i$ th constituent is domiciled) (see Sections 1.1 and 1.4).  $NF_m$  is the number of Financial Stocks in market/region  $m$  (see Section 1.3)

The Divisor is a figure that represents the total market capitalisation at the base date of the Index. It is only adjusted (formula below) to accommodate changes to Index Constituents and changes in the Index Constituents' share capital, thus avoiding distortions in the Index.

#### Divisor Adjustments

The Divisor adjustment formula is:

$$D_t = D_{t-1} \times \left( 1 + \frac{\sum CA_{it}}{M_{t-1}} \right)$$

where:

- $D_t$  = Divisor at time  $t$ .
- $D_{t-1}$  = Divisor at time  $t$  minus 1 day.
- $CA_{it}$  = The capital adjustment of Index Constituent  $i$  at time  $t$ .
- $M_{t-1}$  = Market Capitalisation of the Index at time  $t$  minus 1 day

## Appendix B:

### HSBC Optimised GEM Index Constituents

The following table shows the constituents of the HSBC Optimised GEM Index as at 31 January 2008.

HSBC Optimised GEM Index				
Market/Region	Constituent	Bloomberg	US Exchange	Weight
BRAZIL				
	BCO BRADESCO SA ADR	BBD US	UN	1.80%
	BCO ITAU HOLDING ADR	ITU US	UN	1.80%
	SIDER NACIONAL ADR	SID US	UN	2.80%
	CIA VALE RIO DOC ADR	RIO US	UN	2.80%
	PETROL BRASILEIR ADR	PBR US	UN	2.80%
BRAZIL Total				12.00%
CHINA				
	BANK OF CHINA LTD H	3988 HK		2.25%
	INDUST & COM BK 'H'	1398 HK		2.25%
	CHINA LIFE INS ADR	LFC US	UN	2.25%
	CHINA CONST BK H	939 HK		2.25%
	CHINA TELECOM CP ADR	CHA US	UN	3.50%
	CHINA PETROLEUM ADS	SNP US	UN	3.50%
	PETROCHINA 'H' ADR	PTR US	UN	3.50%
	CHINA SHENHUA ENER	1088 HK		3.50%
	CHINA COMM CONSTR	1800 HK		3.50%
	CHINA COAL ENERGY	1898 HK		3.50%
CHINA Total				30.00%
EASTERN EUROPE				
	BK PEKAO	PEO PW		1.05%
	POWSZECHNA KASA OS	PKO PW		1.05%
	TELEKOMUNIKACJA PO	TPS PW		1.63%
	CEZ	CEZ CP		1.63%
	MOL HUNGARIAN OIL	MOL HB		1.63%
EASTERN EUROPE Total				7.00%
INDIA				
	HDFC BANK ADR	HDB US	UN	1.50%
	ICICI BANK ADR	IBN US	UN	1.50%
	WIPRO ADR	WIT US	UN	2.33%
	INFOSYS TECH ADR	INFY US	UN	2.33%
	SATYAM COMP ADR	SAY US	UN	2.33%
INDIA Total				10.00%
KOREA				
	KOOKMIN BANK ADR	KB US	UN	1.40%
	KOREA ELEC POWER ADR	KEP US	UN	1.40%
	SAMSUNG ELECTR GDR	SMSN LJ		1.40%
	HYUNDAI HEAVY INDS	009540 KS		1.40%
	POSCO ADR	PKX US	UN	1.40%
KOREA Total				7.00%

# HSBC Optimised GEM Index

Market/Region	Constituent	Bloomberg	US Exchange	Weight
MEXICO				
	TELMEX ADR	TMX US	UN	1.50%
	CEMEX ADR	CX US	UN	1.50%
	AMERICA MOVIL SA ADR	AMX US	UN	1.50%
	WAL-MART DE MEX ADR	WMMVY US	UN	1.50%
MEXICO Total				6.00%
RUSSIA				
	LUKOIL OIL COMP ADR	LKOD LI		2.80%
	ROSNEFT OJSC GDR	ROSN LI		2.80%
	GAZPROM ADR	OGZD LI		2.80%
	SBERBANK RUSSIA	SBER RU		2.80%
	JSC MMC NORILSK 'ADR	MNOD LI		2.80%
RUSSIA Total				14.00%
SOUTH AFRICA				
	IMPALA PLATINUM	IMP SJ		1.25%
	ANGLO PLATINUM LTD	AMS SJ		1.25%
	MTN GROUP LTD	MTN SJ		1.25%
	SASOL ADR	SSL US	UN	1.25%
SOUTH AFRICA Total				5.00%
TAIWAN				
	TAIWAN SEMICON ADR	TSM US	UN	1.25%
	FORMOSA PETROCHEM	6505 TT		1.25%
	HON HAI PREC GDR	HHPD LI		1.25%
	CATHAY FINL HLDG	2882 TT		1.25%
TAIWAN Total				5.00%
TURKEY				
	AKBANK	AKBNK TI		1.20%
	TURKCELL ILET ADR	TKC US	UN	1.40%
	ENKA INSAAT	ENKAI TI		1.40%
TURKEY Total				4.00%
TOTAL				100.00%

UN: New York Listing  
UA: American Stock Exchange  
UQ: Nasdaq



Appendix C:

HSBC Optimised GEM Index withholding tax rates

Country	Withholding Tax Rate %
BRAZIL	0
CZECH REPUBLIC	15
HONG KONG	0
HUNGARY	0
INDIA	0
KOREA	27.5
MEXICO	0
POLAND	19
ROMANIA	16
RUSSIA	15
SOUTH AFRICA	0
TAIWAN	20
TURKEY	15
UNITED KINGDOM	0
USA	30

## Appendix D:

### IMPORTANT NOTE

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The HSBC Optimised GEM Index (the "Index") is promoted by the Global Banking and Markets business of HSBC Bank plc ("Global Banking and Markets"). The Index is not an independent Research product of the Global Research Department. The Index is calculated by HSBC Bank plc's Quantitative Techniques business ("QT"). Global Banking and Markets has no responsibility for the calculation of the Index and does not guarantee or represent or warrant the accuracy or completeness of the Index or the data comprised therein.

QT provides an independent service offering indices and data products to customers including users of the HSBC Indices. QT operates independently from the Global Banking and Markets business from which it is both structurally and physically separated. Whilst QT calculates and publishes the level of the Index in good faith based on sources which it believes to be reliable, it does not guarantee, represent or warrant the accuracy or completeness of the Index or the data comprised therein.

Except in the case of fraudulent misrepresentation, no liability is accepted by either Global Banking and Markets or QT whatsoever for any direct, indirect or consequential loss arising from the Index.

Neither Global Banking and Markets nor QT make any representation, warranty or guarantee whatsoever as to the performance of the Index. Investments can fluctuate in price or value and prices, values or income may fall against an investor's interests. Changes in rates of exchange and rates of interest may have an adverse effect on the value, price or income of the Index. You are solely responsible for making your own independent appraisal of and investigation into the Index referred to in this document and you should not rely on any information in this document as constituting investment advice. Neither HSBC nor any of its affiliates are responsible for providing you with legal, tax or other specialist advice and you should make your own arrangements in respect of this accordingly. This document is intended solely for professional clients and eligible counterparties (as defined in the rules of the FSA) and is not intended for the use of retail clients. No opinions are expressed as to the merits or suitability of the Index. Investments in the Index may not be suitable for all requirements and if you have any doubts, seek advice from your investment adviser.

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# HSBC Global Markets Indices

## HSBC Optimised Middle East Index Series

June 2008

# HSBC Global Markets Indices

## Ground Rules for HSBC Optimised Middle East Index Series

1. Introduction	4	5. Announcements	13
1.1 HSBC Optimised Middle East Index Series overview	4	5.1 Index reviews	13
1.2 HSBC Optimised Middle East Index Series currencies	5	5.2 Index constituent changes	13
1.3 Weighting	5	5.3 Amendments	13
1.4 Market/Region Weighting and Constituent Distribution	5	5.4 Information about announcements	13
1.5 Exclusions	6	5.5 Index Values	13
1.6 Liquidity screening	6	6. Contacts	14
1.7 Multiple share classes	6		
2. Index Maintenance	7		
2.1 Changes to number of shares in issue and Capital Adjustments	7	Appendix A: Index Calculation Formula	15
2.2 Mergers, acquisitions and restructurings	7	Appendix B HSBC Optimised Middle East Index Series Constituents	17
2.3 IPOs	7	Appendix C: HSBC Optimised Middle East Index Series withholding tax rates	25
2.4 Suspension	7	Appendix D: Important Note	26
2.5 Replacement of Index Constituents	8		
2.6 Dividends	8		
3. Index governance	8		
3.1 Overview	8		
3.2 Oversight Committee	9		
3.3 Information about the Index	9		
3.4 About HSBC Global Markets Indices	9		
4. Role of the Calculation Agent	10		
4.1 Calculation	10		
4.2 Index calculation formula	11		
4.3 Initial values	11		
4.4 Daily calculations	11		
4.5 Index calculation and maintenance data sources	12		
4.6 Market Disruptions and Data Disruptions	12		

June 2008

## Definitions

Average Daily Traded Value	Average daily value of shares traded over a specified period of time
BOQ	Bahrain, Oman, Qatar
Calculation Agent	HSBC's Quantitative Techniques business (QT) – a division of HSBC and an independent Calculation Agent which provides data and calculates indices for parts of HSBC Group, including to the Global Research Department and to organisations outside of HSBC
Capital Adjustment	Adjustment to a company's share capital resulting from bonus issues, rights issues, subdivisions, consolidations, capital repayments, mergers, demergers and other events of a related nature
Creation Date	30 May 2008
Currency Adjusted Market Capitalisation	Total value of a company's issued share capital expressed in US dollars
Data Disruption	Event involving unavailability of data as defined in Section 4.6
Effective Date	Date on which constituent changes from a Semi-annual Review take effect in the calculation of the Index
Free-float	Shares of a company which are freely available for purchase in stock markets
Ground Rules	The rules defining calculation, maintenance, governance and publication of the Index
GCC Countries	Gulf Cooperation Council consists of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE
Index	HSBC Optimised Middle East Index Series
Index Constituent	Company whose shares are used to calculate the Index Value
Index Shares	The number of shares of an Index Constituent used to calculate the Index Value
Index Value	Calculated value of the Index. Applies to both capital (price) return and total return calculations
Optimised Indices Oversight Committee	A committee of HSBC Global Markets professionals charged with issues of index governance
Market Disruption	Event where trading or index calculation does not take place as defined in Section 4.6
Semi-annual Review	Procedure for reviewing the list of constituents which make up the Index
Semi-annual Review Date	Date from which data for the Semi-annual Review is taken which is the last Business Day in the UK in the months of February and August
UAE	United Arab Emirates (Abu Dhabi, Ajman, Dubai, Fujairah, Ras al-Khaimah, Sharjah and Umm al-Quwain). Most companies in this region are listed on the stock exchanges in Dubai and Abu Dhabi.
Weighting Factor	Multiplier applied to Index Shares in order to restrict maximum weight at Semi-annual Review or Foreign Ownership Review to 10%

## 1. Introduction

### 1.1 HSBC Optimised Middle East Index Series overview

The HSBC Optimised Middle East Index Series (the "Indices") are promoted by HSBC Global Markets, a business area of HSBC Bank plc. Each of the Indices is provided as two series: The HSBC Optimised Total Return Index, which includes ex-dividend adjustments; and the HSBC Optimised Price Return Index, which excludes the effects of dividends.

The purpose of each Index is to provide investors with a benchmark which gives exposure to companies from countries specified in Table 1. Each stock must be open to foreign investment and normally have a minimum Average Daily Traded Value of USD 1 million over a three-month period at each Semi-annual Review Date. The largest stocks (by market capitalisation) in each market or region are selected. The minimum Average Daily Traded Value may be lowered if there are less than the minimum number of constituents specified for each Index.

The maximum weight per constituent in an Index is 10% and this criterion is set on the Index start date and on each Periodic Review Date.

Table 1 gives the number of constituents for each Index. Only securities incorporated and listed on regulated stock exchanges in the markets or regions are eligible for inclusion in each of the Indices. Indices are constructed with the aim of having the Maximum number of constituents in each index subject to the constituent selection criteria.

Table 1

Market or Region	Minimum constituents	Maximum constituents
<b>GCC Markets</b>		
Abu Dhabi	10	15
Bahrain (see Smaller Markets)	na	na
Dubai	10	15
Kuwait	10	15
Oman (see Smaller Markets)	na	na
Qatar (see Smaller Markets)	na	na
<b>GCC + Egypt</b>	30	40
<b>GCC + Egypt + Jordan</b>	30	40
Egypt	15	20
Jordan	10	15
<b>Smaller Markets</b>		

Bahrain, Oman, Qatar ("BOQ")	10	15
------------------------------	----	----

Appendix B details the list of constituents and their weightings as of 30 May 2008 for each Index.

## 1.2 HSBC Optimised Middle East Index Series currencies

The Index Values shall be calculated in USD. Single market Indices will also be calculated in the local market currency.

## 1.3 Weighting

For rebalancing purposes, the starting point is that all constituents of the universe from which Index Constituents are selected are represented by their full USD market capitalisation.

The maximum constituent weighting in an Index is 10% with the exception of the HSBC Optimised GCC+Egypt+Jordan Index where the maximum constituent weighting is 5%.

At each Semi-annual Review Date, if the largest constituent of the Index is greater than 10% then this constituent's weight is set at 10% by the multiplication of a weighting factor, with lower-ranked constituents having their weights increased pro-rata. If the second constituent is 10% or more then the process is repeated and is repeated again with the third constituent onwards until all constituents are 10% weight or lower. The consequent Weighting Factor is the ratio between the weight before applying this rule and the weight after. Where no constituent has a weight of 10% or above, all Weighting Factors are set to 1.

Similarly, for the HSBC Optimised GCC+Egypt+Jordan Index, at each Semi-annual Review Date, if the largest constituent of the Index is greater than 5% then this constituent's weight is set at 5% by the multiplication of a weighting factor, with lower-ranked constituents having their weights increased pro-rata. If the second constituent is 5% or more then the process is repeated and is repeated again with the third constituent onwards until all constituents are 5% weight or lower. The consequent Weighting Factor is the ratio between the weight before applying this rule and the weight after. Where no constituent has a weight of 10% or above, all Weighting Factors are set to 1.

The weights are subsequently adjusted to accommodate capital changes (rights issues, capital repayments, mergers, and de-mergers). The Index calculation formula is provided in Appendix A.

## 1.4 Market/Region Weighting and Constituent Distribution

The maximum and minimum number of constituents for each Index are specified in Table 1. If there are fewer eligible companies than the maximum numbers shown in the Table 1 in any Index then the

number available is used. If the total number of companies is consequently lower than the minimum number for any given Index, then the liquidity criterion is lowered by USD100,000 progressively until at least the minimum number of companies are eligible for each Index.

For purposes of clarity the indices consisting of more than one country have the largest constituents as measured by their full USD market capitalisation which satisfy the minimum liquidity criteria are selected.

For historic simulation purposes, the same procedures apply at each historic Semi-annual Review Date that apply at the Creation Date.

## 1.5 Exclusions

The following securities are ineligible as Index Constituents and are excluded from Semi-annual Reviews:

- Companies with below 10% free float
- Companies in whose shares HSBC Global Markets is prohibited from dealing and which have been notified to the Calculation Agent by HSBC Global Banking and Markets Compliance.

Index Constituents which become ineligible between Semi-annual Reviews are replaced with the eligible non-constituent with the highest market capitalisation (please see Section 1.1). Results of actions affecting the Index will be published on the HSBC Global Markets website for indices [www.hsbcinvestorsolutions.com](http://www.hsbcinvestorsolutions.com).

## 1.6 Liquidity screening

At the date of launch and on subsequent Semi-annual Review Dates, each company must have a minimum Average Daily Traded Value over 3 months of USD 1,000,000 (however this may be lowered under certain circumstances– please see Section 1.4). When companies are newly listed on the relevant stock exchange (or relevant exchange where ADRs or GDRs are used in their place), and 3-month data is not available, the Average Daily Traded Value over the period since trading began is used provided that at least four weeks of price and volume data is available.

## 1.7 Multiple share classes

Other than ordinary shares listed on the relevant exchanges for each market/region, American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs) and equivalent issuances are also permitted. The substitution by an ADR or GDR of a domestic listed security will arise where its liquidity renders it eligible even if the domestic listed security is also eligible, where these Ground



Rules prohibit domestic listed securities, or where the foreign ownership limit on the domestic listed security has been reached.

## 2. Index Maintenance

### 2.1 Changes to number of shares in issue and Capital Adjustments

Changes to the number of shares in issue and Capital Adjustments which affect the price of an Index Constituent (bonus issues, rights issues, subdivisions, consolidations, capital repayments, mergers and demergers) are processed on the day the action takes effect.

Share changes resulting from IPOs, additional listings and conversions (of warrants, convertibles etc), or partial cancellations and buy-backs would not normally be processed before the subsequent Semi-annual Review Date.

### 2.2 Mergers, acquisitions and restructurings

Corporate actions which affect the eligibility of an Index Constituent are processed after the close of the business day. Such corporate actions include takeovers, mergers, acquisitions, restructurings and schemes of arrangement. These are processed at the start of the date on which they are effective. If an Index Constituent is no longer eligible then it is removed without replacement. If an Index Constituent has a spin off (or de-merger), then the Calculation Agent (see Section 4 below) will review both the original company and the resultant company prior to the effective date and announce on the HSBC Global Market website for indices if the resultant company will become an Index Constituent with the original company removed.

### 2.3 IPOs

Newly listed companies only become eligible for inclusion into the Index at the next Semi-annual Review Date, provided that four weeks of price and volume data are available to the Calculation Agent to ensure that liquidity criteria are met. Consequently there may be more than three months between the date when a company's shares are first traded and the date when they are considered for inclusion into the Index.

### 2.4 Suspension

A stock's quotation may be suspended for a number of reasons but, for index purposes, these fall into two categories. If the purpose of the suspension is to comply with regulations during takeover

discussions, regulatory arrangements, or other corporate restructurings, then the Index Constituent is not removed from the index and its price remains static at the value when it was suspended.

If the suspension is attributable to the possibility that the Index Constituent is insolvent, is in breach of regulations or laws which may prevent the continuance of the Index Constituent's quote, or is likely to be suspended for an indefinite period, then the Index Constituent is removed with zero value. Removal of suspended Index Constituents takes place after the tenth business day of suspension, but the time period can be longer where the reason for suspension has not been clearly established.

If a suspended company which was removed from the Index at zero value resumes trading it will be reinstated in the Index at zero value, thereafter being valued at its closing price. Notification of constituent suspensions will be posted on the HSBC Global Markets website for indices.

## 2.5 Replacement of Index Constituents

If a company is removed from the Index due to takeover, delisting or suspension, there is no replacement before the following Effective Date as a consequence of the Semi-annual Review. Notice of removal shall be posted on the HSBC Global Markets website for indices.

## 2.6 Dividends

For the purposes of calculating a total return index, net dividends, meaning the dividend amount received after deduction of any local and withholding taxes based on the tax treatment of a Luxembourg based investor, are processed when a company is quoted ex-dividend. Net Dividends which appear to be paid from a company's capital are treated as capital repayments (please see Section 2.1). See Appendix C: HSBC Optimised Middle East Index Series withholding tax rates.

The indices are calculated to act as reference values for financial products which are linked to their performance. Should the tax regulations as they relate to the withholding tax on corporate actions (dividends) in Luxembourg change, the Optimised Indices Oversight Committee may change the withholding tax rates applied to properly reflect the financial impact. Changes will be posted on the HSBC Global Markets website for indices.

# 3. Index governance

## 3.1 Overview

The HSBC Optimised Middle East Index Series is a Rules Based Index sponsored by HSBC Global Markets. The Index is calculated independently by the Calculation Agent. HSBC Global Markets has

formed an Optimised Indices Oversight Committee to review policies and coverage of the HSBC Global Markets Indices, meeting between Semi-annual Review Dates as and when required. Whilst, it is not envisaged that the Rules will change, any modification to the Rules, including notification of when HSBC Global Markets resolves to cease publishing the Index, will be available directly from the HSBC Global Markets website for indices (please refer to Section 4.4) with a 3-month notice period prior to the proposed change. Any decision to cease publication shall only be taken once HSBC Global Markets has made sure all products which use the Index as a reference have expired or have been redeemed.

### 3.2 Oversight Committee

The HSBC Optimised Indices Oversight Committee has the following constituents:

HSBC Global Markets:

1. Structured Equities
2. Execution Services
3. Third Party Structured Product Development
4. Compliance

The names of Oversight Committee members can be obtained by contacting HSBC Global Markets. Any changes to the Index Rules made by the Oversight Committee will be published on the HSBC Global Markets website for indices. The amendments will be updated in the Index Rules.

### 3.3 Information about the Index

All data and information concerning the Index, such as

- a) Ground Rules
- b) Change of Ground Rules (if any)
- c) Index Values
- d) Index Constituents
- e) Announcements
- f) Information as to historical volatilities etc.

is available directly from the HSBC Global Markets website for indices.

### 3.4 About HSBC Global Markets Indices

This Index has been created by HSBC Global Markets. The aim of the HSBC Optimised Indices is to provide reference benchmarks for investment products. HSBC Global Markets has attempted to optimise the Index Rules so that investment products which reference these indices can be serviced on

a long-term basis. These indices are characterised by their relatively small number of constituents and their strong emphasis on foreign availability and market liquidity.

**Investors should be aware that the Index is constituted by the Global Markets Division of HSBC Bank plc ("HSBC Global Markets") and is not an independent research index operated by the Global Research Department.**

*The HSBC Global Markets Indices are a distinct series of indices from the range offered by HSBC Global Research, of which the Calculation Agent is a part. HSBC Global Research operates as a separate business within HSBC from HSBC Global Markets (please see Appendix D: Important Note).*

## 4 Role of the Calculation Agent

The role of the Calculation Agent is to calculate the daily value of the constituted Index and to Review the Index on each Review date in order to reconstitute the Index in accordance with the rules of the Index as specified by HSBC Global Markets.

**The Calculation Agent:**

1. Reviews the Stock Universe for each of the Index Series.
2. Reviews liquidity.
3. Identifies Index Constituent changes.
4. Revises weighting factors.
5. Compiles the new constituents for the Index.

All removals and inclusions are effective on the Effective Date.

### 4.1 Calculation

Index Values are calculated daily, after the close of business at the US stock exchanges.

Corporate actions affecting the price of a security (bonus issues, rights issues, subdivisions, consolidations, capital repayments, mergers and de-mergers) are processed on the day when they are effective. See Section 2 for further details of how corporate actions affect the Index calculation.

The list of constituents forming the Index is rebalanced semi-annually, based on prices, numbers of shares and exchange rates as at the last business day of the relevant exchange in the months of February and August. These are the Semi-annual Review Dates. Index Constituent changes resulting from the

Semi-annual Review are effective after the close of business on the Effective Date, which is the Wednesday preceding the second Friday in February and August.

## 4.2 Index calculation formula

Each daily index return is a weighted average of the returns of its Index Constituents, where the weights are defined according to the methodology in Section 1.3. The weights are subsequently adjusted to accommodate capital changes (rights issues, capital repayments, mergers and de-mergers). The Index calculation formula is provided in Appendix A.

The index calculation method does not incorporate any deductions for transaction costs, taxes or fees other than taxes used in the calculation of net dividends for the purpose of calculating the total return series (please see Section 2.6).

## 4.3 Initial values

Each index series Creation Date is 30 May 2008. Index Values are available from the Creation Date when each Index Value is set at 100.

## 4.4 Daily calculations

Index Values are calculated and released normally before 8:00 a.m. (UK time) and are distributed to data vendors, where they are available on the following pages:

Data Vendor	Page
Bloomberg:	HSIP
Reuters:	HSBC/OPTIMISED1
HSBC Global Markets website for indices	<a href="http://www.hsbcinvestorsolutions.com">www.hsbcinvestorsolutions.com</a>

Index	Bloomberg Ticker
HSBC Optimised Abu Dhabi Total Return Index	HSIXABUT Index
HSBC Optimised Abu Dhabi Price Return Index	HSIXABUP Index
HSBC Optimised BOQ Total Return Index	HSIXBOQT Index
HSBC Optimised BOQ Price Return Index	HSIXBOQP Index
HSBC Optimised Dubai Total Return Index	HSIXDUBT Index
HSBC Optimised Dubai Price Return Index	HSIXDUBP Index
HSBC Optimised Egypt Total Return Index	HSIXEGYT Index
HSBC Optimised Egypt Price Return Index	HSIXEGYP Index

HSBC Optimised Jordan Total Return Index	HSIXJORT Index
HSBC Optimised Jordan Price Return Index	HSIXJORP Index
HSBC Optimised Kuwait Total Return Index	HSIXKUWT Index
HSBC Optimised Kuwait Price Return Index	HSIXKUWP Index
HSBC Optimised GCC+Egypt Total Return Index	HSIXGCET Index
HSBC Optimised GCC+Egypt Price Return Index	HSIXGCEP Index
HSBC Optimised GCC+Egypt+Jordan Total Return Index	HSIXGEJT Index
HSBC Optimised GCC+Egypt+Jordan Price Return Index	HSIXGEJP Index

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Remark: Market Disruptions (please see Section 4.6) may prevent Index Values being published before 8:00 am.

#### 4.5 Index calculation and maintenance data sources

The Calculation Agent obtains exchange rates for both calculation and maintenance of the Index Values each day from Interactive Data Corporation, Bedford, USA (IDC). The exchange rate data provided by IDC are composite; meaning they are calculated using a number of quotes taken at 4:00 p.m. in London.

The Calculation Agent obtains closing prices, traded volumes and numbers of issued shares used for both calculation and maintenance of the Index Values each day from Reuters. The Calculation Agent does not guarantee the accuracy of the data from its data vendors or independently verify such data.

#### 4.6 Market Disruptions and Data Disruptions

In the event of a Market Disruption (including but not restricted to: a relevant stock exchange not opening for or severely curtailing hours of business or; trading on a relevant stock exchange being conducted without timely electronic dissemination of closing price data or; disruptions preventing HSBC staff from calculating and/or disseminating Index Values), HSBC shall not publish Index Values until such time as the Market Disruption is over and that it believes it can once again accurately calculate the Index Values.

In the event of a Data Disruption (including but not restricted to: failure of electronic data delivery by data providers contracted to HSBC; unavailability of electronic or internet access to data obtained from an online source; or a disruption of any of HSBC's data systems rendering data inaccessible to

processes required to calculate the Index) HSBC shall use its best endeavours to source data from alternative sources with the aim of publishing Index Values by 8:00 a.m. on a day of calculation. HSBC shall not publish Index Values until the Data Disruption is over or data from an alternative source has been acquired. The unavailability of Free-float and Foreign Ownership data shall not be considered sufficient reason to delay the calculation of Index Values and until such time that Free-float or Foreign Ownership data is once again available HSBC shall continue using the last data available to it for the maintenance of the Index.

## 5. Announcements

### 5.1 Index reviews

The Calculation Agent will typically announce Semi-annual Review constituent changes during the first week in February and August. All changes to constituents, including those arising from Foreign Ownership Reviews will be notified to HSBC Global Markets one day (excluding UK bank holidays) before constituent or weighting changes, if any, take effect.

### 5.2 Index Constituent changes

Announcements concerning Index Constituent changes (apart from Semi-annual Reviews) are made as soon as the Calculation Agent has verified and processed the implications of the reasons for the change. Normally, any changes take effect following the business day after the announcement is made.

### 5.3 Amendments

If an announcement needs to be amended, then HSBC issues a replacement announcement as soon as is reasonably practicable. HSBC makes every attempt to be as accurate as possible, and it cannot be held responsible for any actions subscribers take relating to announcements which are subsequently amended.

### 5.4 Information about announcements

Details of announcements are available on the HSBC Global Markets website for indices ([www.hsbcinvestorsolutions.com](http://www.hsbcinvestorsolutions.com)) by following the link to "Announcements".

### 5.5 Index Values

The Calculation Agent is acting in an arm's length capacity to provide independent calculation services to HSBC Global Markets. Index Values are calculated daily and supplied to clients and data providers at 8:00 a.m. (UK time). Neither HSBC Global Markets nor the Calculation Agent can be held

responsible for any errors, intentional or unintentional, on the part of external data providers nor for any delays in publishing the Index.

## 6. Contacts

For general information about the HSBC Optimised Middle East Index Series and other HSBC Global Markets Indices please contact your local HSBC Global Markets representative or contact HSBC Global Markets Third Party Structured Products Development on +44 (0)20 7992 6002, email [structured.investments@hsbcib.com](mailto:structured.investments@hsbcib.com), or visit the HSBC Global Markets website for indices, [www.hsbcinvestorsolutions.com](http://www.hsbcinvestorsolutions.com)

For more information concerning these Ground Rules and the calculation of the HSBC Global Markets Indices please contact the Calculation Agent, QT, on + 44 8455 847360 or email [qt-inquiries@hsbcib.com](mailto:qt-inquiries@hsbcib.com).



## Appendix A:

### Index Calculation Formula

The Index return is a weighted average return of its constituent companies, where the weights are the market capitalisation. The weights are adjusted to accommodate capitalisation issues and corporate actions; this is the standard method of calculation for indices. The Index calculation formula is:

$$Index_t = Index_0 \times \frac{\sum P_{it} N_{it} F_{it}}{D_t}$$

where:

$Index_t$	=	Index Value at time t.
$Index_0$	=	Index Value as at the inception date of the Index.
$P_{it}$	=	The closing price of Index Constituent i at time t.
$N_{it}$	=	The number of Index Shares of Index Constituent i at time t.
$F_{it}$	=	The Weighting Factor of Index Constituent i at time t.
$D_t$	=	Divisor at time t.

The weighting factor,  $F_{it}$  is calculated at each Semi-annual Review Date to comply with the requirement to equally-weight constituents in the same market/region.

$$F_{it} = \frac{P_{it} N_{it}}{\sum P_{jt} N_{jt}}$$

For all Index Constituents j at time t

Where a stock is capped at 10% the factor  $F_{it}$  is defined as

$$F_{it} = 10\% \times \frac{\sum P_{kt} N_{kt}}{P_{it} N_{it}}$$

For a stock not capped at 10% the factor  $F_{it}$  is defined by

$$F_{it} = [1 - (N \times 10\%)] \times \frac{\sum P_{kt} N_{kt}}{\sum P_{jt} N_{jt}}$$

j	=	1 .. all constituents not capped at 10%
k	=	1 .. all constituents of the index

Note that if  $N = 0$  then  $F_{it} = 1$  for all i. This is the case when all stocks are fully weighted and none are capped.

In the case of the HSBC Optimised GCC+Egypt+Jordan Index, where a stock is capped at 5% the factor  $F_{it}$  is defined as

$$F_{it} = 5\% \times \frac{\sum P_{ki} N_{ki}}{P_{it} N_{it}}$$

For a stock not capped at 5% the factor  $F_{it}$  is defined by

$$F_{it} = \left[1 - (N \times 5\%)\right] \times \frac{\sum P_{ki} N_{ki}}{\sum P_{ji} N_{ji}}$$

$j$  = 1 .. all constituents not capped at 5%  
 $k$  = 1 .. all constituents of the index

Note that if  $N = 0$  then  $F_{it} = 1$  for all  $i$ . This is the case when all stocks are fully weighted and none are capped.

The Divisor is a figure that represents the total market capitalisation at the base date of the Index. It is only adjusted (formula below) to accommodate changes to constituents and changes in the constituents' share capital, thus avoiding distortions in the Index.

#### Divisor Adjustments

The Divisor adjustment formula is:

$$D_t = D_{t-1} \times \left(1 + \frac{\sum CA_{it}}{M_{t-1}}\right)$$

where:

$D_t$  = Divisor at time  $t$ .  
 $D_{t-1}$  = Divisor at time  $t$  minus 1 day.  
 $CA_{it}$  = The capital adjustment of Index Constituent  $i$  at time  $t$ .  
 $M_{t-1}$  = Market Capitalisation of the Index at time  $t$  minus 1 day

## Appendix B:

### HSBC Optimised Middle East Index Series Constituents

The following table shows the constituents of the HSBC Optimised Middle East Index Series as at 30 May 2008.

#### Abu Dhabi

Weights as at 30 May 2008

##### HSBC Optimised Abu Dhabi Index

Name	Country	Bloomberg	Index wt
ABU DHABI COMM BK	UAE	ADCB UH	10.0%
DANA GAS	UAE	DANA UH	10.0%
ALDAR PROPERTIES	UAE	ALDAR UH	10.0%
NATL BK ABU DHABI	UAE	NBAD UH	10.0%
UNION NATIONAL BK	UAE	UNB UH	10.0%
SOROUH REAL ESTATE	UAE	SOROUH UH	10.0%
FIRST GULF BANK	UAE	FGB UH	10.0%
ABU DHABI NAT HTLS	UAE	ADNH UH	6.8%
GULF CEMENT CO	UAE	GCEM UH	5.1%
BANK OF SHARJAH	UAE	BOS UH	4.7%
RAS AL KHAIMAH PRO	UAE	RAKPROP UH	4.2%
AL WAHA CAPITAL	UAE	WAHA UH	3.6%
AABAR PETROLEUM	UAE	AABAR UH	2.7%
EMIRATES FOOD STUF	UAE	AGTHIA UH	1.5%
RAS AL KHAIMAH CEM	UAE	RAKCC UH	1.4%

## Dubai

Weights as at 30 May 2008

HSBC Optimised Dubai Index			
Name	Country	Bloomberg	Index wt
DUBAI INVESTMENTS	UAE	DIC UH	10.0%
DUBAI ISLAMIC BANK	UAE	DIB UH	10.0%
DUBAI FINANCIAL MKT	UAE	DFM UH	10.0%
UNION PROPERTIES	UAE	UPP UH	10.0%
DP WORLD	UAE	DPW DU	10.0%
EMAAR PROPERTIES	UAE	EMAAR UH	10.0%
ARABTEC HOLDING CO	UAE	ARTC UH	8.2%
AIR ARABIA	UAE	AIRARABI UH	7.9%
TAMWEEL LLC	UAE	TAMWEEL UH	6.9%
AMLAK FINANCE	UAE	AMLAK UH	6.2%
ISLAMIC ARAB INSUR	UAE	IAIC UH	3.2%
ARAMEX COMPANY	UAE	ARMX UH	2.7%
GULF NAVIGATION HO	UAE	GULFNAV UH	2.5%
NATL CENTRAL COOLING	UAE	TABREED UH	2.5%

## Kuwait

Weights as at 30 May 2008

### HSBC Optimised Kuwait Index

Name	Country	Bloomberg	Index wt
NATIONAL INDS GP HOL	KUWA	NIND KK	10.0%
NAT BK OF KUWAIT	KUWA	NSK KK	10.0%
KUWAIT FINANCE HOU	KUWA	KFIN KK	10.0%
MOBILE TELEPH SYS	KUWA	ZAIN KK	10.0%
COMM BK OF KUWAIT	KUWA	CBK KK	9.1%
GULF BNK OF KUWAIT	KUWA	GBK KK	8.8%
PUBLIC WAREHOUSING	KUWA	AGLT KK	8.4%
KUWAIT INVEST PROJ	KUWA	KPROJ KK	6.4%
NATL MOBILE TELECOM	KUWA	NMTC KK	5.8%
GLOBAL INV HOUSE	KUWA	GLOBAL KK	4.9%
BURGAN BANK	KUWA	BURG KK	4.7%
INVESTMENT DAR CO	KUWA	TID KK	4.3%
BOUBYAN BANK (K.S.C)	KUWA	BOUBYAN KK	3.4%
NATL INVESTMENT CO	KUWA	NINV KK	3.4%
BOUBYAN PETROCHEM	KUWA	BPCC KK	3.0%

## GCC+Egypt

Weights as at 30 May 2008

HSBC Optimised GCC+Egypt Index			
Name	Country	Bloomberg	Index wt
MOBILE TELEPH SYS	KUWA	ZAIN KK	7.8%
KUWAIT FINANCE HOU	KUWA	KFIN KK	6.3%
EMAAR PROPERTIES	UAE	EMAAR UH	5.6%
NAT BK OF KUWAIT	KUWA	NBK KK	5.4%
QATAR NATIONAL BK	QATA	QNBK QD	5.0%
DP WORLD	UAE	DPW DU	4.9%
ORASCOM TELECOM GDR	EGYP	OTLD LI	4.7%
ORASCOM CONSTRN	EGYP	OCIC EY	4.4%
DUBAI FINANCIAL MKT	UAE	DFM UH	3.7%
NATL BK ABU DHABI	UAE	NBAD UH	3.4%
COMM BK OF QATAR	QATA	CBQK QD	2.7%
FIRST GULF BANK	UAE	FGB UH	2.6%
DUBAI ISLAMIC BANK	UAE	DIB UH	2.5%
QATAR TELECOM	QATA	QTEL QD	2.4%
ALDAR PROPERTIES	UAE	ALDAR UH	2.3%
NATIONAL INDS GP HOL	KUWA	NIND KK	2.3%
QATAR ISLAMIC BANK	QATA	QIBK QD	2.2%
ABU DHABI COMM BK	UAE	ADCB UH	2.0%
COMM BK OF KUWAIT	KUWA	CBK KK	2.0%
GULF BNK OF KUWAIT	KUWA	GBK KK	1.9%
SOROUH REAL ESTATE	UAE	SOROUH UH	1.9%
TELECOM EGYPT	EGYP	ETEL EY	1.7%
BANK MUSCAT GDR	OMAN	BKM LI	1.7%
BARWA REAL ESTATE	QATA	BRES QD	1.6%
PUBLIC WAREHOUSING	KUWA	AGLT KK	1.4%
KUWAIT INVEST PROJ	KUWA	KPROJ KK	1.4%
MASRAF AL-RAYAN	QATA	MARK QD	1.4%
UNION NATIONAL BK	UAE	UNB UH	1.3%
UNION PROPERTIES	UAE	UPP UH	1.3%
OMANTEL	OMAN	OTEL OM	1.3%
NATL MOBILE TELECOM	KUWA	NMTC KK	1.2%
DOHA BANK	QATA	DHBK QD	1.2%
TALAAT MOSTAFA GROUP	EGYP	TMGH EY	1.2%
EL EZZ ALDEKHELA STE	EGYP	IRAX EY	1.1%
EPG HERMES HLDGS	EGYP	HRHO EY	1.1%
GLOBAL INV HOUSE	KUWA	GLOBAL KK	1.1%
BURGAN BANK	KUWA	BURG KK	1.0%
DANA GAS	UAE	DANA UH	1.0%
MOBINIL	EGYP	EMOB EY	1.0%
DUBAI INVESTMENTS	UAE	DIC UH	1.0%

## GCC+Egypt+Jordan

Weights as at 30 May 2008

HSBC Optimised GCC+Egypt+Jordan Index			
Name	Country	Bloomberg	Index wt
MOBILE TELEPH SYS	KUWA	ZAIN KK	5.0%
NAT BK OF KUWAIT	KUWA	NBK KK	5.0%
EMAAR PROPERTIES	UAE	EMAAR UH	5.0%
KUWAIT FINANCE HOU	KUWA	KFIN KK	5.0%
QATAR NATIONAL BK	QATA	QNBK QD	5.0%
DP WORLD	UAE	DPW DU	4.9%
ORASCOM TELECOM GDR	EGYP	OTLD LI	4.7%
ORASCOM CONSTRN	EGYP	OCIC EY	4.4%
ARAB BANK	JORD	ARBK JR	4.4%
DUBAI FINANCIAL MKT	UAE	DFM UH	3.7%
NATL BK ABU DHABI	UAE	NBAD UH	3.4%
COMM BK OF QATAR	QATA	CBQK QD	2.7%
FIRST GULF BANK	UAE	FGS UH	2.6%
ARAB POTASH	JORD	APOT JR	2.6%
DUBAI ISLAMIC BANK	UAE	DIB UH	2.5%
QATAR TELECOM	QATA	QTEL QD	2.4%
ALDAR PROPERTIES	UAE	ALDAR UH	2.3%
NATIONAL INDS GP HOL	KUWA	NIND KK	2.3%
QATAR ISLAMIC BANK	QATA	QIBK QD	2.2%
ABU DHABI COMM BK	UAE	ADCB UH	2.0%
COMM BK OF KUWAIT	KUWA	CBK KK	2.0%
GULF BNK OF KUWAIT	KUWA	GBK KK	1.9%
SOROUH REAL ESTATE	UAE	SOROUH UH	1.9%
TELECOM EGYPT	EGYP	ETEL EY	1.7%
BANK MUSCAT GDR	OMAN	BKM LI	1.7%
BARWA REAL ESTATE	QATA	BRES QD	1.6%
PUBLIC WAREHOUSING	KUWA	AGLTU KK	1.4%
KUWAIT INVEST PROJ	KUWA	KPROJ KK	1.4%
MASRAF AL-RAYAN	QATA	MARK QD	1.4%
UNION NATIONAL BK	UAE	UNB UH	1.3%
UNION PROPERTIES	UAE	UPP UH	1.3%
OMANTEL	OMAN	OTEL OM	1.3%
NATL MOBILE TELECOM	KUWA	NMTC KK	1.2%
DOHA BANK	QATA	DHBK QD	1.2%
TALAAT MOSTAFA GROUP	EGYP	TMGH EY	1.2%
EL EZZ ALDEKHELA STE	EGYP	IRAX EY	1.1%
EFG HERMES HLDGS	EGYP	HRHO EY	1.1%
GLOBAL INV HOUSE	KUWA	GLOBAL KK	1.1%
JORDAN PHOSPHATE	JORD	JOPH JR	1.1%
BURGAN BANK	KUWA	BURG KK	1.0%

## Egypt

Weights as at 30 May 2008

HSBC Optimised Egypt Index			
Name	Country	Bloomberg	Index wt
ORASCOM CONSTRN	EGYP	OCIC EY	10.0%
ORASCOM TELECOM GDR	EGYP	OTLD LI	10.0%
TELECOM EGYPT	EGYP	ELE EY	9.0%
TALAAT MOSTAFA GROUP	EGYP	TMGH EY	6.2%
EL EZZ ALDEKHELA STE	EGYP	IRAX EY	6.2%
EFG HERMES HLDGS	EGYP	HRHO EY	6.1%
MOBINIL	EGYP	EMOB EY	5.4%
EGYPT-KUWAIT HLDG	EGYP	EKHO EY	5.2%
COMMERCIAL INTL GDR	EGYP	CBKD LI	5.2%
ELSWEDY CABLES HOL	EGYP	SWDY EY	4.9%
ORASCOM HOTELS & D	EGYP	ORHD EY	4.8%
AL EZZ STEEL REBAR	EGYP	ESRS EY	4.6%
ABU KIR FERTILIZER	EGYP	ABUK EY	3.9%
NATL SOC GEN BK	EGYP	NSGB EY	3.6%
SIDI KERIR PETROCHEM	EGYP	SKPC EY	3.4%
SOUTH VALLEY CMNT	EGYP	SVCE EY	3.0%
EGYPT ALUMINIUM	EGYP	ENAL EY	2.7%
GB AUTO	EGYP	AUTO EY	2.0%
EGYPT FOR TOURISM	EGYP	EGTS EY	1.9%
ALEXANDRIA MINERAL	EGYP	AMOC EY	1.9%



## Jordan

Weights as at 30 May 2008

HSBC Optimised Jordan Index			
Name	Country	Bloomberg	Index wt
JORDAN PETROL REF PF	JORD	JOPT JR	10.0%
JORDAN PHOSPHATE	JORD	JOPH JR	10.0%
TAAMEER JORDAN HOL	JORD	TAMR JR	10.0%
ARAB POTASH	JORD	APOT JR	10.0%
ARAB BANK	JORD	ARBK JR	10.0%
JORDAN ELEC POWER	JORD	JOEP JR	10.0%
UTD ARAB INVESTORS	JORD	UAIC JR	9.2%
ROYAL JORDANIAN AI	JORD	RJAL JR	7.4%
MIDDLE EAST COMPLE	JORD	MECE JR	6.8%
SPECIALISED INVEST	JORD	SPIC JR	6.4%
JORDAN STEEL	JORD	JOST JR	5.4%
UNION LAND DEVELOP	JORD	ULDC JR	2.6%
UNION INVESTMNT CO	JORD	UINV JR	2.2%

## BOQ

Weights as at 30 May 2008

HSBC Optimised BOQ Index			
Name	Country	Bloomberg	Index wt
QATAR TELECOM	QATA	QTEL QD	10.0%
COMM BK OF QATAR	QATA	CBQK QD	10.0%
QATAR NATIONAL BK	QATA	QNBK QD	10.0%
QATAR ISLAMIC BANK	QATA	QIBK QD	10.0%
BANK MUSCAT GDR	OMAN	BKM LI	8.2%
BARWA REAL ESTATE	QATA	BRES QD	7.9%
MASRAF AL-RAYAN	QATA	MARK QD	6.8%
OMANTEL	OMAN	OTEL OM	6.2%
DOHA BANK	QATA	DHBK QD	5.7%
BAHRAIN TELECOM.	BAHR	BATELCO BI	4.6%
GULF FINANCE GDR	BAHR	GFH LI	4.5%
AL KHALIJ COMMERCIAL	QATA	KCBK QD	4.3%
QATAR INT ISLAM BK	QATA	QIHK QD	4.3%
QATAR INSURANCE	QATA	QATI QD	3.9%
NAT BK OF OMAN	OMAN	NBOB OM	3.4%

Appendix C:  
HSBC Optimised Middle East Index Series withholding tax rates

All markets considered in the Middle East Index Series are zero-rated for withholding tax.

## Appendix D:

### IMPORTANT NOTE

This document is issued by HSBC Bank plc ("HSBC"). HSBC is authorised and regulated by the Financial Services Authority ("FSA") and is a member of the HSBC Group of companies ("HSBC Group"). Any member of the HSBC Group, together with their directors, officers and employees may have traded for their own account as principal, or together with its officers, directors and employees may have a long or short position in any related instrument mentioned in this material.

The HSBC Optimised Middle East Index Series (the "Index") is promoted by the Global Banking and Markets business of HSBC Bank plc ("Global Banking and Markets"). The Index is not an independent Research product of the Global Research Department. The Index is calculated by HSBC Bank plc's Quantitative Techniques business ("QT"). Global Banking and Markets has no responsibility for the calculation of the Index and does not guarantee or represent or warrant the accuracy or completeness of the Index or the data comprised therein.

QT provides an independent service offering indices and data products to customers including users of the HSBC Indices. QT operates independently from the Global Banking and Markets business from which it is both structurally and physically separated. Whilst QT calculates and publishes the level of the Index in good faith based on sources which it believes to be reliable, it does not guarantee, represent or warrant the accuracy or completeness of the Index or the data comprised therein.

Except in the case of fraudulent misrepresentation, no liability is accepted by either Global Banking and Markets or QT whatsoever for any direct, indirect or consequential loss arising from the Index.

Neither Global Banking and Markets nor QT make any representation, warranty or guarantee whatsoever as to the performance of the Index. Investments can fluctuate in price or value and prices, values or income may fall against an investor's interests. Changes in rates of exchange and rates of interest may have an adverse effect on the value, price or income of the Index. You are solely responsible for making your own independent appraisal of and investigation into the Index referred to in this document and you should not rely on any information in this document as constituting investment advice. Neither HSBC nor any of its affiliates are responsible for providing you with legal, tax or other specialist advice and you should make your own arrangements in respect of this accordingly. This document is intended solely for professional clients and eligible counterparties (as defined in the rules of the FSA) and is not intended for the use of retail clients. No opinions are expressed as to the merits or suitability of the Index. Investments in the Index may not be suitable for all requirements and if you have any doubts, seek advice from your investment adviser.

These index rules are a "financial promotion" within the scope of the rules of the FSA.

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# HSBC Global Markets Indices

HSBC Optimised Global Agriculture Index

March 2008

# HSBC Global Markets Indices

## Ground Rules for HSBC Optimised Global Agriculture Index

1.	Introduction	4	5.	Announcements	12
1.1	HSBC Optimised Global Agriculture		5.1	Index reviews	12
	Index overview	4	5.2	Index constituent changes	12
1.2	Global Constituents Selection	4	5.3	Amendments	12
1.3	Liquidity Screening	4	5.4	Information about announcements	12
1.4	Weighting and		5.5	Index Values	12
	Constituent Numbers	4			
1.5	Exclusions	5	6.	Contacts	13
1.6	Multiple share classes	6			
1.7	Index Currencies	6			
2.	Index Maintenance	6			
2.1	Changes to number of shares in issue		Appendix A:		
	and Capital Adjustments	6	Index Calculation Formula	14	
2.2	Mergers, acquisitions and		Appendix B		
	restructurings	6	HSBC Optimised Global Agriculture		
2.3	IPOs	7	Index Constituents	15	
2.4	Suspension	7	Appendix C:		
2.5	Replacement of Index Constituents	7	HSBC Optimised Global Agriculture		
2.6	Dividends	7	Index withholding tax rates	16	
3.	Index governance	8	Appendix D:		
3.1	Overview	8	Important Note	17	
3.2	Oversight Committee	8			
3.3	Information about the Index	9			
3.4	About HSBC Global Markets Indices	9			
4.	Role of the Calculation Agent	9			
4.1	Calculation	10			
4.2	Index calculation formula	10			
4.3	Initial values	10			
4.4	Daily calculations	10			
4.5	Index calculation and maintenance				
	data sources	11			
4.6	Market Disruptions and Data				
	Disruptions	11			

March 2008

## Definitions

Average Daily Traded Value	Average daily value of shares traded over a specified period of time
Calculation Agent	HSBC's Quantitative Techniques business (QT) – a division of HSBC and an independent Calculation Agent which provides data and calculates indices for parts of HSBC Group, including to the Global Research Department and to organisations outside of HSBC
Capital Adjustment	Adjustment to a company's share capital resulting from bonus issues, rights issues, subdivisions, consolidations, capital repayments, mergers, demergers and other events of a related nature
Creation Date	31 January 2008
Currency Adjusted Market Capitalisation	Total value of a company's issued share capital expressed in US dollars
Data Disruption	Event involving unavailability of data as defined in Section 4.6
Effective Date	Date on which constituent changes from a Semi-annual Review take effect in the calculation of the Index
Free-float	Shares of a company which are freely available for purchase in stock markets
Ground Rules	The rules defining calculation, maintenance, governance and publication of the Index
Index	HSBC Optimised Global Agriculture Index
Index Constituent	Company whose shares are used to calculate the Index Value
Index Shares	The number of shares of an Index Constituent used to calculate the Index Value.
Index Value	Calculated value of the Index. Applies to both capital (price) return and total return calculations.
Optimised Indices Oversight Committee	A committee of HSBC Global Markets professionals charged with issues of index governance
Market Disruption	Event where trading or index calculation does not take place as defined in Section 4.6
Semi-annual Review	Procedure for reviewing the list of constituents which make up the Index
Semi-annual Review Date	Date from which data for the Semi-annual Review is taken which is the last Business Day in the UK in the months of February, and August
Weighting Factor	Multiplier applied to Index Shares in order to restrict maximum weight at Semi-annual Review or Foreign Ownership Review to 15%

## 1. Introduction

### 1.1 HSBC Optimised Global Agriculture Index Overview

The HSBC Optimised Global Agriculture Index (the "Index") is promoted by HSBC Global Markets, a business area of HSBC Bank plc. The Index is provided as two series: The HSBC Optimised Global Agriculture Total Return Index, which includes ex-dividend adjustments; and the HSBC Optimised Global Agriculture Price Return Index, which excludes the effects of dividends.

The purpose of the Index is to capture the performance of up to 30 companies engaged in the production of fertilisers and agricultural chemicals or in agricultural production.

### 1.2 Global Constituents Selection

Companies from all countries in which HSBC has market access are eligible to be included in the Index. GICS sectors must be one of the following:

15101030	Fertilizers and Agricultural Chemicals
30202010	Agricultural Products

Each stock must be open to foreign investment and normally have a minimum Average Daily Traded Value of USD 1 million over a three-month period at each Semi-annual Review Date with preference given to the largest stocks by market capitalisation.

### 1.3 Liquidity screening

At the date of launch and on subsequent Semi-annual Review Dates, each company must have a minimum Average Daily Traded Value over 3 months of USD 1,000,000 (however this may be lowered under certain circumstances— please see Section 1.4). When companies are newly listed on the relevant stock exchange (or relevant exchange where ADRs or GDRs are used in their place), and 3-month data is not available, the Average Daily Traded Value over the period since trading began is used provided that at least four weeks of price and volume data is available.

### 1.4 Weighting & Constituent Numbers

For rebalancing purposes, the starting point is that all constituents of the universe from which Index Constituents are selected are represented by their full USD market capitalisation. The weights are subsequently adjusted to accommodate capital changes (rights issues, capital repayments, mergers, and de-mergers). The Index calculation formula is provided in Appendix A.



Index constituents are weighted using the modified market capitalisation methodology, where the largest Index Constituents have a reduced weighting in the Index to limit their dominance.

If the largest Index Constituent is greater than 7% then this constituent's weight is set at 7% by the multiplication of a Weighting Factor, with lower-ranked Index Constituents having their weights increased pro-rata. If the second Index Constituent is 7% or more following pro-rating of weight from the first constituent then the process is repeated and is repeated again with the third Index Constituent onwards until all Index Constituents have 7% weight or lower. The consequent Weighting Factor is the ratio between the weight before applying this rule and the weight after. Where no Index Constituent has a weight of 7% or above the Index is represented by Index Constituents at their full market capitalisations and all Weighting Factors are set to 1.

The maximum number of constituents in the index is 30 and the minimum is 20. If the total number of companies is less than 20 the liquidity criterion is lowered by USD100,000 progressively until at least 20 companies are eligible.

For historic simulation purposes, the same procedures apply at each historic Semi-annual Review Date that apply at the Creation Date.

## 1.5 Exclusions

The following securities are ineligible as Index Constituents and are excluded from Semi-annual Reviews:

- Companies with below 10% free float
- Companies in whose shares HSBC Global Markets is prohibited from dealing and which have been notified to the Calculation Agent by HSBC Global Banking and Markets Compliance.

Index Constituents which become ineligible between Semi-annual Reviews are replaced with the eligible non-constituent with the highest market capitalisation (please see Section 1.1). Results of actions affecting the Index will be published on the HSBC Global Markets website for indices [www.hsbcinvestorsolutions.com](http://www.hsbcinvestorsolutions.com).

## 1.6 Multiple share classes

Other than ordinary shares listed on the relevant exchanges for each market/region, American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs) and equivalent issuances are also permitted. If more than one class of shares is available, the more liquid share class is selected. This is subject to HSBC having access to the local shares. If there is no access to local shares ADRs/GDRs are used. The substitution by an ADR or GDR of a domestic listed security will also arise where its liquidity renders it eligible even if the domestic listed security is also eligible, where these Ground Rules prohibit domestic listed securities, or where the foreign ownership limit on the domestic listed security has been reached. For example, at the time of this document Indian regulations prevent access to local Indian stocks and HSBC Global Markets does not have access to local shares. Thus only ADRs and GDRs are eligible for Indian companies, subject to the Ground Rules. In the event of more than one ADR/GDR issue or different classes of shares e.g. A and B shares becoming eligible the most liquid of ADR/GDR or of A/B shall be selected.

## 1.7 Index currencies

The HSBC Optimised Global Agriculture Index Values shall be calculated in USD.

# 2. Index Maintenance

## 2.1 Changes to number of shares in issue and Capital Adjustments

Changes to the number of shares in issue and Capital Adjustments which affect the price of an Index Constituent (bonus issues, rights issues, subdivisions, consolidations, capital repayments, mergers and demergers) are processed on the day the action takes effect.

Share changes resulting from IPOs, additional listings and conversions (of warrants, convertibles etc), or partial cancellations and buy-backs would not normally be processed before the subsequent Semi-annual Review Date.

## 2.2 Mergers, acquisitions and restructurings

Corporate actions which affect the eligibility of an Index Constituent are processed after the close of the business day. Such corporate actions include takeovers, mergers, acquisitions, restructurings and schemes of arrangement. These are processed at the start of the date on which they are effective. If an Index Constituent is no longer eligible then it is removed without replacement. If an Index Constituent has a spin off (or de-merger), then the Calculation Agent (see Section 4 below) will review both the

original company and the resultant company prior to the effective date and announce on the HSBC Global Market website for indices if the resultant company will become an Index Constituent with the original company removed.

## 2.3 IPOs

Newly listed companies only become eligible for inclusion into the Index at the next Semi-annual Review Date, provided that four weeks of price and volume data are available to the Calculation Agent to ensure that liquidity criteria are met. Consequently there may be more than three months between the date when a company's shares are first traded and the date when they are considered for inclusion into the Index.

## 2.4 Suspension

A stock's quotation may be suspended for a number of reasons but, for index purposes, these fall into two categories. If the purpose of the suspension is to comply with regulations during takeover discussions, regulatory arrangements, or other corporate restructurings, then the Index Constituent is not removed from the index and its price remains static at the value when it was suspended.

If the suspension is attributable to the possibility that the Index Constituent is insolvent, is in breach of regulations or laws which may prevent the continuance of the Index Constituent's quote, or is likely to be suspended for an indefinite period, then the Index Constituent is removed with zero value. Removal of suspended Index Constituents takes place after the tenth business day of suspension, but the time period can be longer where the reason for suspension has not been clearly established.

If a suspended company which was removed from the Index at zero value resumes trading it will be reinstated in the Index at zero value, thereafter being valued at its closing price. Notification of constituent suspensions will be posted on the HSBC Global Markets website for indices.

## 2.5 Replacement of Index Constituents

If a company is removed from the Index due to takeover, delisting or suspension, there is no replacement before the following Effective Date as a consequence of the Semi-annual Review.

Notice of removal shall be posted on the HSBC Global Markets website for indices.

## 2.6 Dividends

For the purposes of calculating a total return index, net dividends, meaning the dividend amount received after deduction of any local and withholding taxes based on the tax treatment of a Luxembourg based investor, are processed when a company is quoted ex-dividend. Net Dividends

which appear to be paid from a company's capital are treated as capital repayments (please see Section 2.1). See Appendix C: HSBC Optimised Global Agriculture Index withholding tax rates.

The indices are calculated to act as reference values for financial products which are linked to their performance. Should the tax regulations as they relate to the withholding tax on corporate actions (dividends) in Luxembourg change, the Optimised Indices Oversight Committee may change the withholding tax rates applied to properly reflect the financial impact. Changes will be posted on the HSBC Global Markets website for indices.

### 3. Index governance

#### 3.1 Overview

The HSBC Optimised Global Agriculture Index is a Rules Based Index sponsored by HSBC Global Markets. The Index is calculated independently by the Calculation Agent. HSBC Global Markets has formed an Optimised Indices Oversight Committee to review policies and coverage of the HSBC Global Markets Indices, meeting between Semi-annual Review Dates as and when required. Whilst, it is not envisaged that the Rules will change, any modification to the Rules, including notification of when HSBC Global Markets resolves to cease publishing the Index, will be available directly from the HSBC Global Markets website for indices (please refer to Section 4.4) with a 3-month notice period prior to the proposed change. Any decision to cease publication shall only be taken once HSBC Global Markets has made sure all products which use the Index as a reference have expired or have been redeemed.

#### 3.2 Oversight Committee

The HSBC Optimised Indices Oversight Committee has the following constituents:

HSBC Global Markets:

1. Structured Equities
2. Execution Services
3. Third Party Structured Product Development
4. Compliance

The names of Oversight Committee members can be obtained by contacting HSBC Global Markets. Any changes to the Index Rules made by the Oversight Committee will be published on the HSBC Global Markets website for indices. The amendments will be updated in the Index Rules.

### 3.3 Information about the Index

All data and information concerning the Index, such as

- a) Ground Rules
- b) Change of Ground Rules (if any)
- c) Index Values
- d) Index Constituents
- e) Announcements
- f) Information as to historical volatilities etc.

is available directly from the HSBC Global Markets website for indices.

### 3.4 About HSBC Global Markets Indices

This Index has been created by HSBC Global Markets. The aim of the HSBC Optimised Indices is to provide reference benchmarks for investment products. HSBC Global Markets has attempted to optimise the Index Rules so that investment products which reference these indices can be serviced on a long-term basis. These indices are characterised by their relatively small number of constituents and their strong emphasis on foreign availability and market liquidity.

**Investors should be aware that the Index is constituted by the Global Markets Division of HSBC Bank plc ("HSBC Global Markets") and is not an independent research index operated by the Global Research Department.**

*The HSBC Global Markets Indices are a distinct series of indices from the range offered by HSBC Global Research, of which the Calculation Agent is a part. HSBC Global Research operates as a separate business within HSBC from HSBC Global Markets (please see Appendix D: Important Note).*

## 4 Role of the Calculation Agent

The role of the Calculation Agent is to calculate the daily value of the constituted Index and to Review the Index on each Review date in order to reconstitute the Index in accordance with the rules of the Index as specified by HSBC Global Markets.

**The Calculation Agent:**

- 1. Reviews the Global Agriculture Stock Universe.
- 2. Reviews liquidity.
- 3. Identifies Index Constituent changes.

4. Revises weighting factors.
5. Compiles the new constituents for the Index

All removals and inclusions are effective on the Effective Date.

#### 4.1 Calculation

Index Values are calculated daily, after the close of business at the US stock exchanges.

Corporate actions affecting the price of a security (bonus issues, rights issues, subdivisions, consolidations, capital repayments, mergers and de-mergers) are processed on the day when they are effective. See Section 2 for further details of how corporate actions affect the Index calculation.

The list of constituents forming the Index is rebalanced semi-annually, based on prices, numbers of shares and exchange rates as at the last business day of the relevant exchange in the months of February and August. These are the Semi-annual Review Dates. Index Constituent changes resulting from the Semi-annual Review are effective after the close of business on the Effective Date, which is the Wednesday preceding the second Friday in February and August.

#### 4.2 Index calculation formula

Each daily index return is a weighted average of the returns of its Index Constituents, where the weights are defined according to the methodology in Section 1.3. The weights are subsequently adjusted to accommodate capital changes (rights issues, capital repayments, mergers and de-mergers). The Index calculation formula is provided in Appendix A.

The index calculation method does not incorporate any deductions for transaction costs, taxes or fees other than taxes used in the calculation of net dividends for the purpose of calculating the total return series (please see Section 2.6).

#### 4.3 Initial values

Each index series Creation Date is 31 January 2008. Index Values are available from 31 January 2003 when the Index Value is set at 100.

#### 4.4 Daily calculations

Index Values are calculated and released normally before 8:00 a.m. (UK time) and are distributed to data vendors, where they are available on the following pages:

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Data Vendor	Page
Bloomberg:	HSIP
Bloomberg Tickers	HSIXAGRT and HSIXAGRP
Reuters:	HSBC/OPTIMISED1
HSBC Global Markets website for indices	www.hsbcinvestorsolutions.com

Remark: Market Disruptions (please see Section 4.6) may prevent Index Values being published before 8:00 am.

#### 4.5 Index calculation and maintenance data sources

The Calculation Agent obtains closing prices, traded volumes and numbers of issued shares used for both calculation and maintenance of the Index Values each day from Reuters.

The Calculation Agent obtains exchange rate data used for both calculation and maintenance of the Index Values each day from Reuters. The exchange rate data provided by IDC are composite; meaning they are calculated using a number of quotes taken at 4:00 p.m. in London. The Calculation Agent may supplement data from IDC with other sources such as Reuters at its absolute discretion. The Calculation Agent does not guarantee the accuracy of the data from its data vendors or independently verify such data.

#### 4.6 Market Disruptions and Data Disruptions

In the event of a Market Disruption (including but not restricted to: a relevant stock exchange not opening for or severely curtailing hours of business or; trading on a relevant stock exchange being conducted without timely electronic dissemination of closing price data or; disruptions preventing HSBC staff from calculating and/or disseminating Index Values), HSBC shall not publish Index Values until such time as the Market Disruption is over and that it believes it can once again accurately calculate the Index Values.

In the event of a Data Disruption (including but not restricted to: failure of electronic data delivery by data providers contracted to HSBC; unavailability of electronic or internet access to data obtained from an online source; or a disruption of any of HSBC's data systems rendering data inaccessible to processes required to calculate the Index) HSBC shall use its best endeavours to source data from alternative sources with the aim of publishing Index Values by 8:00 a.m. on a day of calculation. HSBC shall not publish Index Values until the Data Disruption is over or data from an alternative source has been acquired. The unavailability of Free-float and Foreign Ownership data shall not be considered sufficient reason to delay the calculation of Index Values and until such time that Free-float

or Foreign Ownership data is once again available HSBC shall continue using the last data available to it for the maintenance of the Index.

## **5. Announcements**

### **5.1 Index reviews**

The Calculation Agent will typically announce Semi-annual Review constituent changes during the first week in February and August. All changes to constituents, including those arising from Foreign Ownership Reviews will be notified to HSBC Global Markets one day (excluding UK bank holidays) before constituent or weighting changes, if any, take effect.

### **5.2 Index Constituent changes**

Announcements concerning Index Constituent changes (apart from Semi-annual Reviews) are made as soon as the Calculation Agent has verified and processed the implications of the reasons for the change. Normally, any changes take effect following the business day after the announcement is made.

### **5.3 Amendments**

If an announcement needs to be amended, then HSBC issues a replacement announcement as soon as is reasonably practicable. HSBC makes every attempt to be as accurate as possible, and it cannot be held responsible for any actions subscribers take relating to announcements which are subsequently amended.

### **5.4 Information about announcements**

Details of announcements are available on the HSBC Global Markets website for indices (please see Section 4.4) by following the link to "Announcements".

### **5.5 Index Values**

The Calculation Agent is acting in an arm's length capacity to provide independent calculation services to HSBC Global Markets. Index Values are calculated daily and supplied to clients and data providers at 8:00 a.m. (UK time). Neither HSBC Global Markets nor the Calculation Agent can be held responsible for any errors, intentional or unintentional, on the part of external data providers nor for any delays in publishing the Index.



## 6. Contacts

For general information about the HSBC Optimised Global Agriculture Index and other HSBC Global Markets Indices please contact your local HSBC Global Markets representative or contact HSBC Global Markets Third Party Structured Products Development on +44 (0)20 7992 6002, email [structured.investments@hscib.com](mailto:structured.investments@hscib.com), or visit the HSBC Global Markets website for indices, [www.hsbcinvestorsolutions.com](http://www.hsbcinvestorsolutions.com)

For more information concerning these Ground Rules and the calculation of the HSBC Global Markets Indices please contact the Calculation Agent, QT, on + 44 8455 847360 or email [qt-inquiries@hscib.com](mailto:qt-inquiries@hscib.com).

## Appendix A:

### Index Calculation Formula

The Index return is a weighted average return of its constituent companies, where the weights are the market capitalisation. The weights are adjusted to accommodate capitalisation issues and corporate actions; this is the standard method of calculation for indices. The Index calculation formula is:

$$Index_t = Index_0 \times \frac{\sum (P_{it} N_{it} F_{it})}{D_t}$$

where:

$Index_t$  = Index Value at time t.

$Index_0$  = Index Value as at the inception date of the Index.

$P_{it}$  = The closing price of Index Constituent i at time t.

$N_{it}$  = The number of Index Shares of Index Constituent i at time t.

$F_{it}$  = The Weighting Factor of Index Constituent i at time t.

$D_t$  = Divisor at time t.

*The Divisor is a figure that represents the total market capitalisation at the base date of the Index. It is only adjusted (formula below) to accommodate changes to Index Constituents and changes in the Index Constituents' share capital, thus avoiding distortions in the Index.*

#### Divisor Adjustments

The Divisor adjustment formula is:

$$D_t = D_{t-1} \times \left( 1 + \frac{\sum CA_{it}}{M_{t-1}} \right)$$

where:

$D_t$  = Divisor at time t.

$D_{t-1}$  = Divisor at time t minus 1 day.

$CA_{it}$  = The capital adjustment of Index Constituent i at time t.

$M_{t-1}$  = Market Capitalisation of the Index at time t minus 1 day

## Appendix B:

### HSBC Optimised Global Agriculture Index Constituents

The following table shows the constituents of the HSBC Optimised Global Agriculture Index as at 31 January 2008.

#### HSBC Optimised Global Agriculture Index

Company	Bloomberg	Country	Sector	Weight
ARCHER DANIELS MID	ADM US	USA	Fertilizers and Agricultural Chemicals	7.00%
MONSANTO	MON US	CANADA	Fertilizers and Agricultural Chemicals	7.00%
POTASH CORP SASKATCH	POT CN	USA	Fertilizers and Agricultural Chemicals	7.00%
MOSAIC CO	MOS US	USA	Agricultural Products	7.00%
SYNGENTA	SYNN VX	SWITZERLAND	Fertilizers and Agricultural Chemicals	7.00%
WILMAR INTERL LTD	WIL SP	SINGAPORE	Agricultural Products	6.46%
ICL-ISRAEL CHEM	ICL IT	ISRAEL	Fertilizers and Agricultural Chemicals	5.66%
BUNGE	BG US	BERMUDA	Agricultural Products	4.89%
YARA INTL	YAR NO	NORWAY	Fertilizers and Agricultural Chemicals	4.88%
URALKALIY 'GDR'	URKA LI	RUSSIA	Fertilizers and Agricultural Chemicals	4.68%
IOI CORP	IOI MK	MALAYSIA	Agricultural Products	4.62%
K & S	SDF GR	GERMANY	Fertilizers and Agricultural Chemicals	3.55%
AGRIUM	AGU CN	CANADA	Fertilizers and Agricultural Chemicals	3.50%
ISRAEL CORP	ILCO IT	ISRAEL	Fertilizers and Agricultural Chemicals	2.63%
GOLDEN AGRI RESOUR	GGR SP	SINGAPORE	Agricultural Products	2.32%
CF INDUSTRIES HLDGS	CF US	USA	Fertilizers and Agricultural Chemicals	2.06%
KUALA LUMPUR KEPONG	KLK MK	MALAYSIA	Agricultural Products	1.99%
INCITEC PIVOT	IPL AU	AUSTRALIA	Fertilizers and Agricultural Chemicals	1.86%
ASTRA AGRO LESTARI	AALJ IJ	INDONESIA	Agricultural Products	1.78%
SINOFERT HOLDINGS	297 HK	BERMUDA	Fertilizers and Agricultural Chemicals	1.70%
DANGOTE SUGAR REF	DANGSUGA NL	NIGERIA	Agricultural Products	1.54%
COSAN SA INDUSTRIALS	CSAN3 BZ	BRAZIL	Agricultural Products	1.47%
TERRA INDS	TRA US	USA	Fertilizers and Agricultural Chemicals	1.39%
SUEDZUCKER	SZU GR	GERMANY	Agricultural Products	1.38%
PPB GROUP	PEP MK	MALAYSIA	Agricultural Products	1.35%
MAKHTESHIM AGAN INDS	MAIN IT	ISRAEL	Fertilizers and Agricultural Chemicals	1.21%
DANISCO	DCO DC	DENMARK	Agricultural Products	1.12%
TAIWAN FERTILIZER	1722 TT	TAIWAN	Fertilizers and Agricultural Chemicals	1.10%
FOSFERTIL FERT PN	FFTL4 BZ	BRAZIL	Fertilizers and Agricultural Chemicals	0.98%
TERRA NITROGEN LP	TNH US	USA	Fertilizers and Agricultural Chemicals	0.88%

## Appendix C:

### HSBC Optimised Global Agriculture Index withholding tax rates

Region	Country	Withholding Tax Rate %
Asia	AUSTRALIA	30
Asia	CHINA	0
Asia	HONG KONG	0
Asia	INDIA	0
Asia	INDONESIA	20
Asia	JAPAN	7
Asia	KOREA	27.5
Asia	MALAYSIA	0
Asia	NEW ZEALAND	30
Asia	PAKISTAN	10
Asia	PHILIPPINES	35
Asia	SINGAPORE	0
Asia	SRI LANKA	10
Asia	TAIWAN	20
Asia	THAILAND	10
Developed Europe	AUSTRIA	25
Developed Europe	BELGIUM	25
Developed Europe	DENMARK	28
Developed Europe	FINLAND	28
Developed Europe	FRANCE	25
Developed Europe	GERMANY	21.1
Developed Europe	GREECE	0
Developed Europe	IRELAND	20
Developed Europe	ITALY	27
Developed Europe	NETHERLANDS	15
Developed Europe	NORWAY	25
Developed Europe	PORTUGAL	20

## Appendix D:

### IMPORTANT NOTE

This document is issued by HSBC Bank plc ("HSBC"). HSBC is authorised and regulated by the Financial Services Authority ("FSA") and is a member of the HSBC Group of companies ("HSBC Group"). Any member of the HSBC Group, together with their directors, officers and employees may have traded for their own account as principal, or together with its officers, directors and employees may have a long or short position in any related instrument mentioned in this material.

The HSBC Optimised Global Agriculture Index (the "Index") is promoted by the Global Banking and Markets business of HSBC Bank plc ("Global Banking and Markets"). The Index is not an independent Research product of the Global Research Department. The Index is calculated by HSBC Bank plc's Quantitative Techniques business ("QT"). Global Banking and Markets has no responsibility for the calculation of the Index and does not guarantee or represent or warrant the accuracy or completeness of the Index or the data comprised therein.

QT provides an independent service offering indices and data products to customers including users of the HSBC Indices. QT operates independently from the Global Banking and Markets business from which it is both structurally and physically separated. Whilst QT calculates and publishes the level of the Index in good faith based on sources which it believes to be reliable, it does not guarantee, represent or warrant the accuracy or completeness of the Index or the data comprised therein.

Except in the case of fraudulent misrepresentation, no liability is accepted by either Global Banking and Markets or QT whatsoever for any direct, indirect or consequential loss arising from the Index.

Neither Global Banking and Markets nor QT make any representation, warranty or guarantee whatsoever as to the performance of the Index. Investments can fluctuate in price or value and prices, values or income may fall against an investor's interests. Changes in rates of exchange and rates of interest may have an adverse effect on the value, price or income of the Index. You are solely responsible for making your own independent appraisal of and investigation into the Index referred to in this document and you should not rely on any information in this document as constituting investment advice. Neither HSBC nor any of its affiliates are responsible for providing you with legal, tax or other specialist advice and you should make your own arrangements in respect of this accordingly. This document is intended solely for professional clients and eligible counterparties (as defined in the rules of the FSA) and is not intended for the use of retail clients. No opinions are expressed as to the merits or suitability of the Index. Investments in the Index may not be suitable for all requirements and if you have any doubts, seek advice from your investment adviser.

These index rules are a "financial promotion" within the scope of the rules of the FSA.

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1 Canada Square  
London E14 5AG  
UK

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## ANNEX 2 TO PART D – INFORMATION ON THE PREFERENCE SHARE ISSUER AND THE PREFERENCE SHARES

### The Preference Share Issuer

Eukairos Investments Limited (the "**Preference Share Issuer**") is a private company limited by shares and was incorporated under the Companies Act 2006 on 30 April 2010 (with registered number 7240905). The Preference Share Issuer is governed by the laws of England and Wales and has its registered office at 35 Great St Helens, London, EC3A 6AF, United Kingdom.

A copy of the Preference Share Issuer's constitutional documents, its audited, non-consolidated annual financial statements, when published, and the Terms of the Preference Shares (as defined below) are available (free of charge) from the registered office of the Preference Share Issuer.

The sole business activity of the Preference Share Issuer is to issue redeemable Preference Shares. Accordingly, the Preference Share Issuer does not have any trading assets and does not generate any significant net income.

### The Preference Shares

The Preference Share Issuer may issue redeemable Preference Shares of any kind including, but not limited to, Preference Shares linked to a specified index or basket of indices, a specified share or basket of shares, a specified currency or basket of currencies, a specified debt instrument or basket of debt instruments, a specified commodity or basket of commodities, a specified fund share or unit or basket of fund shares or units or to such other underlying instruments, bases of reference or factors (the "**Preference Share Underlying**") and on such terms as may be determined by the Preference Share Issuer and specified in the applicable Conditions of the relevant series of Preference Shares (the "**Terms of the Preference Shares**"). The Terms of the Preference Shares, and any non-contractual obligations arising out of or in connection with the Terms of the Preference Shares, shall be governed by and construed in accordance with English law.

Each Preference Share will be issued at £1.00.

The performance of the Preference Shares depends on the performance of the Preference Share Underlying to which the relevant Preference Shares are linked. In determining the value of the Preference Shares, the Preference Share Calculation Agent shall employ the calculation procedure and methodology set out in the applicable Terms of the Preference Shares.

The value of the Preference Shares will be available on written request at the principal office of the Issuer in London (being at the date hereof at HSBC Bank plc, 8 Canada Square, Canary Wharf, London E14 5HQ – Attention: Global Banking and Markets, Equity Derivatives and Third Party Distribution), **provided that** in the case of Notes which are not listed or publicly offered (within the definition of the Prospectus Directive) such information will only be available against such proof of Noteholder status as the Issuer may reasonably request.

**REGISTERED AND HEAD  
OFFICE OF THE ISSUER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
UK

**PRINCIPAL PAYING  
AGENT, PRINCIPAL  
WARRANT AGENT, ISSUE  
AGENT, REGISTRAR,  
TRANSFER AGENT AND  
AUTHENTICATION AGENT**

**DEALER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
UK

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
UK

**CALCULATION AGENT**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
UK

**HSBC France**  
15, rue Vernet  
75008 Paris  
France

**REGISTRAR**

**HSBC Bank USA,**  
National Association  
Corporate Trust  
452 Fifth Avenue  
New York, New York, 10018  
USA

**LEGAL ADVISERS TO THE  
ISSUER AND THE DEALER**

*as to English law*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
UK

PART E - PRODUCT SUPPLEMENT FOR MARKET ACCESS SECURITIES



HSBC Bank plc

(A company incorporated with limited liability in England with registered number 14259)  
as Issuer

PROGRAMME FOR THE ISSUANCE OF MARKET ACCESS SECURITIES

Market Access Notes and Market Access Warrants

This product supplement in relation to Market Access Securities constitutes Part E ("Part E") of the base prospectus dated 19 June 2012 (the "**Base Prospectus**") prepared by HSBC Bank plc (the "**Bank**" or the "**Issuer**") in relation to the Programme for the Issuance of Notes and Warrants (the "**Programme**") described therein in connection with the application made for Notes or Warrants to be admitted to listing on the Official List of the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the "**FSA**")), and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**").

To the extent that there is any inconsistency between any statement in this Part E and any other statement in, or incorporated by reference in, other parts of the Base Prospectus, the statements in this Part E will prevail for the purposes of Part E.

Notes and Warrants issued pursuant to the Programme may include Market Access Notes ("**MANs**") and Market Access Warrants ("**MAWs**", together with MANs, "**Market Access Securities**"), being Notes and Warrants in relation to which the redemption amount payable at maturity or earlier redemption (for MANs) and the cash settlement amount (for MAWs) payable at expiration or earlier exercise is linked to the performance of (a) one or more securities (together, the "**Underlying Securities**" and each, an "**Underlying Security**") issued by one or more underlying companies (together, the "**Underlying Companies**" and each, an "**Underlying Company**") which are, or are expected to be, listed and/or admitted to trading on one or more stock exchanges, (b) one or more indices (together, the "**Underlying Indices**" and each, an "**Underlying Index**") being composed of one or more reference securities (together the "**Reference Securities**" and each, a "**Reference Security**"), (c) one or more funds (together, the "**Underlying Funds**" and each, an "**Underlying Fund**") or (d) one or more exchange-traded funds (together, the "**Underlying ETFs**" and each, an "**Underlying ETF**") which are, or are expected to be, listed and/or admitted to trading on one or more stock exchanges. (Underlying Securities, Underlying Indices, Underlying Funds and Underlying ETFs together, the "**Underlyings**" and each, an "**Underlying**") may relate to one or more underlying countries (together, the "**Underlying Countries**" and each, an "**Underlying Country**") and be referenced in one or more underlying currencies (together, the "**Underlying Currencies**" and each, an "**Underlying Currency**") which may be different from the settlement currency and/or specified currency of the Market Access Securities (the "**Settlement Currency**" and "**Specified Currency**" respectively). Market Access Securities may include, among others, Participating Access-Linked Middle-Eastern Securities ("**PALMS**"), Greater African Zone Equity-Linked Securities ("**GAZELS**"), Euro-Zone Notes ("**E-Z Notes**"), Latin American Market Access Securities ("**LAMAS**"), Securities Participating in Indian Company Equity ("**SPICES**") and Saudi Participating Access-Linked Middle-Eastern Securities ("**Saudi PALMS**") and Low Exercise Price Options ("**LEPOs**"). The purpose of this Part E is to provide information in relation to Market Access Securities. This Supplement should be read together with Parts A, B and D of the Base Prospectus in the case of MANs and Parts A, C and D of the Base Prospectus in the case of MAWs.

**An investment in Market Access Securities involves risks. See Part A of the Base Prospectus under the heading "Risk Factors" (beginning on page A-12).**

No person is or has been authorised to give any information or to make any representation not contained in or inconsistent with this Part E or any other information supplied in connection with the Market Access Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Part E nor any further information supplied in connection with the Market Access Securities (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or as constituting an invitation or offer by the Issuer that any recipient of this Part E or any other information supplied in connection with Market Access Securities should subscribe for or purchase Market Access Securities. Each investor contemplating subscribing for or purchasing Market Access Securities should make its own independent investigation of the affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Part E nor any other information supplied in connection with Market Access Securities constitutes an offer by or on behalf of the Issuer to subscribe for or purchase Market Access Securities.

The distribution of this Part E and the offer, distribution or sale of Market Access Securities may be restricted by law in certain jurisdictions. The Issuer does not represent that this document may be lawfully distributed, or that any Market Access Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, action may be required to be taken to permit a public offering of Market Access Securities or a distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Market Access Securities may be offered or sold, directly or indirectly, and neither this Part E nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Part E or any Market Access Securities come must inform themselves about, and observe, any such restrictions.

Market Access Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), the state securities laws of any state of the United States or the securities laws of any other jurisdiction, and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Market Access Securities may include MANs in bearer form that are subject to US tax law requirements.

**As at the date of the Base Prospectus investors in Market Access Securities are generally required to enter into investor letters with the Issuer and the Dealer. Such letters may include certain representations and warranties to be given by the investors and acknowledgements of transfer or selling restrictions and risks relating to the relevant Market Access Securities. The forms of such letters may change from time to time and the investors may obtain the current form of letter in relation to any particular Market Access Security from the Issuer.**

Arranger and Dealer  
HSBC

## CONTENTS

	<b>Page</b>
IMPORTANT NOTICES .....	E-3
PRODUCT DESCRIPTION – MARKET ACCESS SECURITIES .....	E-8
CERTAIN ERISA CONSIDERATIONS – MARKET ACCESS SECURITIES .....	E-9
MARKET ACCESS NOTES – TERMS AND CONDITIONS .....	E-11
ADDITIONAL PROVISIONS RELATING TO MARKET ACCESS NOTES .....	E-12
<i>PRO FORMA</i> FINAL TERMS FOR MARKET ACCESS NOTES .....	E-47
MARKET ACCESS WARRANTS – TERMS AND CONDITIONS .....	E-74
ADDITIONAL PROVISIONS RELATING TO MARKET ACCESS WARRANTS.....	E-75
<i>PRO FORMA</i> FINAL TERMS FOR MARKET ACCESS WARRANTS .....	E-111
SCHEDULE TO PART E – COUNTRY SUPPLEMENTS .....	E-135
INDEX OF DEFINED TERMS .....	146

## IMPORTANT NOTICES

*Each prospective purchaser must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the relevant Market Access Securities and consequential exposure to the relevant Underlying(s) and, if applicable, any relevant Underlying Company or Reference Security (i) is fully consistent with its (or, if it is acquiring Market Access Securities in a fiduciary capacity, its beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring Market Access Securities as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring Market Access Securities in a fiduciary capacity, for its beneficiary), notwithstanding the risks inherent in investing in or holding the relevant Market Access Securities.*

*The Issuer does not make any representation or warranty, express or implied, regarding the likely investment performance of the relevant Underlying(s) and, if applicable, any relevant Underlying Company or Reference Security, or any Market Access Securities; the suitability of the relevant Market Access Securities for any investor or for the accuracy, completeness or adequacy of the information relating to the relevant Underlying(s) and, if applicable, any relevant Underlying Company or Reference Security and no liability to any party is accepted by the Issuer in connection with any of the above matters.*

*Each prospective purchaser of Market Access Securities should undertake an independent investigation of the relevant Underlying(s) and, if applicable, any relevant Underlying Company or Reference Security as in its judgement is appropriate to make an informed decision with respect to an investment based on the performance of such Underlying(s) and, if applicable, any such Underlying Company or Reference Security.*

*The Issuer shall not undertake any investigation of the relevant Underlying(s) and, if applicable, any relevant Underlying Company or Reference Security relating to the relevant Market Access Securities. In addition, the Issuer shall not independently review, verify or confirm any prospectus or offering document relating to the relevant Underlying(s) and, if applicable, any relevant Underlying Company or Reference Security relating to the relevant Market Access Securities.*

*The Issuer has no ability to control or predict the actions of any Underlying Company or Reference Security including any corporate actions of the type that would qualify as an event that requires adjustment to the Conditions of the relevant Market Access Securities, such as a Merger Event, Potential Adjustment Event or Extraordinary Event.*

*This Base Prospectus does not provide information with respect to the relevant Underlying(s). The Final Terms will provide references to one or more source(s) from which investors may obtain information with respect to the relevant Underlying(s) and, if applicable, any relevant Underlying Company or Reference Security. However, no investigation shall be made of the financial condition or creditworthiness of any relevant Underlying Company or Reference Security, or the relevant Underlying(s) themselves in connection with the issuance of any Market Access Securities. An investor in Market Access Securities is advised to obtain and evaluate the same information concerning the relevant Underlying(s) and, if applicable, any Underlying Company or Reference Security as it would if it were investing directly in the relevant Underlying(s) and, if applicable, any Underlying Company or Reference Security. In addition, investors should understand that the historical performance of the relevant Underlying(s) and, if applicable, any Underlying Company or Reference Security should not be viewed as predictive of future results.*

*No representation or warranty, whether implied or otherwise, is given by the Issuer as to the past, present or future performance of the relevant Underlying(s) and, if applicable, any related Underlying Company or Reference Security. The Issuer is not a source of advice, information or credit analysis with respect to the Underlying(s) and, if applicable, any related Underlying Company or Reference Security. In particular, this Base Prospectus and the relevant Final Terms shall not constitute investment advice. The Issuer does not assume any obligation to or relationship of agency or trust with any investor, purchaser or prospective investor or purchaser of Market Access Securities.*

\*\*\*\*\*

*Market Access Securities are only intended for investors who have the necessary experience and knowledge to understand the risks involved in relation to the MANs (as defined below) and MAWs (as defined below). Prospective investors should understand that in some instances they could suffer a partial or complete loss of their investment, subject, if applicable, to any minimum redemption amount specified in the relevant Final Terms and that any investment return on Market Access Securities is determined by reference to changes in the value of each Underlying (as defined in the section entitled "Risk Factors – Country specific risks relating to Market Access Securities" of this Base Prospectus) specified in the Final Terms, is subject to fluctuation and may be less than would be received by investing in a conventional debt instrument. Changes in value of the Underlying(s) cannot be predicted.*

*Market Access Securities are only intended for experienced investors who understand and accept the risks associated with derivatives. No person should acquire any Market Access Securities unless (i) that person understands the nature of the relevant transaction, (ii) that person understands the extent of that person's exposure to the relevant Underlying and any potential loss, (iii) that person has a valid business purpose for acquiring such Market Access Securities and (iv) that person's investment in such Market Access Securities is consistent with its overall investment strategy. Each prospective purchaser of the Market Access Securities should consider carefully whether the Market Access Securities it considers acquiring are suitable for it in the light of its investment objectives, investment authorisation, financial capabilities and expertise.*

*Information herein reflects current market practices and is not intended to constitute business, financial, investment, legal, accounting, regulatory, tax or any other advice and prospective purchasers of Market Access Securities should consult their own advisers to assist them in determining the suitability of the Market Access Securities for them as an investment.*

*Prospective investors in the Market Access Securities issued in accordance with this Base Prospectus should obtain their own tax advice in relation to their investment.*

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*In the case of Market Access Securities that are related to an Indian equity, Indian debt or an index which references Indian equities, by the purchase of any ODIs (as defined in the section entitled "Risk Factors - Country specific risks relating to Market Access Securities" of this Base Prospectus), each purchaser of the ODIs is deemed to have agreed and undertaken as follows (and, for the avoidance of doubt, such agreements and undertakings shall survive the maturity or expiration date of such ODIs):*

- (a) *it will, in the case where it or its nominees, associates or Affiliates (as defined in the Conditions) sell, transfer, assign, novate or otherwise dispose of the ODIs to, or enter into any back-to-back offshore derivatives instruments or enter into an agreement with respect to any of the foregoing with any party:*
  - (i) *provide notice of these "Indian Selling Restrictions" to any person to whom a Transfer (as defined in the section entitled "Risk Factors - Country specific risks relating to Market Access Securities" of this Base Prospectus) was made (the "Transferee"); and*
  - (ii) *issue a written notice to the Issuer in such form as the Issuer may determine within two (2) Hong Kong business days after the Transfer;*
- (b) *the Issuer and its associates/Affiliates are authorised to provide information in their possession regarding it, any Transferee, each of the nominees or associates/Affiliates of it and/or the Transferee, the ODIs and any breach of these representations, warranties, agreements and undertaking to any Indian governmental or regulatory authorities (each an "Authority") as the Issuer or its associates/Affiliates reasonably deems necessary or appropriate in order to comply with regulations or requests of such Authority from time to time, including but not limited to disclosures in periodic reportings made by the Issuer or its associates/Affiliates to any Authority;*
- (c) *it will and shall procure its nominees or associates/Affiliates to, provide the Issuer or its associates/Affiliates (as the case may be) promptly with such additional information that the Issuer or its associates/Affiliates (as the case may be) reasonably deems necessary or appropriate in order to comply with regulations or requests of any Authority from time to time;*

- (d) *it acknowledges that non-compliance with, or breach, violation or contravention of, the obligations under these representations, warranties, agreements and undertakings that (including, without limitation, any restrictions with respect to a Transfer) ("**ODI Holder Obligations**") may result in non-compliance with, or breach, violation or contravention of, applicable laws, regulations, governmental orders or directions, regulatory sanctions against the Issuer and/or its associates/Affiliates and cause irreparable harm to the Issuer and/or its associates/Affiliates. Accordingly, it further acknowledges that, in the event of any non-compliance with, or breach, violation or contravention of the ODI Holder Obligations by it, the Issuer and/or its associates/Affiliates may notify the Authority of the breach, violation or contravention and exercise any rights and take any measures available to the Issuer and/or its associates/Affiliates under the terms of the ODIs including these "Indian Selling Restrictions", or any other measures to prevent, avoid, mitigate, remedy or cure such non-compliance, breach, violation or contravention, including but not limited to termination or compulsory redemption of the ODIs by the Issuer or its associates/Affiliates; and*
- (e) *it will promptly notify the Issuer or its associates/Affiliates should any of the representations, warranties, agreements and undertakings given by it changes or no longer holds true.*

*Further, the investor is deemed to accept the risk that if the DTAA's (as defined above) between India and Mauritius/ Singapore/ Cyprus/ Spain/ UK/ France are renegotiated or disallowed so as to introduce capital gains tax on equities so as to be applicable to any FIIs (as defined above) incorporated in such jurisdictions, the Calculation Agent may determine that an amount equal to the charge which would have been suffered by such an FII should be reflected by a reduction in the realisable sale price.*

\*\*\*\*\*

*In the case of Market Access Securities that are related to a Malaysian equity, Malaysian debt or an index which references Malaysian equities, each MAS Holder represents and agrees, as a condition of acquiring or holding such Market Access Securities: (i) that the Issuer is authorised to provide information regarding the MAS Holder (as defined in the section entitled "Risk Factors - Country specific risks relating to Market Access Securities" of this Base Prospectus) to the relevant Underlying Company and any Malaysian governmental or regulatory authority, or if applicable, to any Affiliate for onward transmission to the relevant Underlying Company (as defined in the Conditions) and any such Malaysian governmental or regulatory authority, if required under applicable Malaysian regulations and/or as requested by any Malaysian governmental or regulatory authority from time to time and where a MAS Holder is or becomes, as a consequence of holding the Market Access Securities, a "**substantial shareholder**" (as that term is used in the Malaysian Companies Act 1965) in the Underlying Company, then such MAS Holder shall disclose the same to the Underlying Company and to the Securities Commission of Malaysia as required under applicable Malaysian regulations and shall continue to disclose any dealings it may have thereafter in its capacity as a substantial shareholder of the Underlying Company to the Underlying Company and to the Securities Commission of Malaysia, as required under applicable Malaysian regulations, until it ceases to be a substantial shareholder; (ii) that such MAS Holder will provide the Issuer with such additional information that the Issuer and/or the Affiliate deems necessary or appropriate in order to comply with regulations or requests of the relevant Underlying Company and any Malaysian governmental or regulatory authority from time to time; (iii) that the Market Access Securities are not being purchased by or for the benefit or account of any "resident" of Malaysia as that term is used in the Malaysian Exchange Control Notices ("**ECM**") issued pursuant to the Malaysian Exchange Control Act (a "**Malaysian Resident**") unless such purchase by or for the benefit or account of a Malaysian Resident is wholly conducted offshore Malaysia and in accordance with the provisions of the ECM; (iv) that such MAS Holder will not, directly or indirectly, sell, transfer or otherwise dispose of any Market Access Securities to or for the benefit or account of any Malaysian Resident unless such sale, transfer or disposal of any Market Access Securities to or for the benefit or account of a Malaysian Resident is wholly conducted offshore Malaysia and in accordance with the provisions of the ECM; and (v) that such MAS Holder is not currently the subject of any investigation or enquiry by any Malaysian governmental or regulatory authority in connection with a failure to disclose information relating to such MAS Holder or to any "regulated activity" as that term is defined in the Capital Markets and Services Act 2007.*

*MAS Holders or prospective MAS Holders who are uncertain about their respective tax positions or any such tax implications of the acquisition, ownership or transfer of Market Access Securities should consult their own professional advisers.*

\*\*\*\*\*

*In the case of Market Access Securities that are related to a Pakistan equity, Pakistan debt or an index which references Pakistan equities, each MAS Holder represents and agrees, as a condition of acquiring or holding such Market Access Securities: (i) that the Market Access Securities are being purchased for the benefit or account of, or pursuant to or in connection with back-to-back transactions with, a Person resident outside Pakistan (as defined in the section entitled "Risk Factors - Country specific risks relating to Market Access Securities" of this Base Prospectus); and (ii) that such MAS Holder will not, directly or indirectly, sell, transfer or otherwise dispose of any Market Access Securities to or for the benefit or account of any person other than a Person resident outside Pakistan (as defined in the section entitled "Risk Factors - Country specific risks relating to Market Access Securities" of this Base Prospectus).*

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*The Issuer has no responsibility and assumes no responsibility for the lawfulness of the acquisition of Equity-Linked Saudi Market Access Securities by a prospective purchaser or investor, whether under the laws of the jurisdiction of the purchaser or investor's incorporation or the jurisdiction in which it operates (if different), or for compliance by that purchaser or investor with any law, regulation or regulatory policy applicable to it.*

*In relation to Fund-Linked Saudi Market Access Securities, the Issuer has not undertaken any investigation of any Underlying Fund(s) (as defined in the Conditions). Each prospective purchaser must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of Fund-Linked Saudi Market Access Securities and consequential exposure to the relevant Underlying Fund (i) is fully consistent with its (or, if it is acquiring Fund-Linked Saudi Market Access Securities in a fiduciary capacity, its beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring Fund-Linked Saudi Market Access Securities as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring Fund-Linked Saudi Market Access Securities in a fiduciary capacity, for its beneficiary), notwithstanding the risks inherent in investing in or holding Fund-Linked Saudi Market Access Securities. An investor in Fund-Linked Saudi Market Access Securities should obtain and evaluate the same information concerning the relevant Underlying Fund as it would if it were investing directly in the relevant Underlying Fund. In addition, investors should understand that the historical performance of the relevant Underlying Fund should not be viewed as predictive of future results.*

\*\*\*\*\*

*In the case of Market Access Securities that are related to a Singaporean equity, Singaporean debt or an index which references Singaporean equities, each MAS Holder represents and agrees, as a condition of acquiring or holding such Market Access Securities: (i) that the Issuer is authorised to provide information regarding the MAS Holder to any Singapore governmental or regulatory authority or the relevant Underlying Company, or if applicable, to any Affiliate for onward transmission to any such Singapore governmental or regulatory authority or the relevant Underlying Company, if required under applicable Singapore regulations and/or as requested by any Singapore governmental or regulatory authority or the relevant Underlying Company from time to time; (ii) that such MAS Holder will provide the Issuer with such additional information that the Issuer and/or the Affiliate deems necessary or appropriate in order to comply with regulations or requests of any Singapore governmental or regulatory authority or the relevant Underlying Company from time to time; and (iii) that such MAS Holder will not, directly or indirectly, sell, transfer or otherwise dispose of any Market Access Securities to or for the benefit or account of any person in Singapore, except in accordance with applicable Singapore law (including any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore).*

*Investors should seek their own professional tax advice concerning the taxation of distributions received from a real estate investment trust constituted in Singapore.*

\*\*\*\*\*



*In the case of Market Access Securities that are related to a Taiwan equity, Taiwan debt or an index which references Taiwan equities, each MAS Holder represents and agrees that:*

- (i) it is not purchasing the Market Access Securities for the benefit or account of, or using funds of, (A) any residents of the People's Republic of China ("**PRC**"), corporations in the PRC, or corporations outside the PRC that are beneficially owned by residents of, or corporations in, the PRC or (B) any residents of Taiwan or corporations in Taiwan;*
- (ii) it will not, directly or indirectly, sell, transfer, assign, novate or otherwise dispose of the Market Access Securities to or for the benefit or account of, or in consideration of funds received from, (A) any residents of the PRC, corporations in the PRC, or corporations outside the PRC that are beneficially owned by residents of, or corporations in, the PRC or (B) any residents of Taiwan or corporations in Taiwan; and*
- (iii) details of the transaction (including the identity of the parties) may, (A) upon request or order by any competent authority, regulatory or enforcement organisation, governmental or otherwise, including the stock exchange on which the underlying shares are listed, (B) as required by applicable law, rules, regulations, codes or guidelines (whether having the force of law or otherwise), be disclosed in accordance with such request, order, law, rules, regulations, codes or guidelines (whether such disclosure is to be made to third parties or otherwise). By purchasing the Market Access Securities, each MAS Holder agrees to such disclosure and releases the Issuer (and its Affiliates) from any duty of confidentiality owed to it in relation to such information.*

## PRODUCT DESCRIPTION – MARKET ACCESS SECURITIES

Notes and Warrants issued pursuant to the Programme may include Market Access Notes ("**MANs**") and Market Access Warrants ("**MAWs**", together with MANs, "**Market Access Securities**"), being Notes and Warrants in relation to which the Final Redemption Amount payable at maturity or earlier redemption (for MANs) and the cash settlement amount (for MAWs) payable at expiration or earlier exercise is linked to the performance of (a) one or more securities (together, the "**Underlying Securities**" and each, an "**Underlying Security**") issued by one or more underlying companies (together, the "**Underlying Companies**" and each, an "**Underlying Company**") which are, or are expected to be, listed and/or admitted to trading on one or more stock exchanges, (b) one or more indices (together, the "**Underlying Indices**" and each, an "**Underlying Index**") being composed of one or more reference securities (together the "**Reference Securities**" and each a "**Reference Security**"), (c) one or more funds (together, the "**Underlying Funds**" and each, an "**Underlying Fund**") or (d) one or more exchange-traded funds (together, the "**Underlying ETFs**" and each, an "**Underlying ETF**") which are, or are expected to be, listed and/or admitted to trading on one or more stock exchanges. Underlying Securities, Underlying Indices, Underlying Funds and Underlying ETFs (together, the "**Underlyings**" and each, an "**Underlying**") may relate to one or more underlying countries (together, the "**Underlying Countries**" and each, an "**Underlying Country**") and be referenced in one or more underlying currencies (together, the "**Underlying Currencies**" and each, an "**Underlying Currency**") which may be different from the settlement currency and/or specified currency of the Market Access Securities (the "**Settlement Currency**" and "**Specified Currency**" respectively). Market Access Securities may include, among others, Participating Access-Linked Middle-Eastern Securities ("**PALMS**"), Greater African Zone Equity-Linked Securities ("**GAZELS**"), Euro-Zone Notes ("**E-Z Notes**"), Latin American Market Access Securities ("**LAMAS**"), Securities Participating in Indian Company Equity ("**SPICES**") and Saudi Participating Access-Linked Middle-Eastern Securities ("**Saudi PALMS**") and Low Exercise Price Options ("**LEPOs**"). The purpose of this Part E is to provide information in relation to Market Access Securities. This Part E should be read together with Parts A, B and D of the Base Prospectus in the case of MANs and Parts A, C and D of the Base Prospectus in the case of MAWs.

All the relevant terms referenced above will be set out in the Final Terms relating to a particular Tranche of Market Access Securities.

Market Access Securities reflect the risks of a UK incorporated bank or relevant affiliate taking a direct investment in or exposure to one or more Underlying(s). Investors will therefore generally be exposed to such risks on a one for one basis, as more particularly described in "*Additional Provisions relating to Market Access Notes*" and "*Additional Provisions relating to Market Access Warrants*" set out below and in the relevant Final Terms.

Details of the past performance and volatility of each of the Underlying(s) are obtainable from the display pages on the Reuters service, Bloomberg service or other information service or source specified in the Final Terms.

## CERTAIN ERISA CONSIDERATIONS – MARKET ACCESS SECURITIES

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain restrictions on employee benefit plans that are subject to Title I of ERISA ("**ERISA Plans**") and on persons who are fiduciaries with respect to such ERISA Plans. In accordance with the ERISA's general fiduciary requirements, a fiduciary with respect to any such ERISA Plan who is considering the purchase of Market Access Securities on behalf of such ERISA Plan should determine, to the extent applicable, whether such purchase is permitted under their governing ERISA Plan documents and is prudent and appropriate for the ERISA Plan in view of its overall investment policy and the composition and diversification of its portfolio. Other provisions of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") prohibit certain transactions between an ERISA Plan or other plan subject to Section 4975 of the Code (such plans and ERISA Plans, together "**Plans**") and persons who have certain specified relationships to the Plan ("parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of Section 4975 of the Code). Thus, a Plan fiduciary, to the extent permitted, considering the purchase of Market Access Securities should consider whether such a purchase might constitute or result in a prohibited transaction under ERISA or Section 4975 of the Code.

The Issuer or dealers selling Market Access Securities may each be considered a "party in interest" or a "disqualified person" (collectively, "**Parties in Interest**") with respect to many Plans. If permitted, the purchase of Market Access Securities by a Plan with respect to which the Issuer or the dealers selling Market Access Securities is a party in interest or a disqualified person may constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. The types of transactions between the Plans and Parties in Interest that are prohibited include: (a) sales, exchanges or leases of property, (b) loans or other extensions of credit and (c) the furnishing of goods and services. Certain Parties in Interest that participate in a non-exempt prohibited transaction may be subject to an excise tax under ERISA or the Code. In addition, the persons involved in the prohibited transaction may have to rescind the transaction and pay an amount to the Plan for any losses realized by the Plan or profits realized by such persons and certain other liabilities could result that have a significant adverse effect on such persons. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, depending in part on the type of Plan fiduciary making the decision to acquire Market Access Securities and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA (relating to certain transactions between a plan and a non-fiduciary service provider), Prohibited Transaction Class Exemption ("**PTCE**") 95-60 (relating to investments by insurance company general accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by an in-house asset manager). There can be no assurance that any exception or exemption from the prohibited transaction rules will be available with respect to any particular transaction involving Market Access Securities, or that, if an exemption is available, it will cover all aspects of any particular transaction. Any purchaser that is a Plan (to the extent Plans are permitted to purchase Market Access Securities) should consult with counsel regarding the application of the exemption or any other statutory or administrative exemption.

Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), are not subject to Section 406 of ERISA or Section 4975 of the Code. However, such plans may be subject to the provisions of applicable federal, state or local or other laws, rules or regulations ("**Similar Law**") similar to the foregoing provisions of ERISA or the Code. Fiduciaries of such plans ("**Similar Law Plans**") should consider applicable Similar Law when investing in Market Access Securities.

Unless otherwise provided in a prospectus supplement or the Final terms, each purchaser or transferee by its purchase of any offered Market Access Security (or any interest therein) will be deemed to represent, on each day from the date on which the purchaser or transferee acquires an offered Market Access Security through and including the date on which the purchaser or transferee disposes of its interest in such offered Market Access Security, either that (a) it is not a Plan or a Similar Law Plan, including any entity whose underlying assets include the assets of any Plan or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Plan or a Similar Law Plan; or (b) its purchase, holding and disposition of such Market Access Security (or any interest therein) will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any Similar Law.

The sale of Market Access Securities to a Plan or a Similar Law Plan is in no respect a representation by the Issuer or any of its Affiliates that such an investment meets all relevant legal requirements with respect to investments by Plans or Similar Law Plans generally or any particular Plan or Similar Law Plan, or that such an investment is appropriate for a Plan or a Similar Law Plan generally or any particular Plan or Similar Law Plan.

The above discussion may be modified or supplemented with respect to a particular offering of Market Access Securities, including the addition of further ERISA restrictions on purchase and transfer. In addition, the purchaser or transferee of a Market Access Security may be required to deliver to the Issuer and the relevant dealers a letter, in the form available from the Issuer and dealers, containing certain representations, including those contained in the preceding paragraph.

## MARKET ACCESS NOTES – TERMS AND CONDITIONS

The terms and conditions of the Market Access Notes shall consist of the Terms and Conditions of the Notes set out in "*Part B – Information Relating to the Notes Generally*", the additional terms and conditions set out in the section entitled "*Additional Provisions relating to Equity-Linked Notes, Cash Equity Notes and Index-Linked Notes and Preference Share-Linked Notes*" in "*Part D – Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes*" and the additional terms and conditions set out in the section entitled "*Additional Provisions relating to Market Access Notes*" in this Part E, as amended or supplemented by the Final Terms.

The form of Final Terms which will be completed for each Tranche of Market Access Notes under the Programme is set out below on page E-48.

## ADDITIONAL PROVISIONS RELATING TO MARKET ACCESS NOTES

In respect of Market Access Notes, the following additional condition shall be deemed to be added as Condition 22 to the terms and conditions set out in the section headed "*Terms and Conditions of the Notes*" appearing in "*Part B - Information relating to the Notes Generally*" of the Base Prospectus.

### 1. Provisions relating to Market Access Notes

#### 22A. Provisions relating to Market Access Notes linked to a single Underlying Security or a basket of Underlying Securities

The provisions of this Condition 22A shall only apply in relation to Notes which are specified in the Final Terms as being Market Access Notes linked to one or more Underlying Securities.

##### (a) **Final Redemption Amount**

Unless previously redeemed or purchased and cancelled, and subject to the other Conditions of the Notes, the Issuer shall redeem each Note outstanding by paying on the later of the Maturity Date and the Cash Settlement Payment Date an amount in the Specified Currency determined by the Calculation Agent to be equal to the Realisable Sale Price per Note, as defined below, or 0.03 per cent. of the Issue Price per Note (whichever is greater).

"**Realisable Sale Price**" is an amount per Note calculated as follows:

(i) The Calculation Agent shall determine the Aggregate Sale Amount(s) in respect of each Underlying Security issued by each Underlying Company as follows:

(1) if the Calculation Agent is satisfied that the Issuer, or any relevant affiliate of the Issuer (an "**Affiliate**") held a number of such Underlying Securities ("**X**", being equal to the total number of such Underlying Securities to which the Notes outstanding relate) on the Determination Date and that on and from the Determination Date the Issuer or such Affiliate has in good faith in relation to the redemption of these Notes disposed or otherwise realised X of such Underlying Securities through the Exchange or otherwise (in the Issuer's or such Affiliate's absolute discretion), then the "**Aggregate Sale Amount**" shall be the aggregate amount at which the Issuer or such Affiliate effects the disposal or realisation of that number of such Underlying Security ("**Gross Sale Amount**"), less any Costs incurred in connection with such disposal or realisation; or

(2) if the Calculation Agent is satisfied that the Issuer or an Affiliate held such Underlying Securities on the Determination Date and that on and from the Determination Date the Issuer or such Affiliate has in good faith disposed of or otherwise realised the value of a number ("**Y**") (where Y is less than X) of such Underlying Securities through the Exchange or otherwise (in the Issuer's or such Affiliate's absolute discretion), the Calculation Agent shall:

- (A) determine the average price per Underlying Security ("**M**") at which the Issuer or such Affiliate effected the disposal or realisation of Y of such Underlying Securities (such average price M multiplied by X being the "**Gross Sale Amount**"), and
- (B) deduct any Costs per Underlying Security from M (the resulting price being "**N**"), and
- (C) multiply N by X (the resulting figure being the "**Aggregate Sale Amount**"); or

- (3) if the Calculation Agent is satisfied that the Issuer or an Affiliate acting reasonably held any other relevant instrument(s) or had entered into any other relevant arrangements relating to or referencing the Underlying Security, in each case for the purposes of hedging, funding or otherwise performing the Issuer's obligations in respect of the Notes (each a "**Relevant Hedge**") on the Determination Date and that on and from the Determination Date the Issuer or such Affiliate has in good faith in relation to the redemption of these Notes disposed of, unwound or otherwise realised or closed out part or all of such Relevant Hedge(s) through an Exchange or otherwise (in the Issuer's or such Affiliate's absolute discretion), then the Calculation Agent shall determine the average reference net price per Underlying Security ("**N**") at, or in relation to, which the Relevant Hedge(s) were disposed of, unwound or otherwise realised or closed out by the Issuer or such Affiliate after deducting any Costs per Underlying Security incurred in connection with such disposal, unwind, realisation or closeout, with such average reference net price **N** multiplied by **X** being the "**Aggregate Sale Amount**"; and
  - (4) in all other cases, the "**Aggregate Sale Amount**" shall be the aggregate amount, as determined by the Calculation Agent, at which a Notional Holder of **X** of such Underlying Securities on the Determination Date would have on and from the Determination Date been able to dispose of such Underlying Securities through any applicable Exchange (in the Calculation Agent's absolute discretion) (the "**Gross Sale Amount**"), less any Costs which, in the determination of the Calculation Agent would have been incurred in effecting such disposal; and
  - (5) any such disposal, realisation, unwind or closeout effected by the Issuer or an Affiliate (and the disposal that for the purposes of sub-paragraph (4) above the Calculation Agent determines a Notional Holder would have been able to effect) may be effected in one lot of the Underlying Security or divided up into smaller lots whose disposal is effected over a number of days. The Calculation Agent shall also determine (i) in the case where the Issuer or an Affiliate disposes or realises the value of any such Underlying Securities, the date on which the Issuer or such Affiliate received the related aggregate amount in respect of them or (ii) the date on which an unwind or closeout of the Relevant Hedge(s) was effective and (iii) in other cases, the date on which a Notional Holder could reasonably be expected to have completed such disposals and received the aggregate amount (which date not be earlier than the date on which the Issuer or an Affiliate received the aggregate amount in respect of any of such Underlying Securities which it did so dispose of or otherwise realise) (in each case, such date being the "**ASA Receipt Date**").
- (ii) The Aggregate Sale Amount received or deemed received shall then be translated into the Specified Currency as follows:
- (1) if the Calculation Agent is satisfied that in relation to the ASA Receipt Date the Issuer or an Affiliate in respect of the redemption of these Notes, actually entered into an exchange transaction to convert the relevant Underlying Currency into the Specified Currency, the rate of exchange for the purposes of such translation, as determined by the Calculation Agent, shall be the rate obtained by the Issuer or such Affiliate, adjusted to take into account the effect of any non-deliverable forward transaction ("**NDF transaction**") if such is entered into by the Issuer or such Affiliate in relation to the ASA Receipt Date in respect of the Aggregate Sale Amount; or

- (2) if the Calculation Agent determines that Relevant Hedge(s) are denominated in the Specified Currency, then the rate of exchange for the purpose of such translation shall be that rate implicit in the determination of the final value under such Relevant Hedge(s); or
- (3) in other cases, the rate of exchange for such translation shall be that determined by the Calculation Agent to be the rate at which a Notional Holder which received the Aggregate Sale Amount on the ASA Receipt Date would have been able to convert the Aggregate Sale Amount into the Specified Currency, taking into account the effect of any NDF transaction that such Notional Holder would have entered, or would have been able to enter, into in respect of the Aggregate Sale Amount in relation to the ASA Receipt Date; and
- (4) in each case, the Calculation Agent shall deduct from the translated Specified Currency amount any Conversion Costs. The sum of the resulting amount(s) (each a "**Converted ASA**") less applicable Redemption Costs divided by the associated X and then multiplied by the relevant Number of Underlying Securities per Note shall be the contribution to the Realisable Sale Price for such Underlying Security.

The Realisable Sale Price shall be payable by the Issuer on the later of the Maturity Date and the day (the "**Cash Settlement Payment Date**") which is the third Relevant Financial Centre Day following (i) the day (determined by the Calculation Agent) on which the Issuer or an Affiliate received the Converted ASA in respect of an exchange transaction entered into in relation to the ASA Receipt Date or, as the case may be, (ii) the day on which a Notional Holder entering into an exchange transaction in relation to the ASA Receipt Date would have received the Converted ASA and, in each case, the effective translation rate including Conversion Costs being the "**Effective FX Rate**".

- (iii) For the purposes of this Condition 22A:

"**Conversion Costs**" shall mean the costs of conversion for the purposes of converting an Aggregate Sale Amount into a Converted ASA and an Underlying Currency Amount (as defined in paragraph (b) (*Additional Payments*) below) or Event Receipt (as defined in paragraph (c) (*Payment in respect of a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting*) below) into a Converted Amount respectively, the amount being determined by the Calculation Agent by reference to actual costs incurred by the Issuer or an Affiliate or, as the case may be, the costs which, in the determination of the Calculation Agent, would have been incurred by a Notional Holder.

"**Costs**" shall mean all costs, expenses, fees and levies taken into account in determining an Aggregate Sale Amount, an Underlying Currency Amount or an Event Payment (as appropriate) including, without limitation, all brokers' fees, bank and custody charges, transaction processing fees and expenses and all taxes (including potential taxes which the Calculation Agent considers may arise) and other duties in respect of the relevant Underlying Security whether such Costs are or would be withheld at source or would otherwise be required to be paid, all as determined by the Calculation Agent.

Where (i) the amount of Costs or the basis on which it is to be determined is not confirmed before the applicable Determination Date and/or is subject to change in the future (such amount of Costs being "**Unpaid Costs**") and (ii) the Unpaid Costs were not deducted from the calculation of the Realisable Sale Price, each Noteholder will be required to pay to the Issuer an amount equal to such Unpaid Costs upon notification from the Issuer. Any Noteholder's obligation to pay such Unpaid Costs shall survive the redemption of the Notes and any transfers made by any such Noteholder prior to such date.



*In relation to Notes in respect of PRC securities markets only:*

As referred to above, "all taxes" shall include potential taxes which the Calculation Agent considers may arise and "other duties" shall include, without limitation, any capital gains tax such as PRC Capital Gains Tax and, in all cases, including any interest thereon levied by the applicable PRC tax authorities, all as determined by the Calculation Agent.

Where the amount of Costs (including, without limitation, PRC Capital Gains Tax) or the basis on which it is to be determined is not definitely known (each a "**tax uncertainty**" and together "**tax uncertainties**"), the Issuer may use the same basis for calculation of such amount as it would use in respect of a holding, purchase or, as applicable, sale of the Underlying Security either (a) for itself as beneficial owner, (b) for a Notional Holder as beneficial owner, or (c) for the Noteholder as beneficial owner, as appropriately determined by the Calculation Agent (**provided that** the rate in respect of PRC Capital Gains Tax shall be the Fixed CGT Rate) until the applicable Tax Certainty Date.

In addition (and notwithstanding the provisions relating to PRC Capital Gains Tax stated above), once the relevant tax uncertainties are clarified so as to remove the relevant tax uncertainties, (1) where the amount of tax which has actually been deducted ("**Tax Deducted**") is greater than the amount of tax properly payable (the amount of the excess, the "**Excess Deduction**"), the Issuer will pay to the Noteholder an amount in the Specified Currency (converted at the Effective FX Rate at the time the relevant determination of the Excess Deduction is made) equal to the Excess Deduction, or (2) where the Tax Deducted is less than the amount of tax properly payable (the amount of the excess, the "**Deduction Shortfall**"), the Noteholder will pay to the Issuer an amount in the Specified Currency (converted at the Effective FX Rate at the time the relevant determination of the Deduction Shortfall is made) equal to the Deduction Shortfall. In either case, the relevant amount (the "**Tax Equalisation Payment**") will be (x) conclusively determined as soon as reasonably practicable on or after the Tax Certainty Date by the Calculation Agent and notified as soon as practicable after such determination to Noteholders (such notification date, the "**Tax Equalisation Payment Notification Date**"), and (y) (where the Tax Certainty Date falls on or before the latest ASA Receipt Date) payable on the Settlement Date applicable to any redemption of Notes on the Maturity Date, or (where the Tax Certainty Date falls after the latest ASA Receipt Date) payable on the date notified to Noteholders as the applicable payment date by the Issuer, being no less than two Business Days after the Tax Equalisation Payment Notification Date (such payment date, the "**Tax Equalisation Payment Date**"). The obligation to pay any Excess Deduction or Deduction Shortfall shall survive the maturity of the Notes and any transfers of Notes made by any Noteholder prior thereto.

"**CNY**" means the lawful currency of the PRC.

"**PRC**" means, solely for the purpose stated herein, the People's Republic of China excluding the Hong Kong and Macau Special Administrative Regions of the People's Republic of China and Taiwan.

"**PRC Capital Gains Tax**" means, unless and until definitively stated by any applicable PRC tax authorities (as determined by the Calculation Agent in its sole and absolute discretion), 10 per cent. (such rate, the "**Fixed CGT Rate**") of the excess (if any) of (a) the Realisable Sale Price (without deduction of Costs) over (b) Relevant Reference Price, and if (and once) so definitively stated, the capital gains tax properly applicable as so stated.

"**QFII**" means a Qualified Foreign Institutional Investor pursuant to the Measures for the Administration of Securities Investments by Qualified Foreign Institutional Investors, which were jointly promulgated by the China Securities

Regulatory Commission, the People's Bank of China and The State Administration of Foreign Exchange on 24 August 2006, and which became effective on 1 September 2006.

**"Relevant Reference Price"** means the CNY equivalent of the purchase price (excluding commission charged by the Issuer or its Affiliate) of one Note at the time a Noteholder purchased the Notes.

**"Tax Certainty Date"** means, in respect of any tax uncertainty, the date on which the Calculation Agent becomes aware of the clarification by the applicable tax authorities so as to remove the relevant uncertainty or, if later, the Tax Clarification Effective Date.

**"Tax Clarification Effective Date"** means the first date on which the relevant clarified tax position becomes effective (and where the clarified tax position becomes effective with retrospective effect on a certain date or affecting a certain payment, the Tax Clarification Effective Date will be that certain date or the date of that certain payment), all as determined by the Calculation Agent.

**Noteholders should note that if the PRC taxing authorities clarify the PRC Capital Gains Tax rate after the Final Redemption Amount has been paid and such rate properly applied is different from the Fixed CGT Rate, either the Issuer or the Noteholder (as the case may be) will have an obligation to pay the Excess Deduction or Deduction Shortfall (as the case may be).**

*The following applies to all Notes:*

**"Determination Date"** means the Valuation Date, in the case of the Final Redemption Amount, or, in the case of an Early Redemption Amount, the day on which the Issuer gave notice of redemption, or if that day was not an Exchange Business Day on which there was no Market Disruption Event, the next succeeding Exchange Business Day on which there was no Market Disruption Event).

**"FII"** means a Foreign Institutional Investor pursuant to The Securities and Exchange Board of India (Foreign Institutional Investor) Regulations 1995.

**"FINI"** means a foreign institutional investor eligible under the securities laws of Taiwan to invest, *inter alia*, in equity securities listed on the Taiwan Stock Exchange Corporation or traded in the GreTai Securities Market.

**"Notional Holder"** means an institution subject to the same tax laws, securities laws, rules and regulations of any tax authorities, securities regulators, exchanges or self-regulating organisations as would apply to the Issuer or its Affiliate had they held the Underlying Securities or Relevant Hedge(s). In the case that the Underlying Security or Underlying Securities are (i) securities that are traded on the PRC securities market in CNY, (ii) Indian securities, or (iii) Taiwanese securities or (iv) Saudi Arabian securities, then such Notional Holder will additionally be deemed to be, respectively, (i) a QFII, (ii) a FII, (iii) a FINI or (iv) an Authorised Person (as defined by the Saudi Arabian Capital Markets Authority).

**"Number of Underlying Securities per Note"** shall mean the number of the relevant Underlying Security to which each Note relates as specified in the Final Terms.

**"Redemption Commission"** shall be defined as the equivalent amount, in the Specified Currency, of the Redemption Commission Percentage (as specified in the Final Terms) of the Gross Sale Amount.

**"Redemption Costs"** shall mean the greater of zero, and the Redemption Commission giving credit in respect of an amount which is the equivalent, in the Specified Currency, of the Transaction Costs.

**"Transaction Costs"** shall mean the value of the relevant Costs and Conversion Costs aggregated together.

(b) *Additional Payments*

If during the period from and including the Issue Date to but including the Determination Date (the **"Relevant Period"**) any Underlying Security is marked on the relevant Exchange as ex-dividend or ex-distribution (the date on which it is so marked being the **"Mark Date"**), then, where in the determination of the Calculation Agent, such dividend or distribution is to be paid by the related Underlying Company, the Issuer shall make an additional payment per Note calculated as follows:

- (i) if the Calculation Agent determines that on the Business Day prior to the Mark Date the Issuer or an Affiliate held any of the relevant Underlying Securities, the Calculation Agent shall determine the net aggregate amount of the cash dividend or distribution which the Issuer or such Affiliate would have received in respect of such holding after deduction of Costs (the date on which it would have been received being the **"Receipt Date"**), and divide that net aggregate amount by the number of Underlying Securities so held to give a per Underlying Security amount (the **"Underlying Currency Amount"**); or
- (ii) if the Calculation Agent is satisfied that the Issuer or an Affiliate held Relevant Hedge(s) on the Business Day prior to the Mark Date, then the Calculation Agent shall determine the net aggregate amount of the cash dividend or distribution equivalent payment which the Issuer or such Affiliate would have received in respect of such Relevant Hedges(s) after deduction of Costs (the date on which it would have been received being the **"Receipt Date"**), and divide that net aggregate amount by the number of Underlying Securities to which such Relevant Hedge(s) relate to give a per Underlying Security amount (a **"Converted Amount"** if in the Specified Currency and otherwise an **"Underlying Currency Amount"**); and
- (iii) in all other cases, the net amount which, in the determination of the Calculation Agent, would have been receivable per Underlying Security by a Notional Holder which was a holder of one of the relevant Underlying Security on the Business Day prior to the Mark Date after deduction of Costs shall be the **"Underlying Currency Amount"**, and the date on which, in the determination of the Calculation Agent, such Notional Holder would have received the Underlying Currency Amount shall be the **"Receipt Date"**.

The cash value of any non-cash dividend or distribution shall be as determined by the Calculation Agent, save that:

- (1) where the Calculation Agent determines that the Issuer or an Affiliate held any of the relevant Underlying Securities on the Business Day prior to the Mark Date and that the Issuer or such Affiliate disposed of any relevant non-cash dividend or distribution received in respect of such Underlying Security for cash on the date it received the same, the Calculation Agent shall have regard to the value at which the Issuer or such Affiliate disposed of such relevant non-cash dividend or distribution in determining the cash value of the relevant additional payment; and
- (2) where the Calculation Agent determines that the Issuer or an Affiliate held any Relevant Hedge(s) on the Business Day prior to the Mark Date and that the Issuer or such Affiliate received, in respect of such Relevant Hedge(s), cash by way of adjustment or settlement of such non-cash dividend or distribution, the

Calculation Agent shall have regard to such value received by the Issuer or such Affiliate in determining the cash value of the relevant additional payment.

The Receipt Date for this purpose shall be: (i) in the case of (1) above, the date on which the Issuer or such Affiliate received the cash disposal proceeds, (ii) in the case of (2) above, the date on which the Issuer or such Affiliate received such a cash payment by way of such adjustment or settlement and, in any other case, the date on which a Notional Holder which received such relevant dividend or distribution and disposed of it immediately would have received the cash disposal proceeds, all as determined by the Calculation Agent (such cash value being a "**Converted Amount**" if in the Specified Currency and otherwise an "**Underlying Currency Amount**").

Any Underlying Currency Amount shall then be converted into the Specified Currency. If the Calculation Agent is satisfied that in relation to the Receipt Date the Issuer or an Affiliate in connection with the determination of the relevant additional payment actually entered into an exchange transaction to convert Underlying Currency into the Specified Currency, the rate of exchange for the purposes of such conversion shall be the rate actually obtained by the Issuer or such Affiliate, as determined by the Calculation Agent. In other cases, the rate of exchange shall be that determined by the Calculation Agent to be the rate at which a Notional Holder which received an Underlying Currency Amount on the Receipt Date would have been able to convert such Underlying Currency Amount into the Specified Currency. In each case the Calculation Agent shall deduct from the converted Specified Currency amount any Conversion Costs per Underlying Security. The resulting amount (the "**Converted Amount**") multiplied by the Number of Underlying Securities per Note shall be the amount of the additional payment (the "**Additional Payment**") per Note.

Any Additional Payments shall be payable by the Issuer as specified in the Final Terms but in any case not earlier than the third Relevant Financial Centre Day following (i) the day (determined by the Calculation Agent) on which the Issuer or its Affiliate would have received the Converted Amount in respect of an exchange transaction entered into in relation to the Receipt Date or, as the case may be, (ii) the day on which a Notional Holder entering into an exchange transaction in relation to the Receipt Date would have received the Converted Amount.

Any Additional Payments shall be payable, where the Notes are held in a clearing system such as DTC, Euroclear and/or Clearstream, Luxembourg to the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg (as the case may be) as Noteholders on the Business Day immediately preceding the Mark Date, and in any other case to the holders for the time being of the Notes (irrespective of whether or not they were Noteholders on the Business Day immediately preceding the Mark Date).

(c) ***Payment in respect of an Extraordinary Event or Conversion***

For the purposes of payments (if any) made pursuant to Condition 21(g)(ii) or Condition 21(g)(iii) (each an "**Event Payment**"):

- (i) if the Calculation Agent is satisfied that the Issuer or an Affiliate held any relevant Underlying Security on the Business Day immediately preceding the occurrence of the Extraordinary Event or Conversion (the "**Event Occurrence Date**"), the Calculation Agent shall determine the net cash value of any payment which the Issuer or such Affiliate actually received in respect of such holding after deduction of Costs (the date on which it was would have received being the "**Event Receipt Date**") and divide that net cash value by the number of such Underlying Security so held by the Issuer or such Affiliate to give a per Underlying Security amount (the "**Event Receipt**"); or
- (ii) if the Calculation Agent is satisfied that the Issuer or an Affiliate held Relevant Hedge(s) on the Business Day prior to the Event Occurrence Date, then the Calculation Agent shall determine the net cash value of any payment which the Issuer or such Affiliate would have received in respect of such Relevant

Hedges(s) after deduction of Costs (the date on which it would have been received being the "**Event Receipt Date**"), and divide that net cash value by the number of Underlying Securities to which such Relevant Hedge(s) relate to give a per Underlying Security amount (the "**Event Receipt**"); and

- (iii) in all other cases, the net cash value of the payment per Underlying Security which, in the determination of the Calculation Agent, would have been received by a Notional Holder which was a holder of such Underlying Security on the Business Day prior to the Event Occurrence Date after deduction of Costs shall be the "**Event Receipt**" and the date on which, in the determination of the Calculation Agent, such Notional Holder would have received the Event Receipt shall be the "**Event Receipt Date**").

Where the Event Receipt is in the same currency as the Specified Currency, the Event Receipt multiplied by the relevant Number of Underlying Securities per Note shall be the amount of the Event Payment per Note. Where this sub-paragraph applies, the Event Payment shall not be made sooner than the Event Receipt Date.

Where the Event Receipt is not in the same currency as the Specified Currency, it shall then be translated into the Specified Currency. If the Calculation Agent is satisfied that on the Event Receipt Date the Issuer or an Affiliate, in connection with the determination of the relevant Event Payment, actually entered into an exchange transaction to convert the relevant Underlying Currency into the Specified Currency, the rate of exchange for the purposes of such translation shall be the rate obtained by the Issuer or such Affiliate, as determined by the Calculation Agent. In other cases, the rate of exchange for such translation shall be that determined by the Calculation Agent to be the rate at which a Notional Holder which received the Event Receipt on the Event Receipt Date would have been able to convert the Event Receipt into the Specified Currency. In each case, the Calculation Agent shall deduct from the translated Specified Currency amount any Conversion Costs per Underlying Security. The resulting amount (the "**Converted Amount**") multiplied by the relevant Number of Underlying Securities per Note shall be the amount of the Event Payment per Note. Where this sub-paragraph applies, the Event Payment shall not be made sooner than the day on which the Issuer or an Affiliate actually received the Converted Amount in respect of an exchange transaction entered into in relation to the Event Receipt Date or on which a Notional Holder entering into an exchange transaction in relation to the Event Receipt Date would have received the Converted Amount as determined by the Calculation Agent.

Event Payments shall be payable, where the Notes are held in a clearing system such as DTC, Euroclear and/or Clearstream, Luxembourg to the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the case may be, as Noteholders on the Business Day immediately preceding the Event Occurrence Date, and in any other case to the holders for the time being of the Notes (irrespective of whether or not they were Noteholders on the Business Day immediately preceding the Event Occurrence Date).

(d) ***Dealing restrictions in relation to Underlying Securities and Currency Events***

Notwithstanding Condition 6(c) (*Redemption at the Option of the Issuer*), whenever any sum is due in respect of the Notes (whether upon early redemption or upon final redemption or otherwise), the Issuer shall be entitled to suspend its obligation to make such payment in respect of the Notes if, and for as long as, in the determination of the Calculation Agent, (i) dealing by the Issuer, any Affiliate or Notional Holders generally in the relevant Underlying Security or Relevant Hedge(s) is or is likely to be prevented, delayed or restricted by closure of a relevant Exchange or Related Exchange, suspension of trading in such Underlying Security, Relevant Hedge(s) or other circumstances or (ii) a Currency Event has occurred. The Noteholders shall not be entitled to any interest or other compensation in respect of any such suspension nor shall such a suspension constitute a default. The Issuer shall give notice to the Noteholders as soon as practical of any such suspension and, subsequently, of the termination of any such suspension.

For the purposes hereof:

**"Currency Event"** means:

- (A) the occurrence of an event or a condition which, in the opinion of the Calculation Agent, on any day with respect to the Underlying Currency that has the effect of preventing, hindering, limiting or restricting (including, without limitation, by delays, increased costs or discriminatory rates of exchange) the Issuer or its Affiliates directly or indirectly from:
  - (i) converting the Underlying Currency into the Specified Currency through any customary legal channel;
  - (ii) converting the Underlying Currency into the Specified Currency at a rate at least as favourable as the rate for domestic institutions located in the Reference Jurisdiction;
  - (iii) delivering the Specified Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction;
  - (iv) delivering the Underlying Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction; or
  - (v) effectively realising the value of any underlying hedge in the Specified Currency at any time; or
- (B) the government of the Reference Jurisdiction imposes, or gives public notice of its intention to impose, any capital controls (including, without limitation, the imposition of an upper limit on the amount of assets denominated in the Underlying Currency in the Reference Jurisdiction which can be held by any party) which the Calculation Agent determines in good faith are likely to materially affect the ability of the Issuer or its Affiliates to hedge the Issuer's position under the Notes or to unwind such hedge; or
- (C) the unavailability of the Specified Currency in any legal exchange market in the Reference Jurisdiction in accordance with normal commercial practice as determined by the Calculation Agent; and

**"Reference Jurisdiction"** means any jurisdiction in which a relevant Exchange is located.

(e) ***Hedging***

For the purposes of Condition 21(h)(iv), as amended by the Final Terms:

**"Hedging Disruption"** means that the Issuer or an Affiliate would be unable, after using commercially reasonable efforts, to conduct any Hedging (as defined below) or would suffer any material delay in conducting any Hedging.

**"Hedging"** means to:

- (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk (including, but not limited to, any currency risk) of entering into and performing its obligations with respect to these Notes; or
- (ii) freely realise, recover, receive, repatriate, remit or transfer the proceeds of Hedge Positions or the relevant transaction between accounts within a relevant

jurisdiction of the Hedge Positions (an "**Affected Jurisdiction**") or from accounts within an Affected Jurisdiction to accounts outside of such Affected Jurisdiction; or

- (iii) without prejudice to (ii) above, transfer (A) amounts denominated in the Specified Currency from accounts within a relevant Underlying Country to accounts outside such Underlying Country, to other accounts within such Underlying Country or to the accounts of a non-resident of such Underlying Country or (B) amounts denominated in a relevant Underlying Currency from accounts within the related Underlying Country to other accounts within such Underlying Country, to accounts outside such Underlying Country or to the accounts of a non-resident of such Underlying Country; or
- (iv) without prejudice to (ii) and (iii) above, convert the Specified Currency into a relevant Underlying Currency or a relevant Underlying Currency into the Specified Currency.

**"Hedge Positions"** means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, funds, options, futures, other derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by the Issuer or an Affiliate in order to hedge, individually or on a portfolio basis, a Note.

(f) **Miscellaneous**

- (i) Any person (the "**relevant person**") shall be treated as "**holding**" Underlying Securities where the relevant person is registered as registered owner of such Underlying Securities in the Underlying Company's share register or where the registered owner of such Underlying Securities in the Underlying Company's share register is a custodian or agent and directly or indirectly the person for whose account those Underlying Securities are held is the relevant person. The terms "**hold**" and "**holder**" shall, in the context of holding Underlying Securities, be construed accordingly.
- (ii) Where there is a dividend or distribution in respect of any Underlying Security or any disposal or transfer of Underlying Securities, the dividend distribution or proceeds of disposal or transfer shall not be treated as having been received by any person unless and until it or they have been paid or delivered to that person or to any bank, custodian or agent on behalf of that person in circumstances where that person may (i) (in the case of a payment denominated in a currency other than the Specified Currency) freely convert such payment into the Specified Currency and (ii) freely withdraw and transfer the payment (or, as the case may be, the Specified Currency conversion proceeds of such payment) or delivery.
- (iii) For purposes of Condition 21(h) and the relevant Final Terms, the following terms if specified as an Additional Disruption Event shall have the following meanings unless otherwise provided in the relevant Final Terms:

**"Currency Event"** has the meaning given to it in paragraph (d) above;

**"Security Redemption"** means any Underlying Security is early redeemed, terminated or cancelled, in whole or in part, on or prior to its stated maturity for whatever reason; and

**"Underlying Company Default"** means a default of the Underlying Company of its obligations under the Underlying Security.

22B. **Provisions relating to Market Access Notes linked to a single Underlying Fund or a basket of Underlying Funds**

The provisions of this Condition 22B shall only apply in relation to Notes which are specified in the Final Terms as being Market Access Notes linked to one or more Underlying Funds.

(a) ***Final Redemption Amount***

Unless previously redeemed or purchased and cancelled, and subject to the other Conditions of the Notes, the Issuer shall redeem each Note outstanding by paying on the later of the Maturity Date and the Cash Settlement Payment Date an amount per Note in the Specified Currency determined by the Calculation Agent to be equal to the greater of (a) 0.03 per cent. of the Issue Price per Note, and (b) the aggregate of each Underlying Fund Value<sub>final</sub>.

For the purposes hereof:

"**Business Day**" has the meaning given to it in the relevant Final Terms;

"**Currency Business Day**" has the meaning given to it in the relevant Final Terms;

"**Exchange**" has the meaning given to it in the relevant Final Terms;

"**Exchange Business Day**" means any Scheduled Trading Day on which the Exchange is open for trading during its regular trading session, notwithstanding such Exchange closing prior to its Scheduled Closing Time;

"**Final Valuation Date**" means the last Business Day prior to the Maturity Date on which a Hypothetical Investor could have validly submitted a redemption application for value on the Maturity Date (the "**Scheduled Valuation Date**"), subject to postponement due to an Underlying Fund Disruption Event. If an Underlying Fund Disruption Event occurs on the Scheduled Valuation Date, then the Final Valuation Date shall be postponed until the earlier of (i) the second Business Day following the date on which the Calculation Agent determines an Underlying Fund Disruption Event is no longer subsisting, and (ii) the twentieth (20<sup>th</sup>) Business Day following the Scheduled Valuation Date. If the Final Valuation Date shall be such 20<sup>th</sup> Business Day, notwithstanding that an Underlying Fund Disruption Event has occurred or is continuing on such day, the Calculation Agent shall determine the Underlying Fund Value;

"**Fund Application Date**" means any day on which there is set a cut-off time for receiving applications for redemptions in accordance with the Underlying Fund Terms and Conditions, subject to such day being an Exchange Business Day;



**"Hypothetical Investor"** means an institution subject to the same tax laws, securities laws, rules and regulations of any tax authorities, securities regulators, exchanges or self-regulating organisations as would apply to the Issuer or its Affiliate had they held the Underlying Fund(s).

**"Redemption Commission"** means the equivalent amount, in the Specified Currency, of the Redemption Commission Percentage (as defined in the Final Terms) of the Final Redemption Amount;

**"Related Costs"** means, in connection with a Hypothetical Redemption and in each case as determined by the Calculation Agent, (i) all accrued management, load, administrative and other per Share fees, costs, expenses, levies, or adjustments; (ii) all taxes and duties which may be withheld or applied by the Underlying Fund (including any potential taxes and duties which the Calculation Agent considers may arise); and (iii) all other taxes and duties in respect of the Underlying Fund which would otherwise be required to be paid (including any potential taxes and duties which the Calculation Agent considers may arise).

Where in relation to the calculation of an Underlying Fund Value (A) the amount of the Related Costs or the basis on which they are to be determined is not confirmed before the applicable Valuation Date and/or is subject to change in the future (such amount of Related Costs, **"Unpaid Related Costs"**), and (B) the Unpaid Related Costs were not deducted from the calculation of the Underlying Fund Value, each Noteholder will be required to pay to the Issuer an amount equal to such Unpaid Related Costs upon notification from the Issuer. Any Noteholder's obligation to pay such Unpaid Related Costs shall survive the redemption of the Notes and any transfers made by any such Noteholder prior to such date.

**"Scheduled Closing Time"** means the scheduled weekday closing time of the Exchange, without regard to after hours or any other trading outside of the regular session hours;

**"Scheduled Trading Day"** means any day on which the Exchange is scheduled to open for trading for its regular trading session;

**"Specified Currency Equivalent"** means, in respect of a Share of the Underlying Fund and an Underlying Currency price or amount, such Underlying Currency price or amount divided by the rate of exchange of the Underlying Currency for the Specified Currency (expressed as the number of Underlying Currency per Specified Currency) as (i) the offer rate of exchange (as aforesaid) as displayed on the Reuters Screen related to the relevant Underlying Currency at approximately 11:00 a.m. local time in London on the day two (2) Currency Business Days prior to the related Valuation Date, Determination Date or Fund Application Date (as applicable); except that the rate of exchange for determining the Underlying Fund Value<sub>final</sub>, shall be the relevant rate of exchange (as aforesaid) that the Calculation Agent shall determine would be available to the Issuer or its Affiliate in the market at the relevant time;

**"Share"** means, in relation to any Underlying Fund, a unit or share therein;

**"Underlying Currency"** means, in relation to an Underlying Fund, the currency specified as such for such Underlying Fund in the relevant Final Terms; and

**"Underlying Fund"** has the meaning given to it in the relevant Final Terms.

The Issuer shall be under no obligation to make or hold, directly or indirectly, investments in the Underlying Fund. The Noteholders will not hold any direct or indirect interest in the Underlying Fund as a result of being a Noteholder;

**"Underlying Fund Value"** means for any Valuation Date an amount per Note as determined by the Calculation Agent as the net redemption proceeds per Share that would have been received as of such Valuation Date by a Hypothetical Investor in the Underlying Fund had such Hypothetical Investor provided a timely notice in accordance with the Underlying Fund Terms and Conditions to the Underlying Fund and any other

party necessary to effect a redemption (or other disposition) of an investment in the Underlying Fund for such Valuation Date (such redemption, a "**Hypothetical Redemption**") net of any Related Costs, such net redemption proceeds per Share being multiplied by the Number of Shares in Underlying Fund per Note;

"**Underlying Fund Value** <sub>final</sub>" means the Specified Currency Equivalent of the Underlying Fund Value on the applicable Fund Application Date relating to the Final Valuation Date, as determined by the Calculation Agent; and

"**Valuation Date**" has the meaning given to it in the relevant Final Terms.

(b) ***Early Redemption Amount and Early Redemption Date***

"**Early Redemption Amount**" means with respect to the Early Redemption Date, the amount payable on such designated Early Redemption Date which shall be based on the Specified Currency Equivalent of the Underlying Fund Value determined by the Calculation Agent as of the designated Early Redemption Date.

"**Early Redemption Date**" means the date designated by the Issuer upon the occurrence of an Extraordinary Fund Event, Hedging Disruption Event, Merger Event or Potential Adjustment Event and notified to the Noteholders in accordance with Condition 13 (*Notices*) (such Early Redemption Date being subject to postponement as further described above).

(c) ***Effect of Extraordinary Fund Events, Hedging Disruption Event, Merger Events and Potential Adjustment Events***

The following provisions replace Conditions 21(g)(i) and (ii).

Upon the occurrence of an Extraordinary Fund Event, Hedging Disruption Event, Merger Event or Potential Adjustment Event, on the Valuation Date immediately following such occurrence:

- (i) with respect to a Merger Event where consideration for the Shares of the Underlying Fund consists solely of shares of a fund in which the Issuer or its Affiliate could invest (the "**New Shares**"), references to a Share of the related Underlying Fund shall be replaced by references to the number of New Shares to which a holder of a Share would be entitled upon consummation of the Merger Event and the New Shares and their issuer will be deemed to be the Shares and issuer of the Underlying Fund and, if necessary, the Calculation Agent will make adjustments to the Underlying Fund Value and/or any other terms of the Notes in such manner as it considers appropriate;
- (ii) with respect to a Hedging Disruption Event or Merger Event where the consideration for the Shares consists of anything other than the consideration described in (a) above, the Issuer may declare an Early Redemption Date and, if so, the Noteholders will receive the Early Redemption Amount (as computed under "**Early Redemption Amount**" above);
- (iii) with respect to a Potential Adjustment Event, the Calculation Agent may make such adjustment, if any, to the Underlying Fund Value, the notional number of Shares in the Underlying Fund and/or any other terms of the Notes as the Calculation Agent determines appropriate and determine the effective times thereof; and
- (iv) with respect to the occurrence of an Extraordinary Fund Event the Calculation Agent may either (A) declare one or more Valuation Dates and designate an Early Redemption Date and the Noteholders will receive the Early Redemption Amount (as computed under "**Early Redemption Amount**" above), or (B) make such adjustment, if any, to the Underlying Fund Value, the notional number of Shares in the Underlying Fund and/or any other terms of the Notes as

the Calculation Agent determines appropriate and determine the effective times thereof.

(d) **Definitions**

**"Extraordinary Fund Event"** means with respect to the Underlying Fund, in the determination of the Calculation Agent, the occurrence or existence of any of the following on or prior to the Final Valuation Date:

- (i) any breach or violation of the provisions of the Underlying Fund's operating documents, including for the avoidance of doubt any strategy or investment guidelines, by the Underlying Fund and/or its manager or investment advisor that is reasonably likely to affect the value of the Underlying Fund;
- (ii) the non-execution or partial execution by the Underlying Fund for any reason of a subscription or redemption order in respect of any Shares in the Underlying Fund given by an Hypothetical Investor in the Underlying Fund, other than a partial execution or a delay in execution which the Calculation Agent considers to be in the usual course and except as provided in the Underlying Fund's operating documents;
- (iii) the Underlying Fund (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger), (B) makes a general assignment or arrangement with or for the benefit of its creditors, (C) (X) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (Y) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in Clause (X) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof, (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, (E) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter, or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (A) through (E) above;
- (iv) the administration agent, the investment adviser, manager or the custodian, as applicable, of the Underlying Fund ceases to act in its capacity as administrator or manager of or adviser or custodian of the Underlying Fund, as the case may be;
- (v) a material modification of the investment programme, investment objectives, investment policies, investment strategy, investment process or investment guidelines of the Underlying Fund;

- (vi) the failure by the Underlying Fund to comply with its reporting obligations (including, without limitation, the scheduled regular reporting of Share prices or the estimated net asset value of the Underlying Fund, scheduled regular statements thereof, return numbers and composition of the Underlying Fund and the allocation of capital for the Underlying Fund) in accordance with the Underlying Fund's operating documents;
- (vii) a material modification (other than any modifications referred to in (v) above) of the Underlying Fund (including but not limited to a modification of the Underlying Fund's operating documents or the articles of association or other constitutional documents of the Underlying Fund) or the occurrence of a change or any event materially affecting the Underlying Fund (including, but not limited to, the interruption, breakdown or suspension of the calculation of the net asset value of the Underlying Fund unless such interruption, breakdown or suspension is cured within two Business Days);
- (viii) a material modification of the type of assets in which the relevant Underlying Fund invests or the trading practices of the Underlying Fund (including but not limited to a material deviation from the investment policy and investment objectives set out in the Underlying Fund's operating documents) which, in the determination of the Calculation Agent, has or is likely to have a material effect on any Hedging entered into by the Issuer or its Affiliates in respect of the Notes;
- (ix) (A) the suspension of redemptions of Shares in the Underlying Fund or (B) the Underlying Fund repurchases or compulsorily redeems any Shares in the Underlying Fund or (C) the Underlying Fund imposes any restriction, charge or fee in respect of a redemption or issue of Shares in the Underlying Fund (other than any restriction, charge or fee in existence as at the Trade Date);
- (x) the Underlying Fund or its investment adviser or manager has its authorisation or registration cancelled by any applicable regulatory authority;
- (xi) the Underlying Fund or the investment adviser, manager or the administration agent of the Underlying Fund (A) becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the Underlying Fund, investment adviser or administration agent, (B) commits an act which constitutes fraud or criminal activity in the performance of its obligations in respect of the Underlying Fund; (C) makes any material misrepresentation under any document in respect of the relevant Underlying Fund or (D) announces its intention to cease the business of investment management; or
- (xii) (A) cancellation, suspension or revocation of the registration or approval of the Shares or the Underlying Fund by any governmental, legal or regulatory entity with authority over the Shares or the Underlying Fund or (B) any change in the legal, tax, accounting or regulatory treatments of the Underlying Fund or the investment adviser or manager that is reasonably likely to have an adverse impact on the value of the Shares or on any investor therein (as determined by the Calculation Agent); or
- (xiii) all the Shares or all or substantially all the assets of the Underlying Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**"Hedging Disruption Events"** means the Calculation Agent determines that any arrangements made to hedge the Issuer's or its Affiliate's obligations under the Notes have or will (i) become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any government, administrative, legislative or judicial authority or power (a "**Law**"), or in the interpretation of a Law or (ii) be materially

adversely affected by the introduction of or any change in (or in the interpretation, administration or application of) any Law (including, for the avoidance of doubt, a reduction in the rate of return, an additional or increased cost or the imposition of any taxes, duties, assessments or government charges of whatever nature). The Issuer or its Affiliate is under no obligation vis-à-vis Noteholders to hedge its obligations under the Notes or, if it does hedge, to hedge in any particular way.

**"Merger Event"** means, in respect of the Shares of the Underlying Fund, the occurrence on or prior to the Final Valuation Date of any (a) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding, (b) consolidation, amalgamation or merger of the issuer of the Underlying Fund with or into another entity (other than consolidation, amalgamation or merger in which such issuer is the continuing entity and which does not result in any such reclassification or change of all of such Shares outstanding) or (c) other takeover offer for such Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the offeror).

**"Potential Adjustment Event"** means, in relation to the Underlying Fund the occurrence at any time on or prior to the Final Valuation Date of:

- (i) a subdivision, reclassification, reorganisation, consolidation, increase, reduction by cancellation of the Shares of the Underlying Fund (other than that constituting a Merger Event), or, a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution or dividend to existing holders of the such Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of such Shares equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend;
- (iv) a repurchase by the issuer of such Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (v) any other event that may have a diluting or concentrative effect on the theoretical value of the Shares of the Underlying Fund.

**"Underlying Fund Disruption Event"** means in respect of a Share in the Underlying Fund on any day (i) the occurrence or continuation of a postponement of the date as of which the Underlying Fund is scheduled, according to the documentation governing the Underlying Fund, to determine the price per Share or net asset value of the Underlying Fund for the purposes of calculating the redemption proceeds to be paid to an investor that has submitted a timely and valid notice for redemption, or (ii) the occurrence or continuation of a postponement of the reporting by the Underlying Fund to its investors or, if applicable, the publishing by the Underlying Fund or the relevant publishing service, in each case of the price per Share or net asset value of the Underlying Fund and/or (iii) the occurrence or continuation of a postponement in the payment of the redemption proceeds relating to Shares of the Underlying Fund.

(e) ***Dealing restrictions in relation to Underlying Funds and Currency Events***

Notwithstanding Condition 6(c) (*Redemption at the Option of the Issuer*), whenever any sum is due in respect of the Notes (whether upon early redemption or upon final redemption or otherwise), the Issuer shall be entitled to suspend its obligation to make such payment in respect of the Notes if, and for as long as, in the determination of the Calculation Agent, (i) dealing by the Issuer, any Affiliate or Hypothetical Investors generally in the Shares of the relevant Underlying Fund is or is likely to be prevented,

delayed or restricted for any reason or (ii) a Currency Event has occurred. The Noteholders shall not be entitled to any interest or other compensation in respect of any such suspension nor shall such a suspension constitute a default. The Issuer shall give notice to the Noteholders as soon as practical of any such suspension and, subsequently, of the termination of any such suspension.

For the purposes hereof:

**"Currency Event"** means:

- (A) the occurrence of an event or a condition which, in the opinion of the Calculation Agent, on any day with respect to the Underlying Currency that has the effect of preventing, hindering, limiting or restricting (including, without limitation, by delays, increased costs or discriminatory rates of exchange) the Issuer or its Affiliates directly or indirectly from:
  - (i) converting the Underlying Currency into the Specified Currency through any customary legal channel;
  - (ii) converting the Underlying Currency into the Specified Currency at a rate at least as favourable as the rate for domestic institutions located in the Reference Jurisdiction;
  - (iii) delivering the Specified Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction;
  - (iv) delivering the Underlying Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction; or
  - (v) effectively realising the value of any underlying hedge in the Specified Currency at any time; or
- (B) the government of the Reference Jurisdiction imposes, or gives public notice of its intention to impose, any capital controls (including, without limitation, the imposition of an upper limit on the amount of assets denominated in the Underlying Currency in the Reference Jurisdiction which can be held by any party) which the Calculation Agent determines in good faith are likely to materially affect the ability of the Issuer or its Affiliates to hedge the Issuer's position under the Notes or to unwind such hedge; or
- (C) the unavailability of the Specified Currency in any legal exchange market in the Reference Jurisdiction in accordance with normal commercial practice as determined by the Calculation Agent; and

**"Reference Jurisdiction"** means any jurisdiction in which a relevant Exchange is located.

(f) ***Hedging***

For the purposes of Condition 21(h)(iv), as amended by the Final Terms:

**"Hedging Disruption"** means that the Issuer or an Affiliate would be unable, after using commercially reasonable efforts, to conduct any Hedging (as defined below) or would suffer any material delay in conducting any Hedging.

**"Hedging"** means to:

- (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk (including, but not limited to, any currency risk) of entering into and performing its obligations with respect to these Notes; or
- (ii) freely realise, recover, receive, repatriate, remit or transfer the proceeds of Hedge Positions or the relevant transaction between accounts within a relevant jurisdiction of the Hedge Positions (an **"Affected Jurisdiction"**) or from accounts within an Affected Jurisdiction to accounts outside of such Affected Jurisdiction; or
- (iii) without prejudice to (ii) above, transfer (A) amounts denominated in the Specified Currency from accounts within a relevant Underlying Country to accounts outside such Underlying Country, to other accounts within such Underlying Country or to the accounts of a non-resident of such Underlying Country or (B) amounts denominated in a relevant Underlying Currency from accounts within the related Underlying Country to other accounts within such Underlying Country, to accounts outside such Underlying Country or to the accounts of a non-resident of such Underlying Country; or
- (iv) without prejudice to (ii) and (iii) above, convert the Specified Currency into a relevant Underlying Currency or a relevant Underlying Currency into the Specified Currency.

**"Hedge Positions"** means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, funds, options, futures, other derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by the Issuer or an Affiliate in order to hedge, individually or on a portfolio basis, a Note.

(g) **Miscellaneous**

- (i) Any person (the **"relevant person"**) shall be treated as **"holding"** Shares in an Underlying Fund where the relevant person is registered as registered owner of such Shares in the Underlying Fund's register or where the registered owner of such Shares in the Underlying Fund's register is a custodian or agent and directly or indirectly the person for whose account those Shares are held is the relevant person. The terms **"hold"** and **"holder"** shall, in the context of holding Shares in an Underlying Fund, be construed accordingly.
- (ii) Where there is a dividend or distribution in respect of any Underlying Fund or any disposal or transfer of Shares in an Underlying Fund, the dividend distribution or proceeds of disposal or transfer shall not be treated as having been received by any person unless and until it or they have been paid or delivered to that person or to any bank, custodian or agent on behalf of that person in circumstances where that person may (i) (in the case of a payment denominated in a currency other than the Specified Currency) freely convert such payment into the Specified Currency and (ii) freely withdraw and transfer the payment (or, as the case may be, the Specified Currency conversion proceeds of such payment) or delivery.

22C. **Provisions relating to Market Access Notes linked to a single Underlying ETF or a basket of Underlying ETFs**

The provisions of this Condition 22C shall only apply in relation to Notes which are specified in the Final Terms as being Market Access Notes linked to one or more Underlying ETFs.

(a) ***Final Redemption Amount***

Unless previously redeemed or purchased and cancelled, and subject to the other Conditions of the Notes, the Issuer shall redeem each Note outstanding by paying on the later of the Maturity Date and the Cash Settlement Payment Date an amount in the Specified Currency determined by the Calculation Agent to be equal to the Realisable Sale Price per Note, as defined below, or 0.03 per cent. of the Issue Price per Note (whichever is greater).

"**Realisable Sale Price**" is an amount per Note calculated as follows:

- (i) The Calculation Agent shall determine the Aggregate Sale Amount(s) in respect of each Underlying ETF as follows:
  - (a) if the Calculation Agent is satisfied that the Issuer, or any relevant affiliate of the Issuer (an "**Affiliate**") held a number of Shares in such Underlying ETF ("**X**", being equal to the total number of Shares in such Underlying ETF to which the Notes outstanding relate) on the Determination Date and that on and from the Determination Date the Issuer or such Affiliate has in good faith in relation to the redemption of these Notes disposed or otherwise realised X of the Shares in such Underlying ETF through the Exchange or otherwise (in the Issuer's or such Affiliate's absolute discretion), then the "**Aggregate Sale Amount**" shall be the aggregate amount at which the Issuer or such Affiliate effects the disposal or realisation of that number of Shares in such Underlying ETF ("**Gross Sale Amount**"), less any Costs incurred in connection with such disposal or realisation; or
  - (b) if the Calculation Agent is satisfied that the Issuer or an Affiliate held Shares in such Underlying ETF on the Determination Date and that on and from the Determination Date the Issuer or such Affiliate has in good faith disposed of or otherwise realised the value of a number ("**Y**") (where Y is less than X) of Shares in such Underlying ETF through the Exchange or otherwise (in the Issuer's or such Affiliate's absolute discretion), the Calculation Agent shall:
    - (A) determine the average price per Share in the Underlying ETF ("**M**") at which the Issuer or such Affiliate effected the disposal or realisation of Y of the Shares in such Underlying ETF (such average price M multiplied by X being the "**Gross Sale Amount**"), and
    - (B) deduct any Costs per Share in the Underlying ETF from M (the resulting figure being "**N**"), and
    - (C) multiply N by X (the resulting figure being the "**Aggregate Sale Price**"); or
  - (c) if the Calculation Agent is satisfied that the Issuer or an Affiliate acting reasonably held any other relevant instrument(s) or had entered into any other relevant arrangements relating to or referencing the Underlying ETF, in each case for the purposes of hedging, funding or otherwise performing the Issuer's obligations in respect of the Notes (each a "**Relevant Hedge**") on the Determination Date and that on and from the Determination Date the Issuer or such Affiliate has in good faith in relation to the redemption of these Notes disposed of, unwound or otherwise realised or closed out part or all of such Relevant Hedge(s) through an Exchange or otherwise (in the Issuer's or such Affiliate's absolute discretion), then the Calculation Agent shall determine the average reference net price per Share in the Underlying ETF ("**N**") at, or in relation to, which the Relevant Hedge(s) were disposed of, unwound or otherwise realised or closed out by the Issuer or such Affiliate after deducting any Costs per Share in the Underlying ETF incurred in connection with such disposal, unwind, realisation or closeout, with such average reference net price N multiplied by X being the "**Aggregate Sale Amount**"; and



- (d) in all other cases, the "**Aggregate Sale Amount**" shall be the aggregate amount, as determined by the Calculation Agent, at which a Notional Holder of X Shares in such Underlying ETF on the Determination Date would have on and from the Determination Date been able to dispose of such Shares in the Underlying ETF through any applicable Exchange (in the Calculation Agent's absolute discretion) (the "**Gross Sale Amount**"), less any Costs which, in the determination of the Calculation Agent would have been incurred in effecting such disposal; and
  - (e) any such disposal, realisation, unwind or closeout effected by the Issuer or an Affiliate (and the disposal that for the purposes of sub-paragraph (4) above the Calculation Agent determines a Notional Holder would have been able to effect) may be effected in one lot of the Shares in the Underlying ETF or divided up into smaller lots whose disposal is effected over a number of days. The Calculation Agent shall also determine (i) in the case where the Issuer or an Affiliate disposes or realises the value of any such Shares in such Underlying ETF, the date on which the Issuer or such Affiliate received the related aggregate amount in respect of them or (ii) the date on which an unwind or closeout of the Relevant Hedge(s) was effective and (iii) in other cases, the date on which a Notional Holder could reasonably be expected to have completed such disposals and received the aggregate amount (which date not be earlier than the date on which the Issuer or an Affiliate received the aggregate amount in respect of any of such Shares in such Underlying ETF which it did so dispose of or otherwise realise) (in each case, such date being the "**ASA Receipt Date**").
- (ii) The Aggregate Sale Amount received or deemed received shall then be translated into the Specified Currency as follows:
- (a) if the Calculation Agent is satisfied that in relation to the ASA Receipt Date the Issuer or an Affiliate in respect of the redemption of these Notes, actually entered into an exchange transaction to convert the relevant Underlying Currency into the Specified Currency, the rate of exchange for the purposes of such translation, as determined by the Calculation Agent, shall be the rate obtained by the Issuer or such Affiliate, adjusted to take into account the effect of any non-deliverable forward transaction ("**NDF transaction**") if such is entered into by the Issuer or such Affiliate in relation to the ASA Receipt Date in respect of the Aggregate Sale Amount; or
  - (b) if the Calculation Agent determines that Relevant Hedge(s) are denominated in the Specified Currency, then the rate of exchange for the purpose of such translation shall be that rate implicit in the determination of the final value under such Relevant Hedge(s); or
  - (c) in other cases, the rate of exchange for such translation shall be that determined by the Calculation Agent to be the rate at which a Notional Holder which received the Aggregate Sale Amount on the ASA Receipt Date would have been able to convert the Aggregate Sale Amount into the Specified Currency, taking into account the effect of any NDF transaction that such Notional Holder would have entered, or would have been able to enter, into in respect of the Aggregate Sale Amount in relation to the ASA Receipt Date; and
  - (d) in each case, the Calculation Agent shall deduct from the translated Specified Currency amount any Conversion Costs. The sum of the resulting amount(s) (each a "**Converted ASA**") less applicable Redemption Costs divided by the associated X and then multiplied by the relevant Number of Underlying ETFs per Note shall be the contribution to the Realisable Sale Price for such Underlying ETF.

The Realisable Sale Price shall be payable by the Issuer on the later of the Maturity Date and the day (the "**Cash Settlement Payment Date**") which is the third Relevant Financial Centre Day following (i) the day (determined by the Calculation Agent) on

which the Issuer or an Affiliate received the Converted ASA in respect of an exchange transaction entered into in relation to the ASA Receipt Date or, as the case may be, (ii) the day on which a Notional Holder entering into an exchange transaction in relation to the ASA Receipt Date would have received the Converted ASA and, in each case, the effective translation rate including Conversion Costs being the "**Effective FX Rate**".

(iii) For the purposes of this Condition 22C:

"**Conversion Costs**" shall mean the costs of conversion for the purposes of converting an Aggregate Sale Amount into a Converted ASA and an Underlying Currency Amount (as defined in paragraph (b) (*Additional Payments*) below) or Event Receipt (as defined in paragraph (c) (*Payment in respect of an Extraordinary ETF Event, Hedging Disruption Event, Merger Event, or Potential Adjustment Event*) below) into a Converted Amount respectively, the amount being determined by the Calculation Agent by reference to actual costs incurred by the Issuer or an Affiliate or, as the case may be, the costs which, in the determination of the Calculation Agent, would have been incurred by a Notional Holder.

"**Costs**" shall mean all costs, expenses, fees and levies taken into account in determining an Aggregate Sale Amount, an Underlying Currency Amount or an Event Payment (as appropriate) including, without limitation, all brokers' fees, bank and custody charges, transaction processing fees and expenses, any redemption fees or management charges and all taxes (including potential taxes which the Calculation Agent considers may arise) and other duties in respect of the relevant Underlying ETF or the securities constituting the Underlying ETF whether such Costs are or would be withheld at source or would otherwise be required to be paid, all as determined by the Calculation Agent.

Where (i) the amount of Costs or the basis on which it is to be determined is not confirmed before the applicable Determination Date and/or is subject to change in the future (such amount of Costs being "**Unpaid Costs**") and (ii) the Unpaid Costs were not deducted from the calculation of the Realisable Sale Price, each Noteholder will be required to pay to the Issuer an amount equal to such Unpaid Costs upon notification from the Issuer. Any Noteholder's obligation to pay such Unpaid Costs shall survive the redemption of the Notes and any transfers made by any such Noteholder prior to such date.

*In relation to Notes in respect of PRC securities markets only:*

As referred to above, "all taxes" shall include potential taxes which the Calculation Agent considers may arise and "other duties" shall include, without limitation, any capital gains tax such as PRC Capital Gains Tax and, in all cases, including any interest thereon levied by the applicable PRC tax authorities, all as determined by the Calculation Agent.

Where the amount of Costs (including, without limitation, PRC Capital Gains Tax) or the basis on which it is to be determined is not definitely known (each a "**tax uncertainty**" and together "**tax uncertainties**"), the Issuer may use the same basis for calculation of such amount as it would use in respect of a holding, purchase or, as applicable, sale of the Shares of the Underlying ETF or the securities constituting the Underlying ETF either (a) for itself as beneficial owner, (b) for a Notional Holder as beneficial owner, or (c) for the Noteholder as beneficial owner, as appropriately determined by the Calculation Agent (**provided that** the rate in respect of PRC Capital Gains Tax shall be the Fixed CGT Rate) until the applicable Tax Certainty Date.

In addition (and notwithstanding the provisions relating to PRC Capital Gains Tax stated above), once the relevant tax uncertainties are clarified so as to remove the relevant tax uncertainties, (1) where the amount of tax which has actually been deducted ("**Tax Deducted**") is greater than the amount of tax properly payable (the amount of the excess, the "**Excess Deduction**"), the Issuer will pay to the Noteholder an amount in the Specified Currency (converted at the Effective FX Rate at the time the relevant determination of the Excess Deduction is made) equal to the Excess Deduction, or (2)

where the Tax Deducted is less than the amount of tax properly payable (the amount of the excess, the "**Deduction Shortfall**"), the Noteholder will pay to the Issuer an amount in the Specified Currency (converted at the Effective FX Rate at the time the relevant determination of the Deduction Shortfall is made) equal to the Deduction Shortfall. In either case, the relevant amount (the "**Tax Equalisation Payment**") will be (x) conclusively determined as soon as reasonably practicable on or after the Tax Certainty Date by the Calculation Agent and notified as soon as practicable after such determination to Noteholders (such notification date, the "**Tax Equalisation Payment Notification Date**"), and (y) (where the Tax Certainty Date falls on or before the latest ASA Receipt Date) payable on the Settlement Date applicable to any redemption of Notes on the Maturity Date, or (where the Tax Certainty Date falls after the latest ASA Receipt Date) payable on the date notified to Noteholders as the applicable payment date by the Issuer, being no less than two Business Days after the Tax Equalisation Payment Notification Date (such payment date, the "**Tax Equalisation Payment Date**"). The obligation to pay any Excess Deduction or Deduction Shortfall shall survive the maturity of the Notes and any transfers of Notes made by any Noteholder prior thereto.

"**CNY**" means the lawful currency of the PRC.

"**PRC**" means, solely for the purpose stated herein, the People's Republic of China excluding the Hong Kong and Macau Special Administrative Regions of the People's Republic of China and Taiwan.

"**PRC Capital Gains Tax**" means, unless and until definitively stated by any applicable PRC tax authorities (as determined by the Calculation Agent in its sole and absolute discretion), 10 per cent. (such rate, the "**Fixed CGT Rate**") of the excess (if any) of (a) the Realisable Sale Price (without deduction of Costs) over (b) Relevant Reference Price, and if (and once) so definitively stated, the capital gains tax properly applicable as so stated.

"**QFII**" means a Qualified Foreign Institutional Investor pursuant to the Measures for the Administration of Securities Investments by Qualified Foreign Institutional Investors, which were jointly promulgated by the China Securities Regulatory Commission, the People's Bank of China and The State Administration of Foreign Exchange on 24 August 2006, and which became effective on 1 September 2006.

"**Relevant Reference Price**" means the CNY equivalent of the purchase price (excluding commission charged by the Issuer or its Affiliate) of one Note at the time a Noteholder purchased the Notes.

"**Tax Certainty Date**" means, in respect of any tax uncertainty, the date on which the Calculation Agent becomes aware of the clarification by the applicable tax authorities so as to remove the relevant uncertainty or, if later, the Tax Clarification Effective Date.

"**Tax Clarification Effective Date**" means the first date on which the relevant clarified tax position becomes effective (and where the clarified tax position becomes effective with retrospective effect on a certain date or affecting a certain payment, the Tax Clarification Effective Date will be that certain date or the date of that certain payment), all as determined by the Calculation Agent.

**Noteholders should note that if the PRC taxing authorities clarify the PRC Capital Gains Tax rate after the Final Redemption Amount has been paid and such rate properly applied is different from the Fixed CGT Rate, either the Issuer or the Noteholder (as the case may be) will have an obligation to pay the Excess Deduction or Deduction Shortfall (as the case may be).**

*The following applies to all Notes:*

"**Determination Date**" means the Valuation Date, in the case of the Final Redemption Amount, or, in the case of an Early Redemption Amount, the day on which the Issuer gave notice of redemption, or if that day was not an Exchange Business Day on which

there was no Market Disruption Event, the next succeeding Exchange Business Day on which there was no Market Disruption Event).

**"FII"** means a Foreign Institutional Investor pursuant to The Securities and Exchange Board of India (Foreign Institutional Investor) Regulations 1995.

**"FINI"** means a foreign institutional investor eligible under the securities laws of Taiwan to invest, *inter alia*, in equity securities listed on the Taiwan Stock Exchange Corporation or traded in the GreTai Securities Market.

**"Notional Holder"** means an institution subject to the same tax laws, securities laws, rules and regulations of any tax authorities, securities regulators, exchanges or self-regulating organisations as would apply to the Issuer or its Affiliate had they held Shares in the Underlying ETFs or Relevant Hedge(s). In the case that the Shares in the Underlying ETF or Underlying ETFs are (i) securities that are traded on the PRC securities market in CNY, (ii) Indian securities, or (iii) Taiwanese securities or (iv) Saudi Arabian securities, then such Notional Holder will additionally be deemed to be, respectively, (i) a QFII, (ii) a FII, (iii) a FINI or (iv) an Authorised Person (as defined by the Saudi Arabian Capital Markets Authority).

**"Number of Underlying ETFs per Note"** shall mean the number of Shares in the relevant Underlying ETF to which each Note relates as specified in the Final Terms.

**"Redemption Commission"** shall be defined as the equivalent amount, in the Specified Currency, of the Redemption Commission Percentage (as specified in the Final Terms) of the Gross Sale Amount.

**"Redemption Costs"** shall mean the greater of zero, and the Redemption Commission giving credit in respect of an amount which is the equivalent, in the Specified Currency, of the Transaction Costs.

**"Share"** means, in relation to any Underlying ETF, a unit or share therein.

**"Transaction Costs"** shall mean the value of the relevant Costs and Conversion Costs aggregated together.

(b) ***Additional Payments***

If during the period from and including the Issue Date to but including the Determination Date (the **"Relevant Period"**) any Shares in an Underlying ETF are marked on the relevant Exchange as ex-dividend or ex-distribution (the date on which it is so marked being the **"Mark Date"**), then, where in the determination of the Calculation Agent, such dividend or distribution is to be paid by the related Underlying ETF, the Issuer shall make an additional payment per Note calculated as follows:

- (i) if the Calculation Agent determines that on the Business Day prior to the Mark Date the Issuer or an Affiliate held any Shares in the relevant Underlying ETFs, the Calculation Agent shall determine the net aggregate amount of the cash dividend or distribution which the Issuer or such Affiliate would have received in respect of such holding after deduction of Costs (the date on which it would have been received being the **"Receipt Date"**), and divide that net aggregate amount by the number of Shares in the Underlying ETFs so held to give a per Share in the Underlying ETF amount (the **"Underlying Currency Amount"**); or
- (ii) if the Calculation Agent is satisfied that the Issuer or an Affiliate held Relevant Hedge(s) on the Business Day prior to the Mark Date, then the Calculation Agent shall determine the net aggregate amount of the cash dividend or distribution equivalent payment which the Issuer or such Affiliate would have received in respect of such Relevant Hedges(s) after deduction of Costs (the date on which it would have been received being the **"Receipt Date"**), and divide that net aggregate amount by the number of Shares of the Underlying

ETFs to which such Relevant Hedge(s) relate to give a per Share in the Underlying ETF amount (a "**Converted Amount**" if in the Specified Currency and otherwise an "**Underlying Currency Amount**"); and

- (iii) in all other cases, the net amount which, in the determination of the Calculation Agent, would have been receivable per Share in the Underlying ETF by a Notional Holder which was a holder of one of the relevant Shares in the Underlying ETF on the Business Day prior to the Mark Date after deduction of Costs shall be the "**Underlying Currency Amount**", and the date on which, in the determination of the Calculation Agent, such Notional Holder would have received the Underlying Currency Amount shall be the "**Receipt Date**".

The cash value of any non-cash dividend or distribution shall be as determined by the Calculation Agent, save that:

- (1) where the Calculation Agent determines that the Issuer or an Affiliate held any of the Shares in the relevant Underlying ETF on the Business Day prior to the Mark Date and that the Issuer or such Affiliate disposed of any relevant non-cash dividend or distribution received in respect of such Shares in the Underlying ETF for cash on the date it received the same, the Calculation Agent shall have regard to the value at which the Issuer or such Affiliate disposed of such relevant non-cash dividend or distribution in determining the cash value of the relevant additional payment; and
- (2) where the Calculation Agent determines that the Issuer or an Affiliate held any Relevant Hedge(s) on the Business Day prior to the Mark Date and that the Issuer or such Affiliate received, in respect of such Relevant Hedge(s), cash by way of adjustment or settlement of such non-cash dividend or distribution, the Calculation Agent shall have regard to such value received by the Issuer or such Affiliate in determining the cash value of the relevant additional payment.

The Receipt Date for this purpose shall be: (i) in the case of (1) above, the date on which the Issuer or such Affiliate received the cash disposal proceeds, (ii) in the case of (2) above, the date on which the Issuer or such Affiliate received such a cash payment by way of such adjustment or settlement and, in any other case, the date on which a Notional Holder which received such relevant non-cash dividend or distribution and disposed of it immediately would have received the cash disposal proceeds, all as determined by the Calculation Agent (such cash value being a "**Converted Amount**" if in the Specified Currency and otherwise an "**Underlying Currency Amount**").

Any Underlying Currency Amount shall then be converted into the Specified Currency. If the Calculation Agent is satisfied that in relation to the Receipt Date the Issuer or an Affiliate in connection with the determination of the relevant additional payment actually entered into an exchange transaction to convert Underlying Currency into the Specified Currency, the rate of exchange for the purposes of such conversion shall be the rate actually obtained by the Issuer or such Affiliate, as determined by the Calculation Agent. In other cases, the rate of exchange shall be that determined by the Calculation Agent to be the rate at which a Notional Holder which received an Underlying Currency Amount on the Receipt Date would have been able to convert such Underlying Currency Amount into the Specified Currency. In each case the Calculation Agent shall deduct from the converted Specified Currency amount any Conversion Costs per Share in the Underlying ETF. The resulting amount (the "**Converted Amount**") multiplied by the Number of Underlying ETFs per Note shall be the amount of the additional payment (the "**Additional Payment**") per Note.

Any Additional Payments shall be payable by the Issuer as specified in the Final Terms but in any case no earlier than the third Relevant Financial Centre Day following (i) the day (determined by the Calculation Agent) on which the Issuer or its Affiliate would have received the Converted Amount in respect of an exchange transaction entered into in relation to the Receipt Date or, as the case may be, (ii) the day on which a Notional

Holder entering into an exchange transaction in relation to the Receipt Date would have received the Converted Amount.

Any Additional Payments shall be payable, where the Notes are held in a clearing system such as DTC, Euroclear and/or Clearstream, Luxembourg to the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg (as the case may be) as Noteholders on the Business Day immediately preceding the Mark Date, and in any other case to the holders for the time being of the Notes (irrespective of whether or not they were Noteholders on the Business Day immediately preceding the Mark Date).

(c) ***Early Redemption Amount and Early Redemption Date***

**"Early Redemption Amount"** means with respect to the Early Redemption Date, the amount payable on such designated Early Redemption Date which shall be based on the Specified Currency Equivalent of the Realisable Sale Price determined by the Calculation Agent as of the designated Early Redemption Date.

**"Early Redemption Date"** means the date designated by the Issuer upon the occurrence of an Extraordinary Fund Event, Hedging Disruption Event, Merger Event or Potential Adjustment Event and notified to the Noteholders in accordance with Condition 13 (*Notices*) (such Early Redemption Date being subject to postponement as further described above).

(d) ***Payment in respect of an Extraordinary ETF Event, Hedging Disruption Event, Merger Event or Potential Adjustment Event***

Upon the occurrence of an Extraordinary ETF Event, Hedging Disruption Event, Merger Event or Potential Adjustment Event, on the Business Day immediately following such occurrence:

- (i) with respect to a Merger Event where consideration for the Shares of the Underlying ETF consists solely of shares in which the Issuer could invest (the **"New Shares"**), references to a Share of the related Underlying ETF shall be replaced by references to the number of New Shares to which a holder of a Share of the Underlying ETF would be entitled upon consummation of the Merger Event and the New Shares and their issuer will be deemed to be the Shares and issuer of the Underlying ETF and, if necessary, the Calculation Agent will make adjustments to the Underlying ETF Value and/or any other terms of the Notes in such manner as it considers appropriate;
- (ii) with respect to a Hedging Disruption Event or Merger Event where the consideration for the Shares of the Underlying ETF consists of anything other than the consideration described in (a) above, the Issuer may declare an Early Redemption Date and, if so, the Noteholders will receive the Early Redemption Amount (as computed under *"Early Redemption Amount"* above);
- (iii) with respect to a Potential Adjustment Event, the Calculation Agent may make such adjustment, if any, to the Underlying ETF Value, the notional number of Shares in the Underlying ETF and/or any other terms of the Notes as the Calculation Agent determines appropriate and determine the effective times thereof; and
- (iv) with respect to the occurrence of an Extraordinary ETF Event the Calculation Agent may either (a) declare one or more Valuation Dates and designate an Early Redemption Date and the Noteholders will receive the Early Redemption Amount (as computed under *"Early Redemption Amount"* above), or (b) make such adjustment, if any, to the Underlying ETF Value, the notional number of Shares in the Underlying ETF and/or any other terms of the Notes as the Calculation Agent determines appropriate and determine the effective times thereof.

For the purposes hereof:

**"Extraordinary ETF Event"** means with respect to the Underlying ETF, in the determination of the Calculation Agent, the occurrence or existence of any of the following on or prior to the Final Valuation Date:

- (i) any breach or violation of the provisions of the Underlying ETF's operating documents, including for the avoidance of doubt any strategy or investment guidelines, by the Underlying ETF and/or its manager or investment adviser that is reasonably likely to affect the value of the Shares in the Underlying ETF;
- (ii) the non-execution or partial execution by the Underlying ETF for any reason of a subscription or redemption order in respect of any Shares in the Underlying ETF given by a Notional Holder in the Underlying ETF, other than a partial execution or a delay in execution which the Calculation Agent considers to be in the usual course and except as provided in the Underlying ETF's operating documents;
- (iii) that the Underlying ETF (1) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger), (2) makes a general assignment or arrangement with or for the benefit of its creditors, (3) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof, (4) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, (5) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter, or (6) causes or is subject to any event with respect to which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) through (5) above;
- (iv) the administration agent, the investment adviser, manager or the custodian, as applicable, of the Underlying ETF ceases to act in its capacity as administrator or manager of or adviser or custodian of the Underlying ETF, as the case may be;
- (v) a material modification of the investment programme, investment objectives, investment policies, investment strategy, investment process or investment guidelines of the Underlying ETF;
- (vi) the failure by the Underlying ETF to comply with its reporting obligations (including, without limitation, the scheduled regular reporting of share prices or the estimated net asset value of the Underlying ETF, scheduled regular

statements thereof, return numbers and composition of the Underlying ETF and the allocation of capital for the Underlying ETF) in accordance with the Underlying ETF's operating documents;

- (vii) a material modification (other than any modifications referred to in (v) above) of the Underlying ETF (including but not limited to a modification of the Underlying ETF's operating documents or the articles of association or other constitutional documents of the Underlying ETF) or the occurrence of a change or any event materially affecting the Underlying ETF (including, but not limited to, the interruption, breakdown or suspension of the calculation of the net asset value of the Underlying ETF unless such interruption, breakdown or suspension is cured within two Business Days);
  - (viii) a material modification of the type of assets in which the relevant ETF invests or the trading practices of the Underlying ETF (including but not limited to a material deviation from the investment policy and investment objectives set out in the Underlying ETF's operating documents) which, in the determination of the Calculation Agent, has or is likely to have a material effect on any Hedging entered into by the Issuer or its Affiliates in respect of the Notes;
  - (ix) the suspension of redemptions of Shares in (1) the Underlying ETF or (2) the Underlying ETF repurchases or compulsorily redeems any Shares in the Underlying ETF or (3) the Underlying ETF imposes any restriction, charge or fee in respect of a redemption or issue of Shares in the Underlying ETF (other than any restriction, charge or fee in existence as at the Trade Date);
  - (x) the Underlying ETF or its investment adviser or manager has its authorisation or registration cancelled by any applicable regulatory authority;
  - (xi) the Underlying ETF or the investment adviser, manager or the administration agent of the Underlying ETF (1) becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the Underlying ETF, investment adviser or administration agent, (2) commits an act which constitutes fraud or criminal activity in the performance of its obligations in respect of the Underlying ETF; (3) makes any material misrepresentation under any document in respect of the relevant Underlying ETF or (4) announces its intention to cease the business of investment management;
  - (xii) (A) cancellation, suspension or revocation of the registration or approval of the Shares or the Underlying ETF by any governmental, legal or regulatory entity with authority over the Shares or the Underlying ETF or (B) any change in the legal, tax, accounting or regulatory treatments of the Underlying ETF or the investment adviser or manager that is reasonably likely to have an adverse impact on the value of the Shares or on any investor therein (as determined by the Calculation Agent); or
  - (xiii) all the Shares or all or substantially all the assets of the Underlying ETF are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.
- (e) ***Dealing restrictions in relation to Underlying ETFs and Currency Events***

Notwithstanding Condition 6(c) (*Redemption at the Option of the Issuer*), whenever any sum is due in respect of the Notes (whether upon early redemption or upon final redemption or otherwise), the Issuer shall be entitled to suspend its obligation to make such payment in respect of the Notes if, and for as long as, in the determination of the Calculation Agent, (i) dealing by the Issuer, any Affiliate or Notional Holders generally in the relevant Shares in the Underlying ETF or Relevant Hedge(s) is or is likely to be prevented, delayed or restricted by closure of a relevant Exchange or Related Exchange,



suspension of trading in such Shares in the Underlying ETF, Relevant Hedge(s) or other circumstances or (ii) a Currency Event has occurred. The Noteholders shall not be entitled to any interest or other compensation in respect of any such suspension nor shall such a suspension constitute a default. The Issuer shall give notice to the Noteholders as soon as practical of any such suspension and, subsequently, of the termination of any such suspension.

For the purposes hereof:

**"Currency Event"** means:

- (A) the occurrence of an event or a condition which, in the opinion of the Calculation Agent, on any day with respect to the Underlying Currency that has the effect of preventing, hindering, limiting or restricting (including, without limitation, by delays, increased costs or discriminatory rates of exchange) the Issuer or its Affiliates directly or indirectly from:
  - (i) converting the Underlying Currency into the Specified Currency through any customary legal channel;
  - (ii) converting the Underlying Currency into the Specified Currency at a rate at least as favourable as the rate for domestic institutions located in the Reference Jurisdiction;
  - (iii) delivering the Specified Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction;
  - (iv) delivering the Underlying Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction; or
  - (v) effectively realising the value of any underlying hedge in the Specified Currency at any time; or
- (B) the government of the Reference Jurisdiction imposes, or gives public notice of its intention to impose, any capital controls (including, without limitation, the imposition of an upper limit on the amount of assets denominated in the Underlying Currency in the Reference Jurisdiction which can be held by any party) which the Calculation Agent determines in good faith are likely to materially affect the ability of the Issuer or its Affiliates to hedge the Issuer's position under the Notes or to unwind such hedge; or
- (C) the unavailability of the Specified Currency in any legal exchange market in the Reference Jurisdiction in accordance with normal commercial practice as determined by the Calculation Agent; and

**"Reference Jurisdiction"** means any jurisdiction in which a relevant Exchange is located.

(f) ***Hedging***

For the purposes of Condition 21(h)(iv), as amended by the Final Terms:

**"Hedging Disruption"** means that the Issuer or an Affiliate would be unable, after using commercially reasonable efforts, to conduct any Hedging (as defined below) or would suffer any material delay in conducting any Hedging.

**"Hedging"** means to:

- (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk (including, but not limited to, any currency risk) of entering into and performing its obligations with respect to these Notes; or
- (ii) freely realise, recover, receive, repatriate, remit or transfer the proceeds of Hedge Positions or the relevant transaction between accounts within a relevant jurisdiction of the Hedge Positions (an **"Affected Jurisdiction"**) or from accounts within an Affected Jurisdiction to accounts outside of such Affected Jurisdiction; or
- (iii) without prejudice to (ii) above, transfer (A) amounts denominated in the Specified Currency from accounts within a relevant Underlying Country to accounts outside such Underlying Country, to other accounts within such Underlying Country or to the accounts of a non-resident of such Underlying Country or (B) amounts denominated in a relevant Underlying Currency from accounts within the related Underlying Country to other accounts within such Underlying Country, to accounts outside such Underlying Country or to the accounts of a non-resident of such Underlying Country; or
- (iv) without prejudice to (ii) and (iii) above, convert the Specified Currency into a relevant Underlying Currency or a relevant Underlying Currency into the Specified Currency.

**"Hedge Positions"** means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, funds, options, futures, other derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by the Issuer or an Affiliate in order to hedge, individually or on a portfolio basis, a Note.

(g) **Miscellaneous**

- (i) Any person (the **"relevant person"**) shall be treated as **"holding"** the Shares in the Underlying ETF where the relevant person is registered as registered owner of such Shares in the Underlying ETF in the Underlying ETF's share register or where the registered owner of such Shares in the Underlying ETF in the Underlying ETF's share register is a custodian or agent and directly or indirectly the person for whose account those Shares in the Underlying ETF are held is the relevant person. The terms **"hold"** and **"holder"** shall, in the context of holding Shares in the Underlying ETF, be construed accordingly.
- (ii) Where there is a dividend or distribution in respect of any Shares in an Underlying ETF or any disposal or transfer of Shares in an Underlying ETF, the dividend distribution or proceeds of disposal or transfer shall not be treated as having been received by any person unless and until it or they have been paid or delivered to that person or to any bank, custodian or agent on behalf of that person in circumstances where that person may (i) (in the case of a payment denominated in a currency other than the Specified Currency) freely convert such payment into the Specified Currency and (ii) freely withdraw and transfer the payment (or, as the case may be, the Specified Currency conversion proceeds of such payment) or delivery.

22D. **Provisions relating to Market Access Notes linked to a single Underlying Index or a basket of Underlying Indices**

The provisions of this Condition 22D shall only apply in relation to Notes which are specified in the Final Terms as being Market Access Notes linked to one or more Underlying Indices.

(a) ***Final Redemption Amount***

Unless previously redeemed or purchased and cancelled, and subject to the other Conditions of the Notes, the Issuer shall redeem each Note outstanding by paying on the later of the Maturity Date and the Cash Settlement Payment Date an amount in the Specified Currency determined by the Calculation Agent to be equal to the Realisable Sale Price per Note, as defined below, or 0.03 per cent. of the Issue Price per Note (whichever is greater).

**"Realisable Sale Price"** is an amount per Note calculated as follows:

- (i) Unless otherwise specified in the Final Terms, the Calculation Agent shall determine the Aggregate Net Proceeds in respect of each Underlying Index.

For these purposes:

- (1) if the Calculation Agent is satisfied that the Issuer or any relevant affiliate of the Issuer (an **"Affiliate"**) acting reasonably held any relevant instrument(s) or had entered into or was party to any other relevant arrangements relating to or referencing the Underlying Index, in each case for the purposes of hedging, funding or otherwise performing the Issuer's obligations in respect of the Notes (each a **"Relevant Hedge"**) on the Determination Date and that on and from the Determination Date the Issuer or such Affiliate has in good faith in relation to the redemption of these Notes disposed of, unwound or otherwise realised or closed out part or all of such Relevant Hedge(s) through an Exchange or otherwise (in the Issuer's or such Affiliate's absolute discretion), then the Calculation Agent shall determine the average reference net price per Underlying Index ("**N**") at, or in relation to, which the Relevant Hedge(s) were disposed of, unwound or otherwise realised or closed out by the Issuer or such Affiliate after deducting any Costs per Underlying Index incurred in connection with such disposal, unwind, realisation or closeout, with such average reference net price N multiplied by the total Weighting of such Underlying Index to which the Notes outstanding relate being the **"Aggregate Net Proceeds"**;
- (2) in all other cases, the **"Aggregate Net Proceeds"** shall be equal to the aggregate amount, as determined by the Calculation Agent, at which a Notional Holder of a basket of Reference Securities representing the total Weighting of such Reference Securities in the Underlying Index on the Determination Date would have on and from the Determination Date received upon the disposal, unwind or other realisation or closeout of such Reference Securities after deducting any Costs incurred in connection with such disposal, unwind, realisation or closeout. Such total Weighting shall be determined by reference to the formula for and method of calculating the Underlying Index, as may be qualified in the Final Terms, at the relevant time; and
- (3) any such disposal, realisation, unwind or closeout effected by the Issuer or an Affiliate (and the disposal, realisation, unwind or closeout that for the purposes of sub-paragraph (2) above the Calculation Agent determines a Notional Holder would have been able to effect) may be effected in one lot or divided up into smaller lots whose disposal is effected over a number of days. The Calculation Agent shall also determine (i) in the case where the Issuer or an Affiliate disposes, realises, unwinds or closes out any such Relevant Hedge(s), the date on which the Issuer or such Affiliate received the aggregate amount due to it in respect of such disposal, realisation, unwind or closeout it and (ii) in other cases, the date on which a Notional Holder could reasonably be expected to have completed such disposal, realisation, unwind or

closeout and received the aggregate amount due to it in respect thereof (which date not be earlier than the date on which the Issuer or an Affiliate received the aggregate amount in respect of any of any Relevant Hedge(s) that it disposed of, unwound or otherwise realised or closed out) (in each case, such date being the "**ANP Receipt Date**").

(ii) The Aggregate Net Proceeds received or deemed received shall then be translated into the Specified Currency as follows:

- (1) if the Calculation Agent is satisfied that in relation to the ANP Receipt Date the Issuer or an Affiliate in respect of the redemption of these Notes, actually entered into an exchange transaction to convert the relevant Underlying Currency into the Specified Currency, the rate of exchange for the purposes of such translation, as determined by the Calculation Agent, shall be the rate obtained by the Issuer or such Affiliate, adjusted to take into account the effect of any non-deliverable forward transaction ("**NDF transaction**") if such is entered into by the Issuer or such Affiliate in relation to the ANP Receipt Date in respect of the Aggregate Net Proceeds; or
- (2) if the Calculation Agent determines that Relevant Hedge(s) are denominated in the Specified Currency, then the rate of exchange for the purpose of such translation shall be that rate implicit in the determination of the final value under such Relevant Hedge(s); or
- (3) in other cases, the rate of exchange for such translation shall be that determined by the Calculation Agent to be the rate at which a Notional Holder which received the Aggregate Net Proceeds on the ANP Receipt Date would have been able to convert the Aggregate Net Proceeds into the Specified Currency, taking into account the effect of any NDF transaction that such Notional Holder would have entered, or would have been able to enter, into in respect of the Aggregate Net Proceeds in relation to the ANP Receipt Date; and
- (4) in each case, the Calculation Agent shall deduct from the translated Specified Currency amount any Conversion Costs. The sum of the resulting amount(s) (each a "**Converted ANP**") less applicable Redemption Costs scaled appropriately to give a per Note amount shall be the contribution to the Realisable Sale Price for such Underlying Index.

The Realisable Sale Price shall be payable by the Issuer on the later of the Maturity Date and the day (the "**Cash Settlement Payment Date**") which is the third Relevant Financial Centre Day following (i) the day (determined by the Calculation Agent) on which the Issuer or an Affiliate received the Converted ANP in respect of an exchange transaction entered into in relation to the ANP Receipt Date or, as the case may be, (ii) the day on which a Notional Holder entering into an exchange transaction in relation to the ANP Receipt Date would have received the Converted ANP and, in each case, the effective translation rate including Conversion Costs being the "**Effective FX Rate**".

(iii) For the purposes of this Condition 22D:

"**Conversion Costs**" shall mean the costs of conversion for the purposes of converting any Aggregate Net Proceeds into a Converted ANP, the amount being determined by the Calculation Agent by reference to actual costs incurred by the Issuer or an Affiliate or, as the case may be, the costs which, in the determination of the Calculation Agent, would have been incurred by a Notional Holder.

**"Costs"** shall mean all costs, expenses, fees and levies taken into account in determining an Aggregate Net Proceeds, including, without limitation, all brokers' fees, bank and custody charges, transaction processing fees and expenses and all taxes (including potential taxes which the Calculation Agent considers may arise) and other duties in respect of the relevant Underlying Index whether such Costs are or would be withheld at source or would otherwise be required to be paid, all as determined by the Calculation Agent.

Where (i) the amount of Costs or the basis on which it is to be determined is not confirmed before the applicable Valuation Date and/or is subject to change in the future (such amount of Costs being **"Unpaid Costs"**) and (ii) the Unpaid Costs were not deducted from the calculation of the Realisable Sale Price, each Noteholder will be required to pay to the Issuer an amount equal to such Unpaid Costs upon notification from the Issuer. Any Noteholder's obligation to pay such Unpaid Costs shall survive the redemption of the Notes and any transfers made by any such Noteholder prior to such date.

**"Determination Date"** means the Valuation Date, in the case of the Final Redemption Amount, or, in the case of an Early Redemption Amount, the day on which the Issuer gave notice of redemption, or if that day was not an Exchange Business Day on which there was no Market Disruption Event, the next succeeding Exchange Business Day on which there was no Market Disruption Event.

**"FII"** means a Foreign Institutional Investor pursuant to The Securities and Exchange Board of India (Foreign Institutional Investor) Regulations 1995.

**"FINI"** means a foreign institutional investor eligible under the securities laws of Taiwan to invest, *inter alia*, in equity securities listed on the Taiwan Stock Exchange Corporation or traded in the GreTai Securities Market.

**"Notional Holder"** means an institution subject to the same tax laws, securities laws, rules and regulations of any tax authorities, securities regulators, exchanges or self-regulating organisations as would apply to the Issuer or its Affiliate had they held the Relevant Hedge(s). In the case that the Reference Securities of the Underlying Index or Underlying Indices are (i) securities that are traded on the PRC securities market in CNY, (ii) Indian securities, or (iii) Taiwanese securities or (iv) Saudi Arabian securities, then such Notional Holder will additionally be deemed to be, respectively, (i) a QFII, (ii) a FII, (iii) a FINI or (iv) an Authorised Person (as defined by the Saudi Arabian Capital Markets Authority).

**"Number of Underlying Indices per Note"** shall mean the total Weighting of each Underlying Index to which each Note relates as specified in the Final Terms.

**"Redemption Commission"** means the equivalent amount, in the Specified Currency, of the Redemption Commission Percentage (as specified in the Final Terms) of the Final Redemption Amount.

**"Redemption Costs"** shall mean the greater of zero and the Redemption Commission giving credit in respect of an amount which is the equivalent, in the Specified Currency, of the Transaction Costs.

**"Reference Securities"** means, in relation to any Underlying Index, the securities comprising such Underlying Index.

**"Transaction Costs"** shall mean the value of the relevant Costs and Conversion Costs aggregated together.

(b) *Additional Payments*

For the avoidance of doubt, unless otherwise stated in the Final Terms, dividends on the Reference Securities of each Underlying Index will be taken into account in the Underlying Index calculation in accordance with the formula for and method of calculating such Underlying Index, and investors will not separately receive any payments relating to dividends or other distributions relating to any securities which comprise the Reference Securities of such Underlying Index.

(c) *Dealing restrictions in relation to Underlying Indices and Currency Events*

For the purposes of payments (if any) made pursuant to Condition 21(g)(ii) or Condition 21(g)(iii) (each an "**Event Payment**"):

- (i) If the Calculation Agent is satisfied that the Issuer or an Affiliate held any relevant Underlying Index on the Business Day immediately preceding the occurrence of the Extraordinary Event or Conversion (the "**Event Occurrence Date**"), the Calculation Agent shall determine the net cash value of any payment which the Issuer or such Affiliate actually received in respect of such holding after deduction of Costs (the date on which it would have received being the "**Event Receipt Date**") and divide that net cash value by the number of such Underlying Index so held by the Issuer or such Affiliate to give a per Underlying Index amount (the "**Event Receipt**"); or
- (ii) if the Calculation Agent is satisfied that the Issuer or an Affiliate held Relevant Hedge(s) on the Business Day prior to the Event Occurrence Date, then the Calculation Agent shall determine the net cash value of any payment which the Issuer or such Affiliate would have received in respect of such Relevant Hedges(s) after deduction of Costs (the date on which it would have been received being the "**Event Receipt Date**"), and divide that net cash value by the number of Underlying Securities to which such Relevant Hedge(s) relate to give a per Underlying Index amount (the "**Event Receipt**"); and
- (iii) in all other cases, the net cash value of the payment per Underlying Index which, in the determination of the Calculation Agent, would have been received by a Notional Holder which was a holder of such Underlying Index on the Event Occurrence Date after deduction of Costs shall be the "**Event Receipt**" and the date on which, in the determination of the Calculation Agent, such Notional Holder would have received the Event Receipt shall be the "**Event Receipt Date**").

Where the Event Receipt is in the same currency as the Specified Currency, the Event Receipt multiplied by the relevant Number of Underlying Securities per Note shall be the amount of the Event Payment per Note. Where this sub-paragraph applies, the Event Payment shall not be made sooner than the Event Receipt Date.

Where the Event Receipt is not in the same currency as the Specified Currency, it shall then be translated into the Specified Currency. If the Calculation Agent is satisfied that on the Event Receipt Date the Issuer or an Affiliate, in connection with the determination of the relevant Event Payment, actually entered into an exchange transaction to convert the relevant Underlying Currency into the Specified Currency, the rate of exchange for the purposes of such translation shall be the rate obtained by the Issuer or such Affiliate, as determined by the Calculation Agent. In other cases, the rate of exchange for such translation shall be that determined by the Calculation Agent to be the rate at which a Notional Holder which received the Event Receipt on the Event Receipt Date would have been able to convert the Event Receipt into the Specified Currency. In each case, the Calculation Agent shall deduct from the translated Specified Currency amount any Conversion Costs per Underlying Index. The resulting amount (the "**Converted Amount**") multiplied by the relevant Number of Underlying Securities per Note shall be the amount of the Event Payment per Note. Where this sub-paragraph applies, the Event Payment shall not be made sooner than the day on which the Issuer or

an Affiliate actually received the Converted Amount in respect of an exchange transaction entered into in relation to the Event Receipt Date or on which a Notional Holder entering into an exchange transaction in relation to the Event Receipt Date would have received the Converted Amount as determined by the Calculation Agent.

Event Payments shall be payable, where the Notes are held in a clearing system such as DTC, Euroclear and/or Clearstream, Luxembourg to the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the case may be, as Noteholders on the Business Day immediately preceding the Event Occurrence Date, and in any other case to the holders for the time being of the Notes (irrespective of whether or not they were Noteholders on the Business Day immediately preceding the Event Occurrence Date).

**"Currency Event"** means:

- (A) the occurrence of an event or a condition which, in the opinion of the Calculation Agent, on any day with respect to the Underlying Currency that has the effect of preventing, hindering, limiting or restricting (including, without limitation, by delays, increased costs or discriminatory rates of exchange) the Issuer or its Affiliates directly or indirectly from:
  - (i) converting the Underlying Currency into the Specified Currency through any customary legal channel;
  - (ii) converting the Underlying Currency into the Specified Currency at a rate at least as favourable as the rate for domestic institutions located in the Reference Jurisdiction;
  - (iii) delivering the Specified Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction;
  - (iv) delivering the Underlying Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction; or
  - (v) effectively realising the value of any underlying hedge in the Specified Currency at any time; or
- (B) the government of the Reference Jurisdiction imposes, or gives public notice of its intention to impose, any capital controls (including, without limitation, the imposition of an upper limit on the amount of assets denominated in the Underlying Currency in the Reference Jurisdiction which can be held by any party) which the Calculation Agent determines in good faith are likely to materially affect the ability of the Issuer or its Affiliates to hedge the Issuer's position under the Notes or to unwind such hedge; or
- (C) the unavailability of the Specified Currency in any legal exchange market in the Reference Jurisdiction in accordance with normal commercial practice as determined by the Calculation Agent; and

**"Reference Jurisdiction"** means any jurisdiction in which a relevant Exchange is located.

(d) **Hedging**

For the purposes of Condition 21(h)(iv), as amended by the Final Terms:

"**Hedging**" means to:

- (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk (including, but not limited to, any currency risk) of entering into and performing its obligations with respect to these Notes; or
- (ii) freely realise, recover, receive, repatriate, remit or transfer the proceeds of Hedge Positions or the relevant transaction between accounts within a relevant jurisdiction of the Hedge Positions (an "**Affected Jurisdiction**") or from accounts within an Affected Jurisdiction to accounts outside of such Affected Jurisdiction; or
- (iii) without prejudice to (ii) above, transfer (A) amounts denominated in the Specified Currency from accounts within a relevant Underlying Country to accounts outside such Underlying Country, to other accounts within such Underlying Country or to the accounts of a non-resident of such Underlying Country or (B) amounts denominated in a relevant Underlying Currency from accounts within the related Underlying Country to other accounts within such Underlying Country, to accounts outside such Underlying Country or to the accounts of a non-resident of such Underlying Country; or
- (iv) without prejudice to (ii) and (iii) above, convert the Specified Currency into a relevant Underlying Currency or a relevant Underlying Currency into the Specified Currency."

"**Hedge Positions**" means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, funds, options, futures, other derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by the Issuer or an Affiliate in order to hedge, individually or on a portfolio basis, a Note.

22E. **Buy-Back Provisions for Market Access Notes**

This Condition 22E shall apply to all Market Access Notes unless the relevant Final Terms specify otherwise.

Provided that the Calculation Agent determines that normal market conditions exist the Issuer shall, during local market hours on each local business day from and including the Issue Date to but excluding the Valuation Date, publish on Bloomberg (page <HSMA> *et seq*) indicative Specified Currency bid and ask prices in respect of the Notes calculated from (i) the bid and ask prices/ levels respectively of each of the relevant Underlying(s) on any applicable Exchange(s) divided by (ii) the relevant Underlying Currency/ Specified Currency exchange rate(s), each as published on Bloomberg as of such time on such local business day. For the avoidance of doubt, such Specified Currency bid and ask prices for the Notes as published on Bloomberg are for indicative purposes only, and are subject to change in accordance with normal market movements.

In addition, provided that the Calculation Agent determines that normal market conditions exist, the Issuer shall, following a request from a Noteholder received by the Issuer/ Dealer during normal local market hours on any local business day from and including the Issue Date to but excluding the Valuation Date, (a) provide such Noteholder with a firm bid price at which the Issuer/ Dealer will purchase a specified number of Notes from such Noteholder and/or (b) accept a related sale order from such Noteholder specifying a maximum number of Notes to be sold, subject to any specified local price/ level and volume conditions. In respect of (a) above, any such firm bid price will only be valid and binding at the time it is given and, thereafter, will be subject to change in accordance with normal market movements. In respect of (b) above, any order shall be executed in good faith and a commercially reasonable manner in line with the



specified conditions (if any) of the sale order and underlying market liquidity at such time. For the avoidance of doubt, the extent to which a Note order will be filled and the price at which such fill is achieved will be fully consistent with the liquidity and the prices/ level(s) traded in each relevant Underlying on any applicable Exchange(s), at such time on such business day and within any conditions specified for the order by such Noteholder. Further, the exchange rates used for converting the local price(s)/ level(s) of each relevant Underlying into Specified Currency prices of the Notes for any filled orders will be determined by the Calculation Agent using such exchange rate(s) that are available to the Issuer at the relevant time on the relevant business day(s) consistent with the Issuer's normal market practice for such trades.

If the Calculation Agent considers that exceptional market conditions make it impossible to provide an indicative and/or firm bid and/or ask price for the Notes, and/or to accept or execute an order in the Notes, then the Issuer's related obligations hereunder shall be postponed to the following local business day on which the Calculation Agent, acting in good faith and a commercially reasonable manner, determines that such exceptional market conditions have ceased to exist and that it considers possible to determine such bid and ask prices or to accept or execute an order, as the case may be.

### **PRO FORMA FINAL TERMS FOR MARKET ACCESS NOTES**

*Set out below is the form of Final Terms which will be completed for each Tranche of Market Access Notes issued under the Programme.*

*(When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.)*

[Notes issued pursuant to these Final Terms are securities to be listed under Listing Rule [17/19]<sup>1</sup>.]

Final Terms dated       [•]  
Series No.:               [•]  
Tranche No.:           [•]

#### **HSBC Bank plc**

#### **Programme for the Issuance of Notes and Warrants**

**Issue of [Aggregate Principal Amount of Tranche] Market Access Notes linked to [Description of Underlying(s)]**

**[issued by [[Name of Underlying Company]]<sup>2</sup>**

**(the "Underlying Security/Securities"/"Underlying Index/Indices"/"Underlying Fund/Funds"/"Underlying ETF/ETFs")) due [•]  
(the "Notes" or "MANs")**

**[(to be consolidated and form a single series with the existing [Insert details of existing Tranche(s)]) issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

### **PART A - CONTRACTUAL TERMS**

This document constitutes the Final Terms relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme which [together with the supplemental prospectus[es] dated [•]] constitute[s] a prospectus

<sup>1</sup> To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securitised derivatives. Notes which include an element of principal protection will generally be eligible for listing under Listing rule 17 but in some circumstances will be eligible for listing under Listing rule 19.

<sup>2</sup> Include if MANs linked to Underlying Security/Securities.

("Prospectus") [for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>3</sup>.

[If these Final Terms indicate that they relate to an issue of Certificates, then all references herein and in the Prospectus to the Notes shall be deemed to be references to "**Certificates**" for the purposes of this Issue.]

[This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus.]<sup>4</sup> Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus is available for viewing at [address] [and] [website]<sup>5</sup> and copies may be obtained from [address].]

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions (the "**Conditions**"), which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Notes. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>6</sup> and must be read in conjunction with the Base Prospectus dated 19 June 2012 which [together with the supplemental prospectus(es)] dated [•], constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive]<sup>7</sup>. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus. The Prospectus and the Conditions are available for viewing during normal business hours at [address] [and] [website]<sup>8</sup> and copies may be obtained from [address].

*[For Market Access Notes offered and sold in the United States of America include:*

#### IMPORTANT NOTICES

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW**

<sup>3</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>4</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>5</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>6</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>7</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>8</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

**HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

#### **AVAILABLE INFORMATION**

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

*[Insert, if relevant, any other relevant provisions relating to such investment and country specifically, including any representations, agreements or conditions.]*

#### **[HONG KONG**

Each Noteholder represents and agrees, as a condition of acquiring or holding such Notes: (i) that the Issuer is authorised to provide information regarding the holder and the Notes to any Hong Kong governmental or regulatory authority, or if applicable, to any Affiliate for onward transmission to any such Hong Kong governmental or regulatory authority if required under applicable Hong Kong regulations and/or as requested by any Hong Kong governmental or regulatory authority from time to time; (ii) that such holder will provide the Issuer with such additional information that the Issuer and/or the Affiliate deems necessary or appropriate in order to comply with regulations or requests of any Hong Kong governmental or regulatory authority from time to time; and (iii) that such holder is not currently the subject of any investigation or enquiry by any Hong Kong governmental or regulatory authority in connection with a failure to disclose information relating to such holder or to an offshore transaction linked to underlying Hong Kong securities.]

#### **[INDIA**

The Notes are sold or transferred subject to the laws and regulations from time to time in force in India, including without limitation, those that prohibit their acquisition by Indian investors/non-resident Indians/persons or entities who are not regulated entities and subject to the execution and delivery to the Issuer by the relevant investor of a letter of representation. See "Transfer Restrictions".]

#### **[JAPAN**

Each Noteholder represents and agrees, as a condition of acquiring or holding such Notes: (i) that the Issuer is authorised to provide information regarding the holder and the Notes to any Japanese government or regulatory authority, or if applicable, to any Affiliate for onward transmission to any such Japanese governmental or regulatory authority, if required under applicable Japanese regulations in connection with an acquisition of underlying Japanese securities; (ii) that such holder will provide the Issuer with such additional information that the Issuer and/or the Affiliate deems necessary or appropriate in order to comply with the regulations of any Japanese governmental or regulatory authority from time to time; and (iii) that such holder is not currently the subject of any investigation or enquiry by any Japanese governmental or regulatory authority in connection with a failure to disclose information relating to such holder or to an offshore transaction linked to underlying Japanese securities.]

#### **[MALAYSIA**

Each Noteholder represents and agrees, as a condition of acquiring or holding such Notes: (i) that the Issuer is authorised to provide information regarding the holder and the Notes to the relevant Underlying Company and any Malaysian governmental or regulatory authority, or if applicable, to any Affiliate for onward transmission to the relevant Underlying Company and any such Malaysian governmental or regulatory authority if required under applicable Malaysian regulations and/or as requested by any Malaysian governmental or regulatory authority from time to time and where a Noteholder is or becomes, as a consequence of holding the Notes, a "substantial shareholder" (as that term is used in the Malaysian Companies Act 1965) in the Underlying Company, then such Noteholder shall disclose the same to the Underlying Company and to the Securities Commission of Malaysia as required under applicable Malaysian regulations and shall continue to disclose any dealings it may have thereafter in its capacity as a substantial shareholder of the Underlying Company to the Underlying Company and to the Securities Commission of Malaysia, as required under applicable Malaysian regulations, until it ceases to be a substantial shareholder; (ii) that such holder will provide the Issuer with such additional information that the Issuer and/or the Affiliate deems necessary or appropriate in order to comply with regulations or requests of the relevant Underlying Company and any Malaysian governmental or regulatory authority from time to time; (iii) that the Notes are not being purchased by or for the benefit or account of any "resident" of Malaysia as that term is used in the Malaysian Exchange Control Notices ("ECM") issued pursuant to the Malaysian Exchange Control Act 1953 (a "**Resident**") unless such purchase by or for the benefit or account of a Resident is wholly conducted offshore Malaysia and in accordance with the provisions of the ECM; (iv) that such holder will not, directly or indirectly, sell, transfer or otherwise dispose of any Notes to or for the benefit or account of any Resident unless such sale, transfer or disposal of any Notes to or for the benefit or account of a Resident is wholly conducted offshore Malaysia and in accordance with the provisions of the ECM; and (v) that such holder is not currently the subject of any investigation or enquiry by any Malaysian governmental or regulatory authority in connection with a failure to disclose information relating to such holder or to any "regulated activity" as that term is defined in the Malaysian Capital Markets and Services Act 2007.]

#### [PAKISTAN

Each Noteholder represents and agrees, as a condition of acquiring or holding such Notes: (i) that the Notes are being purchased for the benefit or account of, or pursuant to or in connection with any back-to-back transactions with a Person resident outside Pakistan; and (ii) that such holder will not, directly or indirectly, sell, transfer or otherwise dispose of any Notes to or for the benefit or account of any person other than a Person resident outside Pakistan.]

#### [PEOPLE'S REPUBLIC OF CHINA

A QFII is required to disclose to the PRC regulators and other relevant PRC authorities or institutions the holding information of PRC securities, including exchange-traded bonds, held by it (including information on securities held by investors through the QFII) in accordance with the relevant laws and regulations in the PRC. The Issuer may therefore request any investor to provide to it and pass to the QFII such information as required by the relevant laws, regulations and regulatory requirements.

Each Noteholder represents and agrees, as a condition of acquiring or holding such Notes: (i) that the Issuer is authorised to provide information regarding the Noteholder and the Notes to the QFII investing in the Reference Assets ("**HSBC QFII**") for onward transmission to the regulators or any other authorities or institutions in the PRC in accordance with applicable PRC laws and regulations; and (ii) that such Noteholder will provide the Issuer with such additional information that the Issuer and/or the HSBC QFII deems necessary or appropriate in order to comply with any laws and regulations in the PRC from time to time.]

#### [SINGAPORE

Each Noteholder represents and agrees, as a condition of acquiring or holding such Notes: (i) that the Issuer is authorised to provide information regarding the holder and the Notes to any Singapore governmental or regulatory authority or the relevant Underlying Company[ies], or if applicable, to any Affiliate for onward transmission to any such Singapore governmental or regulatory authority or the relevant Underlying Company[ies], if required under applicable Singapore regulations and/or as requested by any Singapore governmental or regulatory authority or the relevant Underlying Company[ies] from time to time; (ii) that such holder will provide the Issuer with such additional information that the Issuer and/or the Affiliate deems necessary or appropriate in order to comply with regulations or requests of any Singapore governmental or regulatory authority or the relevant Underlying Company[ies] from time to time; and (iii) that such holder will not, directly or indirectly, sell, transfer or otherwise dispose of any Notes to or for the benefit or account of any person in Singapore except in accordance with applicable Singapore law ((including any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore).)

#### [TAIWAN

Each Noteholder represents and agrees:

- (a) it is not purchasing the Notes for the benefit or account of, or using funds of, (A) any residents of The People's Republic of China ("**PRC**"), corporations in the PRC, or corporations outside the PRC that are beneficially owned by residents of, or corporations in, the PRC or (B) any residents of Taiwan or corporations in Taiwan;
- (b) it will not, directly or indirectly, sell, transfer, assign, novate or otherwise dispose of the Notes to or for the benefit or account of, or in consideration of funds received from, (A) any residents of the PRC, corporations in the PRC, or corporations outside the PRC that are beneficially owned by residents of, or corporations in, the PRC or (B) any residents of Taiwan or corporations in Taiwan; and
- (c) details of the transaction (including the identity of the parties) may, (A) upon request or order by any competent authority, regulatory or enforcement organisation, governmental or otherwise, including the stock exchange on which the underlying shares are listed, (B) as required by applicable law, rules, regulations, codes or guidelines (whether having the force of law or otherwise), be disclosed in accordance with such request, order, law, rules, regulations, codes or guidelines (whether such disclosure is to be made to third parties or otherwise). By purchasing the Notes, each Noteholder agrees to such disclosure and releases the Issuer (and its subsidiaries and affiliates) from any duty of confidentiality owed to it in relation to such information.]

#### [VIETNAM

Each Noteholder represents and agrees, as a condition of acquiring or holding such Notes: (i) that the Issuer is authorised to provide information regarding the holder and the Notes to any Affiliate for onward transmission to any Vietnamese governmental or regulatory authority if required under applicable Vietnamese regulations and/or as requested by any Vietnamese governmental or regulatory authority from time to time; (ii) that such holder will provide the Issuer with such additional information that the Issuer and/or the Affiliate deems necessary or appropriate in order to comply with regulations or requests of any Vietnamese governmental or regulatory authority from time to time; (iii) that the Notes are not being purchased for the benefit or account of, or pursuant to or in connection with any back-to-back transactions with a "resident" in Vietnam as that term is used in the 2006 Ordinance on Foreign Exchange Control (a "**Resident**"); (iv) that such holder will not, directly or indirectly, sell, transfer or otherwise dispose of any Notes to or for the benefit or account of a Resident and (v) that such holder is not currently the subject of any investigation or enquiry by any Vietnamese governmental or regulatory authority in connection with a failure to disclose information relating to such holder or to an offshore transaction linked to underlying Vietnamese securities.]

**It is advisable that prospective investors considering acquiring any Notes understand the risks of transactions involving the Notes and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "Risk Factors" in the Prospectus.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

1. (i) Issuer: HSBC Bank plc
- (ii) Arranger: HSBC Bank plc
2. (i) Series number: [     ]
- (ii) Tranche number: [     ]
- (iii) Whether issue is of Notes or Certificates: [Notes/Certificates] (if the issue is of Certificates, all references in these Final Terms and in the Prospectus to Notes shall be deemed to be "**Certificates**" for the purposes of this issue)
3. Currency or currencies:
  - (i) of denomination: [United States Dollar ("USD")] (the "**Specified Currency**")
  - (ii) of payment: [USD] (the "**Settlement Currency**")
4. Aggregate Principal Amount:
  - [(i) Series:] [[     ] Notes ([USD] [     ])]
  - [(ii) Tranche:] [[     ] Notes ([USD] [     ])]
5. (i) Issue Price: [USD] [     ] per Note (100 per cent. of the Aggregate Principal Amount)
- (ii) Commission payable: [     ] [None] [Information not provided]
- (iii) Selling concession: [     ] [None] [Information not provided]
6. (i) Denomination(s) (*Condition 1(b)*): [USD] [     ] per Note

The Notes are transferable in a minimum number of 1 Note (equivalent to a principal amount of [USD] [     ]).

[Each Cash Equity Note or Equity-Linked Note relates to an Underlying Security or Underlying Securities as detailed in paragraph 36 below]

[Each Index-Linked Note relates to an Underlying Index or Underlying Indices as detailed in paragraph 38 below]

[Each Fund-Linked Note relates to an Underlying Fund or

Underlying Funds as detailed in paragraph 36 below]

[Each ETF-Linked Note relates to an Underlying ETF or Underlying ETFs as detailed in paragraph 36 below].

- |     |      |   |   |
|-----|------|---|---|
|     | (ii) | Calculation Amount <sup>9</sup> :             | [     ]   |
| 7.  | (i)  | Issue Date:                                   | [     ]   |
|     | (ii) | Interest Commencement Date:                   | Not applicable  |
| 8.  |      | Maturity Date:<br>(Condition 6(a))            | (specify date) [or, if later the [fifth/specify] Business Day following the [Valuation Date/specify] [adjusted in accordance with [specify].<br><br>(Note: In respect of Equity-Linked Saudi PALMS this must not be later than 4 years after the Issue Date.) |
| 9.  |      | Interest basis:<br>(Conditions 3 to 5)        | Not applicable, save that if any amount in respect of any Note is not paid when due and payable pursuant to the Conditions, interest shall accrue on the overdue amount at the rate of [1 week USD-LIBOR plus 1 per cent. reset daily].                       |
| 10. |      | Redemption basis:<br>(Condition 6)            | Cash Equity Redemption. The Notes are Market Access Notes linked to one or more Underlying [Securities / Funds/ ETFs / Indices] (delete as appropriate)   |
| 11. |      | Change of interest or redemption basis:       | Not applicable. As provided in Condition 22 (Provisions relating to Market Access Notes), one or more Additional Payment Amounts may become due in certain circumstances.   |
| 12. |      | Put/Call options:                             | Condition 6(c) will apply as specified in paragraph 21 below.   |
| 13. | (i)  | Status of the Notes:<br>(Condition 2)         | Unsubordinated, unsecured   |
|     | (ii) | Date approval for issuance of Notes obtained: | Not applicable  |
| 14. |      | Method of distribution:                       | Non-syndicated  |

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- |     |   |
|-----|---|
| 15. | Fixed Rate Note provisions:<br>(Condition 3)    |
| 16. | Floating Rate Note provisions:<br>(Condition 4) |
| 17. | Variable Coupon Amount Note provisions:         |

<sup>9</sup> The applicable Calculation Amount (which is used for the calculation of redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.

(Condition 5)

18. Zero Coupon Note provisions:  
(Condition 5)
19. Index-Linked Interest Note/other variable-linked interest Note Provisions:
20. Dual Currency Note provisions/Multi-currency Note provisions:

#### PROVISIONS RELATING TO REDEMPTION

21. Issuer's optional redemption (Call):  
(Condition 6(c))
  - (i) Redemption amount (Call):
  - (ii) Series redeemable in part:
  - (iii) Call option date(s)/Call option period:
22. Noteholder's optional redemption (Put):  
(Condition 6(d))
23. Final Redemption Amount of each Note:  
(Condition 6(a))
24. Final Redemption Amount of each Note in cases where the Final Redemption Amount is Equity-Linked/Index-Linked or other variable-linked:
  - [(i) Calculation Agent responsible for calculating the Final Redemption Amount:]
  - [(ii) Determination Date(s):]
  - [(iii) Business Centre(s):
  - [[iv) Provisions for determining Final



- Redemption  
Amount where  
calculation by  
reference to Index  
and/or Formula  
and/or other  
variable is  
impossible or  
impracticable or  
otherwise  
disrupted:]
- [(v) Payment Date:]
- [(vi) Minimum Final  
Redemption  
Amount:]
- [(vii) Maximum Final  
Redemption  
Amount:]
25. Instalment Notes:  
(*Condition 6(a)*)
26. Early Redemption  
Amount:
- (i) Early Redemption  
Amount (upon  
redemption for  
taxation reasons,  
illegality or  
following an  
Event of Default):  
(*Conditions 6(b),  
6(h) or 10*)
- (ii) Other redemption  
provisions:  
(*Condition 6(i)*)

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. Form of Notes:  
(*Condition 1(a)*)
- (i) Form of Notes:
- (ii) Bearer Notes  
exchangeable for  
Registered Notes:
28. [New Global Note][(*delete  
if Registered Note*)]/  
[Issued under the new  
safekeeping  
structure][(*delete if Bearer  
Note*)]
29. If issued in bearer form:

- (i) Initially represented by a Temporary Global Note or Permanent Global Note:
- (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes:  
(*Condition 1(a)*)
- (iii) Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or Registered Notes:
- (iv) Coupons to be attached to Definitive Notes<sup>10</sup>:
- (v) Talons for future Coupons to be attached to Definitive Notes<sup>11</sup>:
- (vi)
  - (a) Definitive Notes to be security printed:
  - (b) if the answer to (a) is yes, whether steel engraved plates will be used<sup>12</sup>:
- (vii) Definitive Notes to be in ICMA or successor's format:

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<sup>10</sup> Definitive Notes will typically have coupons attached to them if interest bearing.

<sup>11</sup> Talons will be needed if there are 27 or more coupons.

<sup>12</sup> Answer to (a) and (b) should generally be 'yes' in all cases where Definitive Notes are to be printed.

- (viii) Issuer or Noteholder to pay costs of security printing:
- 30. Exchange Date for exchange of Temporary Global Note:
- 31. Payments:  
(*Condition 8*)
  - (i) Method of payment:
  - (ii) Relevant Financial Centre Day:
  - (iii) Local banking day specified for payments in respect of the Notes in global form:
- 32. Partly Paid Notes:  
(*Condition 1*)
- 33. Redenomination:  
(*Condition 9*)
  - (i) Redenomination:
  - (ii) Exchange:
- 34. Other final terms:

**PROVISIONS APPLICABLE TO EQUITY-LINKED NOTES, CASH EQUITY NOTES AND INDEX-LINKED NOTES**

- 35. Security Delivery (Equity-Linked Notes only):
- 36. Provisions for Cash Equity Notes and Equity-Linked Notes:

[EITHER]

Underlying Securities (including ISIN or other security identification code)	Underlying Companies	Number of Underlying Securities per Note	Exchange(s)	Related Exchange(s)	
				[All Exchanges]	

--	--	--	--	--	--

- (i) Securities:
- (ii) Underlying Companies:
- (iii) Exchange(s):
- (iv) Related Exchange(s):
- (v) Underlying Currencies:

[OR]

<b>Underlying Funds (including ISIN or other security identification code, where applicable)</b>	<b>Number of Shares in Underlying Fund per Note</b>	<b>Exchange(s)</b>	<b>Related Exchange(s)</b>	
			[All Exchanges]	

- (i) Funds:
- (ii) Exchange(s):
- (iii) Related Exchange(s):
- (iv) Underlying Currencies:

[OR]

<b>Underlying ETFs (including ISIN or other security identification code)</b>	<b>Number of Shares in Underlying ETF per Note</b>	<b>Exchange(s)</b>	<b>Related Exchange(s)</b>	
			[All Exchanges]	

--	--	--	--	--

- (i) ETFs:
- (ii) Exchange(s):
- (iii) Related  
Exchange(s):
- (iv) Underlying  
Currencies:
- (v) Cash Settlement  
Payment Date:
- (vi) Securities  
Transfer Amount:  
(for Equity-  
Linked Notes  
only)
- (vii) Settlement Date:  
(for Equity-  
Linked Notes  
only)
- (viii) Settlement  
Disruption Event:  
(for Equity-  
Linked Notes  
only)
- (ix) Delivery  
Disruption Event:  
(for Equity-  
Linked Notes  
only)
- (x) Potential  
Adjustment  
Event:
- (xi) Extraordinary  
Event:

- (xii) Conversion:  
(for Notes relating  
to Government  
Bonds and debt  
securities only)
- (xiii) Corrections of  
prices:
- (xiv) Additional  
Disruption Event:

37. Additional provisions for  
Equity-Linked Notes:

38. Provisions for Index-  
Linked Notes:

Underlying Indices	Index Sponsor	Index Rules	Exchanges	Related Exchanges	Weighting	
				[All Exchanges]		

- (i) Index(ices):
- (ii) Index Sponsor:
- (iii) Index Rules:
- (iv) Exchange(s):
- (v) Related  
Exchange(s):
- (vi) Adjustments to  
Indices:
- (vii) Additional  
Disruption Event:
- (viii) Index  
Substitution:

39. For Equity-Linked and

Credit-Linked Notes:

- 40. Valuation Date(s):
- 41. Valuation Time:
- 42. Averaging Dates:
- 43. Other terms or special conditions relating to Market Access Notes:

**DISTRIBUTION**

- 44.
  - (i) If syndicated, names, addresses and underwriting commitments of Relevant Dealer(s)/Lead Manager(s):
  - (ii) If syndicated, names, addresses and underwriting commitments of other Dealers/Managers (if any):
  - (iii) Date of Subscription Agreement:
  - (iv) Stabilising Manager (if any):
- 45. If non-syndicated, name and address of Relevant Dealer:
- 46. Total commission and concession:
- 47. Selling restrictions:
  - United States of America:
  - Other:

- 48. Stabilisation:

**[LISTING AND ADMISSION TO TRADING APPLICATION]**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of [•] described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

[In cases of Market Access Notes offered pursuant to Rule 144A insert:

## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of these Final Terms and the accompanying Prospectus, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that these Final Terms and the accompanying Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the accompanying Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Prospectus or any documents referred to herein.

Each purchaser of Notes in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that the Rule 144A Global Registered Notes, the Combined Global Registered Notes, the Restricted Global Registered Notes and any US Definitive Registered Notes (as defined in "*Summary of Provisions relating to the Notes while in Global Form*" in the accompanying Base Prospectus) issued in exchange for interests therein will bear a legend (the "**Rule 144A Legend**") to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE [AND THE SECURITIES TO BE DELIVERED UPON EXERCISE HEREOF]<sup>13</sup> HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "QUALIFIED

<sup>13</sup> To be included if the underlying securities have not been registered under the Securities Act.



INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "**PLAN**" AS DESCRIBED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

In addition, each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, it will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Base Prospectus.

Before any interest in a Note represented by a Combined Global Registered Note may be exchanged for Combined Definitive Registered Notes, a person having an interest in such Combined Global Registered Note must provide the Registrar with a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A or Regulation S, a certification that the transfer is being made in compliance with the provisions of Rule 144A or Regulation S, as applicable.]

#### [**INDONESIA**

"EACH PURCHASER HAS AGREED, AND EACH FURTHER PURCHASER WILL BE REQUIRED TO AGREE, THAT IT WILL NOT OFFER OR SELL THE NOTES NOR MAKE THE NOTES THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, NOR WILL IT CIRCULATE OR DISTRIBUTE THESE FINAL TERMS, THE ACCOMPANYING PROSPECTUS OR ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE NOTES, WHETHER DIRECTLY OR INDIRECTLY, IN THE REPUBLIC OF INDONESIA OR TO INDONESIAN CITIZENS, CORPORATIONS OR RESIDENTS, EXCEPT IN A MANNER THAT WILL NOT BE CONSIDERED

AS A "PUBLIC OFFER" UNDER THE PREVAILING LAW AND REGULATIONS IN THE REPUBLIC OF INDONESIA."]<sup>14</sup>

**[KOREA**

"ANY TRANSFER OF NOTES TO A KOREAN RESIDENT AS THE TERM IS DEFINED IN THE FOREIGN EXCHANGE TRANSACTION LAW OF KOREA AND ITS PRESIDENTIAL DECREE SHALL, AT THE OPTION OF THE ISSUER, (X) BE VOID OR (Y) GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY NOTES HELD BY SUCH TRANSFEREE."]

**[MALAYSIA**

"ANY PLEDGE, SALE OR OTHER TRANSFER OF NOTES TO A PERSON THAT IS A MALAYSIAN RESIDENT AS THE TERM IS DEFINED IN THE PROSPECTUS SHALL, AT THE OPTION OF THE ISSUER, (X) BE VOID OR (Y) GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY NOTES HELD BY SUCH TRANSFEREE. THE FOREGOING SHALL NOT APPLY TO ANY PLEDGE, SALE OR OTHERWISE TRANSFER OF NOTES WHERE:

(A) SUCH PLEDGE, SALE OR TRANSFER TO OR FOR THE BENEFIT OF A RESIDENT IS WHOLLY CONDUCTED OFFSHORE MALAYSIA; AND

(B) THE INVESTMENT BY SUCH PERSON IN THE NOTES IS IN ACCORDANCE WITH THE PROVISIONS OF THE MALAYSIAN EXCHANGE CONTROL ACT 1953 AND THE NOTICES ISSUED THEREUNDER."]

**[PAKISTAN**

"ANY PLEDGE, SALE OR OTHER TRANSFER OF NOTES TO A PERSON OTHER THAN "A PERSON RESIDENT OUTSIDE PAKISTAN" AS THE TERM IS DEFINED IN THE FOREIGN EXCHANGE REGULATION ACT, 1947 AND THE REGULATIONS THEREUNDER SHALL, AT THE OPTION OF THE ISSUER, (X) BE VOID AND (Y) GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY NOTES HELD BY SUCH TRANSFEREE. IN ADDITION, THE STATE BANK OF PAKISTAN MAY REQUIRE SUCH TRANSFEREE TO REPATRIATE THE DIVIDENDS RETAINED OUTSIDE PAKISTAN OR SELL THE NOTES AND REPATRIATE THE SALE PROCEEDS TO PAKISTAN. SUCH TRANSFEREE MAY ALSO BE LIABLE TO BE PROSECUTED UNDER THE RELEVANT PROVISIONS OF THE FOREIGN EXCHANGE REGULATION ACT, 1947."]

**[PEOPLE'S REPUBLIC OF CHINA**

"ANY PLEDGE, SALE OR OTHER TRANSFER OF NOTES TO A PERSON THAT IS A "DOMESTIC INVESTOR", OR TO ANY PERSON USING FUNDS TO PURCHASE NOTES SOURCED FROM A "DOMESTIC INVESTOR", AS THE TERM IS DEFINED IN THE PROSPECTUS SHALL, AT THE OPTION OF THE ISSUER, (X) BE VOID OR (Y) GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY NOTES HELD BY SUCH TRANSFEREE."]

**[TAIWAN**

"ANY SALE OR OTHER TRANSFER OF NOTES TO A PERSON THAT IS, OR MADE IN CONSIDERATION OF FUNDS RECEIVED FROM, (A) A RESIDENT OF THE PEOPLE'S REPUBLIC OF CHINA ("PRC"), A CORPORATION IN THE PRC, OR A CORPORATION OUTSIDE THE PRC THAT IS BENEFICIALLY OWNED BY RESIDENTS OF, OR CORPORATIONS IN, THE PRC OR (B) A RESIDENT OF TAIWAN OR A CORPORATION IN TAIWAN SHALL, AT THE OPTION OF THE ISSUER, (X) BE VOID OR (Y) GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY NOTES HELD BY SUCH TRANSFEREE."]

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<sup>14</sup> To be inserted where the Reference Asset has not been registered with the Indonesian Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK).

**[VIETNAM]**

"ANY PLEDGE, SALE OR OTHER TRANSFER OF NOTES TO A PERSON THAT IS A VIETNAMESE RESIDENT AS THE TERM IS DEFINED IN THE PROSPECTUS AND/OR THE FINAL TERMS SHALL, AT THE OPTION OF THE ISSUER, (X) BE VOID OR (Y) GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY NOTES HELD BY SUCH TRANSFEREE."

*[For SPICEs consider inserting the transfer restrictions set out in Part 2 of the India Supplement contained in the Schedule to Part E of the Base Prospectus.]*

**[RESPONSIBILITY]**

The Issuer accepts responsibility for the information contained in these Final Terms. Information on the [Underlying Securities and the Underlying Company] [Underlying Index] [Underlying Fund] [Underlying ETF] has been extracted from *[insert name of source of information]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[insert name of source of information]*, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

**PART B - OTHER INFORMATION****1. LISTING**

- (i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of the Financial Services Authority pursuant to Listing Rule [17/19<sup>15</sup>]. No assurance can be given as to whether or not, or when, such application will be granted.][Not applicable]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading [on the Regulated Market of the London Stock Exchange]/[other (*specify*)] with effect from [ ]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Notes admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable]
- [(iii) Estimated total expenses of admission to trading:] [Information not provided / Not applicable / (*specify amount*)]<sup>16</sup>

**2. RATINGS**

Ratings: The long-term senior debt of HSBC Bank plc has been rated:

S&P: [ ]  
Moody's: [ ]

[The Notes have not specifically been rated.]/ [The Notes have been assigned a rating of [ ] by [ ].]<sup>17</sup>

[Each of [Fitch, S&P and Moody's] are established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended).]

[For these purposes, ["**S&P**"] means Standard and Poor's Credit Market Services Europe Limited,] ["**Moody's**"] means Moody's Investor Services Limited] [and] ["**Fitch**"] means Fitch Ratings Limited].]

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but is certified

<sup>15</sup> To be included in respect of all issues which are to be admitted to listing Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securitised derivatives.

<sup>16</sup> Only required for debt securities with a denomination per unit of at least EUR100,000.

<sup>17</sup> Select only if Notes are rated.

under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]

*(Provide brief explanation of the meaning of the ratings if previously published by rating provider)*

### 3. NOTIFICATION

[The Financial Services Authority ("**FSA**") [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the Financial Market Association (Austria), the Financial Services and Markets Authority (Belgium), the Autorité des marchés financiers (France), the Federal Financial Supervisory Authority (Germany), the Central Bank of Ireland (Ireland), the Commissione Nazionale per le Società e la Borsa (Italy), the Commission de Surveillance du Secteur Financier (Luxembourg), the Malta Financial Services Authority (Malta), the Comisión Nacional del Mercado de Valores (Spain) and the Netherlands Authority for the Financial Markets (Netherlands) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

[Not applicable]

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:)*

[Save as discussed in ["*Subscription and Sale of Notes*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

[Not applicable]

### 5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) Reasons for the offer: [ ]

*(See ["Use of Proceeds"] wording in Base Prospectus - if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*

(ii) Estimated net proceeds: [ ]<sup>18</sup> *[(If proceeds are intended for more than one use, will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses, state amount and sources of other funding.)]*

(iii) Estimated total expenses: *[Specify if reasons for the offer are specified above under (i), otherwise: Not applicable] / (Include breakdown of expenses)*<sup>19</sup>

### 6. YIELD

<sup>18</sup> Delete for debt securities with a denomination per unit of less than EUR 100,000.

<sup>19</sup> Delete for debt securities with a denomination per unit of less than EUR 100,000.

[insert details as appropriate/ Not applicable]

7. **HISTORIC INTEREST RATE**

[insert details as appropriate/ Not applicable]

8. **PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING<sup>20</sup>**

The Notes reflect the risks of a UK incorporated bank or relevant affiliate taking a direct investment in or exposure to [[the equity of each Underlying Company] [each Underlying Index comprising each Reference Security] [each Underlying Fund] [each Underlying ETF] [in each Underlying Country]] (*delete as appropriate*).

Investors are therefore generally exposed to such risks on a one to one basis, as more particularly described in the section "*Product Description – Market Access Securities*" of Part E of the Prospectus and [[Condition 22A (*specify if linked to one or more Underlying Securities*))] [Condition 22B (*specify if linked to one or more Underlying Funds*))] [Condition 22C (*specify if linked to one or more Underlying ETFs*))] [Condition 22D (*specify if linked to one or more Underlying Indices*))] (*delete as appropriate*). See also paragraph 36 of Part A of these Final Terms for details of the Underlying[s].

The effect of such risks on the Notes will always be calculated in the sole and absolute discretion of the Calculation Agent. In certain circumstances, the Noteholders' entire investment may be at risk and they may receive nothing on redemption except the minimum amount of 0.03 per cent. of the Issue Price per Note.

(*When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a Drawdown Prospectus or a new base prospectus would be required in respect of such final terms.*)

**Information source**

Details of past performance and volatility of each Underlying [Security]/ [Index]/ [Fund]/ [ETF] are obtainable from the following display pages on the Bloomberg and/or Reuters Service:

[ ]

[Information about the Underlying Index can be found at [(*insert website or other information source relating to Underlying Index*)]<sup>21</sup>

[Further information regarding each [Underlying Company] [Underlying Fund] [Underlying ETF] [in each Underlying Country] (*delete as appropriate*)] can be found at [(*insert website or other information source relating to Underlying*)]]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information].

9. **PERFORMANCE OF EXCHANGE RATE(S) AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS**

The Notes reflect the risk of an investment in each Underlying Currency ("[**Currency Abbreviations**]"). The [Realisable Sale Price]/[Underlying Fund Value]<sup>22</sup> (as defined in the applicable section of Condition 22 (*Provisions relating to Market Access Notes*) of Part E of the

<sup>20</sup> Refer to Prospectus Rules, Annex XII, paragraph 4.2.2 for disclosure requirements.

<sup>21</sup> Please note that if the Underlying Index is composed by the Issuer, a description of such Underlying Index will be required and this may necessitate a drawdown prospectus.

<sup>22</sup> Delete as appropriate.

Base Prospectus) shall have been converted from each Underlying Currency into the Specified Currency at the rate of exchange obtained (or which the Calculation Agent determines would have been obtainable) by the Issuer or its Affiliate, adjusted to take into account any non-deliverable forward rate transaction entered into (or which the Calculation Agent determines would have been entered into) by the Issuer or an Affiliate on the Determination Date. Therefore, the performance of each Underlying Currency/ Specified Currency exchange rate will have a direct effect on the Final Redemption Amount of the Notes.

Details of past performance and volatility of each Underlying Currency / Specified Currency exchange rate are obtainable from the following display pages on the Bloomberg and/or Reuters service:

[ ]

## OPERATIONAL INFORMATION

- |     |  |   |
|-----|--|---|
| 10. | ISIN Code:   | [[ ]/Not applicable]                                  |
| 11. | Common Code:   | [[ ]/Not applicable]                                  |
| 12. | CUSIP:   | [[ ]/Not applicable]                                  |
| 13. | SEDOL:   | [[ ]/Not applicable]                                  |
| 14. | New Global Note intended to be held in a manner which would allow Eurosystem eligibility:                          | Not applicable  |
| 15. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | [CREST/None/specify other]                            |
| 16. | Delivery:  | [Delivery against payment] [Delivery free of payment] |
| 17. | Settlement procedures:   | Medium Term Note                                      |
| 18. | (i) Principal Paying Agent <sup>23</sup> /Registrar <sup>24</sup> :  | [HSBC Bank plc] [Other (specify)]                     |
|     | (ii) Additional Paying Agent(s) (if any):  | [None/ specify]                                       |
| 19. | Common Depositary:   | [HSBC Bank plc/Not applicable/specify]                |
| 20. | Agent Bank/Calculation Agent:  | [HSBC Bank plc] [HSBC France] [other (specify)]       |
|     | • is Calculation Agent to make calculations?:  | [Yes/No]  |
|     | • if not, identify calculation agent:  | [specify]   |

<sup>23</sup> Delete if Notes are Registered Notes.

<sup>24</sup> Delete if Notes are Bearer Notes.

- |     |   |   |
|-----|---|---|
| 21. | Notices:<br>(Condition 13)  | Condition 13 is applicable  |
| 22. | City in which specified office of Registrar to be maintained:<br>(Condition 14) | [Not applicable][London][other (specify)]   |
| 23. | Tradable amount:  | One Note  |
| 24. | Other relevant Conditions:  | [Not applicable]/[For Brazilian LAMAS only insert the following: For purposes of Condition 22A(b), a distribution by the Underlying Company designated as being interest attributable to shareholders' equity shall be treated as a payment in respect of a cash dividend in relation to the Underlying Securities. ] |
| 25. | ERISA Considerations:   | [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations – Market Access Securities" in Part E of the Base Prospectus for further information./give details] [Not applicable]   |

**TERMS AND CONDITIONS OF THE OFFER** (*this section applies only to public offers. Delete if not a public offer*)

- |     |  |                                 |
|-----|--|---------------------------------|
| 26. | Offer Price:   | [Issue Price] [other (specify)] |
| 27. | Conditions to which the offer is subject:  | [Not applicable/give details]   |
| 28. | Description of the application process:  | [Not applicable/give details]   |
| 29. | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:                                | [Not applicable/give details]   |
| 30. | Details of the minimum and/or maximum amount of application:   | [Not applicable/give details]   |
| 31. | Details of the method and time limits for paying up and delivering the Notes:  | [Not applicable/give details]   |
| 32. | Manner in and date on which results of the offer are to be made public:  | [Not applicable/give details]   |
| 33. | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not applicable/give details]   |
| 34. | Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain                       | [Not applicable/give details]   |



countries:

35. Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not applicable/*give details*]
36. Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not applicable/*give details*]
37. Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [None/*give details*]

### Index Disclaimers

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## MARKET ACCESS WARRANTS – TERMS AND CONDITIONS

The terms and conditions of the Market Access Warrants (including LEPOS) shall consist of the Terms and Conditions of the Warrants set out in "Part C – Warrants" and the additional terms and conditions set out in the section entitled "*Additional Provisions relating to Equity-Linked Warrants and Index-Linked Warrants*" in "Part D – Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes" of this Base Prospectus, and the additional terms and conditions set out in the section entitled "*Additional Provisions relating to Market Access Warrants*" in this Part E as amended or supplemented by the Final Terms.

The form of Final Terms which will be completed for each Tranche of Market Access Warrants (including LEPOS as a sub-category) issued under the Programme, shall consist of the Final Terms as set out below on page E-113 entitled "*Pro forma Final Terms for Market Access Warrants*" (duly completed and amended).

## ADDITIONAL PROVISIONS RELATING TO MARKET ACCESS WARRANTS

In respect of the Market Access Warrants, the following additional condition shall be deemed to be added as Condition 19 to the terms and conditions set out in the section headed "*Terms and Conditions of the Warrants*" appearing in "*Part C – Warrants*" of the Base Prospectus.

### 19. Provisions relating to Market Access Warrants

#### 19A. Provisions relating to Market Access Warrants linked to a single Underlying Security or a basket of Underlying Securities

The provisions of this Condition 19A shall only apply in relation to Warrants which are specified in the Final Terms as being Market Access Warrants linked to one or more Underlying Securities.

##### (a) *Cash Settlement Amount*

The Cash Settlement Amount in respect of each Warrant shall be paid on the Cash Settlement Payment Date and shall be an amount in the Specified Currency determined by the Calculation Agent to be equal to the Realisable Sale Price.

"**Realisable Sale Price**" is an amount per Warrant calculated as follows:

- (i) The Calculation Agent shall determine the Aggregate Sale Amount(s) in respect of each Underlying Security issued by each Underlying Company as follows:
  - (1) if the Calculation Agent is satisfied that the Issuer, or any relevant affiliate of the Issuer (an "**Affiliate**") held a number of such Underlying Securities ("**X**", being equal to the total number of such Underlying Securities to which the Warrants relate) on the Determination Date and that on and from the Determination Date the Issuer or such Affiliate has in good faith in relation to the settlement of these Warrants disposed or otherwise realised X of such Underlying Securities through the Exchange or otherwise (in the Issuer's or such Affiliate's absolute discretion), then the "**Aggregate Sale Amount**" shall be the aggregate amount at which the Issuer or such Affiliate effects the disposal or realisation of that number of such Underlying Security ("**Gross Sale Amount**"), less any Costs incurred in connection with such disposal or realisation; or
  - (2) if the Calculation Agent is satisfied that the Issuer or an Affiliate held such Underlying Securities on the Determination Date and that on and from the Determination Date the Issuer or such Affiliate has in good faith disposed of or otherwise realised the value of a number ("**Y**") (where Y is less than X) of such Underlying Securities through the Exchange or otherwise (in the Issuer's or such Affiliate's absolute discretion), the Calculation Agent shall:
    - (A) determine the average price per Underlying Security ("**M**") at which the Issuer or such Affiliate effected the disposal or realisation of Y of such Underlying Securities (such average price M multiplied by X being the "**Gross Sale Amount**"), and
    - (B) deduct any Costs per Underlying Security from M (the resulting price being "**N**"), and
    - (C) multiply N by X (the resulting figure being the "**Aggregate Sale Amount**"); or
  - (3) if the Calculation Agent is satisfied that the Issuer or an Affiliate acting reasonably held any other relevant instrument(s) or had entered into any other relevant arrangements relating to or referencing the Underlying Security, in each case for the purposes of hedging, funding or otherwise

performing the Issuer's obligations in respect of the Warrants (each a "**Relevant Hedge**") on the Determination Date and that on and from the Determination Date the Issuer or such Affiliate has in good faith in relation to the settlement of these Warrants disposed of, unwound or otherwise realised or closed out part or all of such Relevant Hedge(s) through an Exchange or otherwise (in the Issuer's or such Affiliate's absolute discretion), then the Calculation Agent shall determine the average reference net price per Underlying Security ("**N**") at, or in relation to, which the Relevant Hedge(s) were disposed of, unwound or otherwise realised or closed out by the Issuer or such Affiliate after deducting any Costs per Underlying Security incurred in connection with such disposal, unwind, realisation or closeout, with such average reference net price N multiplied by X being the "**Aggregate Sale Amount**"; and

- (4) in all other cases, the "**Aggregate Sale Amount**" shall be the aggregate amount, as determined by the Calculation Agent, at which a Notional Holder of X of such Underlying Securities on the Determination Date would have on and from the Determination Date been able to dispose of such Underlying Securities through any applicable Exchange (in the Calculation Agent's absolute discretion) (the "**Gross Sale Amount**"), less any Costs which, in the determination of the Calculation Agent would have been incurred in effecting such disposal; and
  - (5) any such disposal, realisation, unwind or closeout effected by the Issuer or an Affiliate (and the disposal that for the purposes of sub-paragraph (4) above the Calculation Agent determines a Notional Holder would have been able to effect) may be effected in one lot of the Underlying Security or divided up into smaller lots whose disposal is effected over a number of days. The Calculation Agent shall also determine (i) in the case where the Issuer or an Affiliate disposes or realises the value of any such Underlying Securities, the date on which the Issuer or such Affiliate received the related aggregate amount in respect of them or (ii) the date on which an unwind or closeout of the Relevant Hedge(s) was effective and (iii) in other cases, the date on which a Notional Holder could reasonably be expected to have completed such disposals and received the aggregate amount (which date not be earlier than the date on which the Issuer or an Affiliate received the aggregate amount in respect of any of such Underlying Securities which it did so dispose of or otherwise realise) (in each case, such date being the "**ASA Receipt Date**").
- (ii) The Aggregate Sale Amount received or deemed received shall then be translated into the Specified Currency as follows:
  - (1) if the Calculation Agent is satisfied that in relation to the ASA Receipt Date the Issuer or an Affiliate in respect of the settlement of these Warrants, actually entered into an exchange transaction to convert the relevant Underlying Currency into the Specified Currency, the rate of exchange for the purposes of such translation, as determined by the Calculation Agent, shall be the rate obtained by the Issuer or such Affiliate, adjusted to take into account the effect of any non-deliverable forward transaction ("**NDF transaction**") if such is entered into by the Issuer or such Affiliate in relation to the ASA Receipt Date in respect of the Aggregate Sale Amount; or
  - (2) if the Calculation Agent determines that Relevant Hedge(s) are denominated in the Specified Currency, then the rate of exchange for the purpose of such translation shall be that rate implicit in the determination of the final value under such Relevant Hedge(s); or

- (3) in other cases, the rate of exchange for such translation shall be that determined by the Calculation Agent to be the rate at which a Notional Holder which received the Aggregate Sale Amount on the ASA Receipt Date would have been able to convert the Aggregate Sale Amount into the Specified Currency, taking into account the effect of any NDF transaction that such Notional Holder would have entered, or would have been able to enter, into in respect of the Aggregate Sale Amount in relation to the ASA Receipt Date; and
- (4) in each case, the Calculation Agent shall deduct from the translated Specified Currency amount any Conversion Costs. The sum of the resulting amount(s) (each a "**Converted ASA**") less applicable Settlement Costs divided by the associated X and then multiplied by the relevant Number of Underlying Securities per Warrant shall be the contribution to the Realisable Sale Price for such Underlying Security.

The Realisable Sale Price shall be payable by the Issuer on the later of the Maturity Date and the day (the "**Cash Settlement Payment Date**") which is the third Relevant Financial Centre Day following (i) the day (determined by the Calculation Agent) on which the Issuer or an Affiliate received the Converted ASA in respect of an exchange transaction entered into in relation to the ASA Receipt Date or, as the case may be, (ii) the day on which a Notional Holder entering into an exchange transaction in relation to the ASA Receipt Date would have received the Converted ASA and, in each case, the effective translation rate including Conversion Costs being the "**Effective FX Rate**".

- (iii) For the purposes of this Condition 19A:

"**Conversion Costs**" shall mean the costs of conversion for the purposes of converting an Aggregate Sale Amount into a Converted ASA and an Underlying Currency Amount (as defined in paragraph (b) (*Additional Payments*) below) or Event Receipt (as defined in paragraph (c) (*Payment in respect of a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting*) below) into a Converted Amount respectively, the amount being determined by the Calculation Agent by reference to actual costs incurred by the Issuer or an Affiliate or, as the case may be, the costs which, in the determination of the Calculation Agent, would have been incurred by a Notional Holder.

"**Costs**" shall mean all costs, expenses, fees and levies taken into account in determining an Aggregate Sale Amount, an Underlying Currency Amount or an Event Payment (as appropriate) including, without limitation, all brokers' fees, bank and custody charges, transaction processing fees and expenses and all taxes (including potential taxes which the Calculation Agent considers may arise) and other duties in respect of the relevant Underlying Security whether such Costs are or would be withheld at source or would otherwise be required to be paid, all as determined by the Calculation Agent.

Where (i) the amount of Costs or the basis on which it is to be determined is not confirmed before the applicable Determination Date and/or is subject to change in the future (such amount of Costs being "**Unpaid Costs**") and (ii) the Unpaid Costs were not deducted from the calculation of the Realisable Sale Price, each Warrantholder will be required to pay to the Issuer an amount equal to such Unpaid Costs upon notification from the Issuer. Any Warrantholder's obligation to pay such Unpaid Costs shall survive the expiration of the Warrants and any transfers made by any such Warrantholder prior to such date.

*In relation to Warrants in respect of PRC securities markets only:*

As referred to above, "all taxes" shall include potential taxes which the Calculation Agent considers may arise and "other duties" shall include, without limitation, any capital gains tax such as PRC Capital Gains Tax and, in all cases,

including any interest thereon levied by the applicable PRC tax authorities, all as determined by the Calculation Agent.

Where the amount of Costs (including, without limitation, PRC Capital Gains Tax) or the basis on which it is to be determined is not definitely known (each a "**tax uncertainty**" and together "**tax uncertainties**"), the Issuer may use the same basis for calculation of such amount as it would use in respect of a holding, purchase or, as applicable, sale of the Underlying Security either (a) for itself as beneficial owner, (b) for a Notional Holder as beneficial owner, or (c) for the Warrantholder as beneficial owner, as appropriately determined by the Calculation Agent (**provided that** the rate in respect of PRC Capital Gains Tax shall be the Fixed CGT Rate) until the applicable Tax Certainty Date.

In addition (and notwithstanding the provisions relating to PRC Capital Gains Tax stated above), once the relevant tax uncertainties are clarified so as to remove the relevant tax uncertainties, (1) where the amount of tax which has actually been deducted ("**Tax Deducted**") is greater than the amount of tax properly payable (the amount of the excess, the "**Excess Deduction**"), the Issuer will pay to the Warrantholder an amount in the Specified Currency (converted at the Effective FX Rate at the time the relevant determination of the Excess Deduction is made) equal to the Excess Deduction, or (2) where the Tax Deducted is less than the amount of tax properly payable (the amount of the excess, the "**Deduction Shortfall**"), the Warrantholder will pay to the Issuer an amount in the Specified Currency (converted at the Effective FX Rate at the time the relevant determination of the Deduction Shortfall is made) equal to the Deduction Shortfall. In either case, the relevant amount (the "**Tax Equalisation Payment**") will be (x) conclusively determined as soon as reasonably practicable on or after the Tax Certainty Date by the Calculation Agent and notified as soon as practicable after such determination to Warrantholders (such notification date, the "**Tax Equalisation Payment Notification Date**"), and (y) (where the Tax Certainty Date falls on or before the latest ASA Receipt Date) payable on the Settlement Date applicable to any settlement of Warrants on the Settlement Date, or (where the Tax Certainty Date falls after the latest ASA Receipt Date) payable on the date notified to Warrantholders as the applicable payment date by the Issuer, being no less than two Business Days after the Tax Equalisation Payment Notification Date (such payment date, the "**Tax Equalisation Payment Date**"). The obligation to pay any Excess Deduction or Deduction Shortfall shall survive the expiration of the Warrants and any transfers of Warrants made by any Warrantholder prior thereto.

"**CNY**" means the lawful currency of the PRC.

"**PRC**" means, solely for the purpose stated herein, the People's Republic of China excluding the Hong Kong and Macau Special Administrative Regions of the People's Republic of China and Taiwan.

"**PRC Capital Gains Tax**" means, unless and until definitively stated by any applicable PRC tax authorities (as determined by the Calculation Agent in its sole and absolute discretion), 10 per cent. (such rate, the "**Fixed CGT Rate**") of the excess (if any) of (a) the Realisable Sale Price (without deduction of Costs) over (b) Relevant Reference Price, and if (and once) so definitively stated, the capital gains tax properly applicable as so stated.

"**QFII**" means a Qualified Foreign Institutional Investor pursuant to the Measures for the Administration of Securities Investments by Qualified Foreign Institutional Investors, which were jointly promulgated by the China Securities Regulatory Commission, the People's Bank of China and The State Administration of Foreign Exchange on 24 August 2006, and which became effective on 1 September 2006.



**"Relevant Reference Price"** means the CNY equivalent of the purchase price (excluding commission charged by the Issuer or its Affiliate) of one Warrant at the time a Warrantholder purchased the Warrants.

**"Tax Certainty Date"** means, in respect of any tax uncertainty, the date on which the Calculation Agent becomes aware of the clarification by the applicable tax authorities so as to remove the relevant uncertainty or, if later, the Tax Clarification Effective Date.

**"Tax Clarification Effective Date"** means the first date on which the relevant clarified tax position becomes effective (and where the clarified tax position becomes effective with retrospective effect on a certain date or affecting a certain payment, the Tax Clarification Effective Date will be that certain date or the date of that certain payment), all as determined by the Calculation Agent.

**Warrantholders should note that if the PRC taxing authorities clarify the PRC Capital Gains Tax rate after the Cash Settlement Amount has been paid and such rate properly applied is different from the Fixed CGT Rate, either the Issuer or the Warrantholder (as the case may be) will have an obligation to pay the Excess Deduction or Deduction Shortfall (as the case may be).**

*The following applies to all Warrants:*

**"Determination Date"** means the Valuation Date, in the case of the Cash Settlement Amount, or in the case of the Early Settlement Amount, the day on which the Issuer gave notice of settlement, or if that day was not an Exchange Business Day on which there was no Market Disruption Event, the next succeeding Exchange Business Day on which there was no Market Disruption Event.

**"FII"** means a Foreign Institutional Investor pursuant to The Securities and Exchange Board of India (Foreign Institutional Investor) Regulations 1995.

**"FINI"** means a foreign institutional investor eligible under the securities laws of Taiwan to invest, *inter alia*, in equity securities listed on the Taiwan Stock Exchange Corporation or traded in the GreTai Securities Market.

**"Notional Holder"** means an institution subject to the same tax laws, securities laws, rules and regulations of any tax authorities, securities regulators, exchanges or self-regulating organisations as would apply to the Issuer or its Affiliate had they held the Underlying Securities or Relevant Hedge(s). In the case that the Underlying Security or Underlying Securities are (i) securities that are traded on the PRC securities market in CNY, (ii) Indian securities, or (iii) Taiwanese securities or (iv) Saudi Arabian securities, then such Notional Holder will additionally be deemed to be, respectively, (i) a QFII, (ii) a FII, (iii) a FINI or (iv) an Authorised Person (as defined by the Saudi Arabian Capital Markets Authority).

**"Number of Underlying Securities per Warrant"** shall mean the number of the relevant Underlying Security to which each Warrant relates as specified in the Final Terms.

**"Settlement Commission"** shall be defined as the equivalent amount, in the Specified Currency, of the Settlement Commission Percentage (as specified in the Final Terms) of the Gross Sale Amount.

**"Settlement Costs"** shall mean the greater of zero, and the Settlement Commission giving credit in respect of an amount which is the equivalent, in the Specified Currency, of the Transaction Costs.

**"Transaction Costs"** shall mean the value of the relevant Costs and Conversion Costs aggregated together.

(b) ***Additional Payments***

If during the period from and including the Issue Date to but including the Determination Date (the **"Relevant Period"**) any Underlying Security is marked on the relevant Exchange as ex-dividend or ex-distribution (the date on which it is so marked being the **"Mark Date"**), then, where in the determination of the Calculation Agent, such dividend or distribution is to be paid by the related Underlying Company, the Issuer shall make an additional payment per Warrant calculated as follows:

- (i) if the Calculation Agent determines that on the Business Day prior to the Mark Date the Issuer or an Affiliate held any of the relevant Underlying Securities, the Calculation Agent shall determine the net aggregate amount of the cash dividend or distribution which the Issuer or such Affiliate would have received in respect of such holding after deduction of Costs (the date on which it would have been received being the **"Receipt Date"**), and divide that net aggregate amount by the number of Underlying Securities so held to give a per Underlying Security amount (the **"Underlying Currency Amount"**); or
- (ii) if the Calculation Agent is satisfied that the Issuer or an Affiliate held Relevant Hedge(s) on the Business Day prior to the Mark Date, then the Calculation Agent shall determine the net aggregate amount of the cash dividend or distribution equivalent payment which the Issuer or such Affiliate would have received in respect of such Relevant Hedges(s) after deduction of Costs (the date on which it would have been received being the **"Receipt Date"**), and divide that net aggregate amount by the number of Underlying Securities to which such Relevant Hedge(s) relate to give a per Underlying Security amount (a **"Converted Amount"** if in the Specified Currency and otherwise an **"Underlying Currency Amount"**); and
- (iii) in all other cases, the net amount which, in the determination of the Calculation Agent, would have been receivable per Underlying Security by a Notional Holder which was a holder of one of the relevant Underlying Security on the Business Day prior to the Mark Date after deduction of Costs shall be the **"Underlying Currency Amount"**, and the date on which, in the determination of the Calculation Agent, such Notional Holder would have received the Underlying Currency Amount shall be the **"Receipt Date"**.

The cash value of any non-cash dividend or distribution shall be as determined by the Calculation Agent, save that:

- (1) where the Calculation Agent determines that the Issuer or an Affiliate held any of the relevant Underlying Securities on the Business Day prior to the Mark Date and that the Issuer or such Affiliate disposed of any relevant non-cash dividend or distribution received in respect of such Underlying Security for cash on the date it received the same, the Calculation Agent shall have regard to the value at which the Issuer or such Affiliate disposed of such relevant non-cash dividend or distribution in determining the cash value of the relevant additional payment; and
- (2) where the Calculation Agent determines that the Issuer or an Affiliate held any Relevant Hedge(s) on the Business Day prior to the Mark Date and that the Issuer or such Affiliate received, in respect of such Relevant Hedge(s), cash by way of adjustment or settlement of such non-cash dividend or distribution, the Calculation Agent shall have regard to such value received by the Issuer or such Affiliate in determining the cash value of the relevant additional payment.

The Receipt Date for this purpose shall be: (i) in the case of (1) above, the date on which the Issuer or such Affiliate received the cash disposal proceeds, (ii) in the case of (2)

above, the date on which the Issuer or such Affiliate received such a cash payment by way of such adjustment or settlement and, in any other case, the date on which a Notional Holder which received such relevant dividend or distribution and disposed of it immediately would have received the cash disposal proceeds, all as determined by the Calculation Agent (such cash value being a "**Converted Amount**" if in the Specified Currency and otherwise an "**Underlying Currency Amount**").

Any Underlying Currency Amount shall then be converted into the Specified Currency. If the Calculation Agent is satisfied that in relation to the Receipt Date the Issuer or an Affiliate in connection with the determination of the relevant additional payment actually entered into an exchange transaction to convert Underlying Currency into the Specified Currency, the rate of exchange for the purposes of such conversion shall be the rate actually obtained by the Issuer or such Affiliate, as determined by the Calculation Agent. In other cases, the rate of exchange shall be that determined by the Calculation Agent to be the rate at which a Notional Holder which received an Underlying Currency Amount on the Receipt Date would have been able to convert such Underlying Currency Amount into the Specified Currency. In each case the Calculation Agent shall deduct from the converted Specified Currency amount any Conversion Costs per Underlying Security. The resulting amount (the "**Converted Amount**") multiplied by the Number of Underlying Securities per Warrant shall be the amount of the additional payment (the "**Additional Payment**") per Warrant.

Any Additional Payments shall be payable by the Issuer as specified in the Final Terms but in any case not earlier than the third Relevant Financial Centre Day following (i) the day (determined by the Calculation Agent) on which the Issuer or its Affiliate would have received the Converted Amount in respect of an exchange transaction entered into in relation to the Receipt Date or, as the case may be, (ii) the day on which a Notional Holder entering into an exchange transaction in relation to the Receipt Date would have received the Converted Amount.

Any Additional Payments shall be payable, where the Warrants are held in a clearing system such as DTC, Euroclear and/or Clearstream, Luxembourg to the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg (as the case may be) as Warrantholders on the Business Day immediately preceding the Mark Date, and in any other case to the holders for the time being of the Warrants (irrespective of whether or not they were Warrantholders on the Business Day immediately preceding the Mark Date).

(c) ***Payment in respect of an Extraordinary Event or Conversion***

For the purposes of payments (if any) made pursuant to Condition 18(f)(ii) or Condition 18(f)(iii) (each an "**Event Payment**"):

- (i) if the Calculation Agent is satisfied that the Issuer or an Affiliate held any relevant Underlying Security on the Business Day immediately preceding the occurrence of the Extraordinary Event or Conversion (the "**Event Occurrence Date**"), the Calculation Agent shall determine the net cash value of any payment which the Issuer or such Affiliate actually received in respect of such holding after deduction of Costs (the date on which it would have received being the "**Event Receipt Date**") and divide that net cash value by the number of such Underlying Security so held by the Issuer or such Affiliate to give a per Underlying Security amount (the "**Event Receipt**"); or
- (ii) if the Calculation Agent is satisfied that the Issuer or an Affiliate held Relevant Hedge(s) on the Business Day prior to the Event Occurrence Date, then the Calculation Agent shall determine the net cash value of any payment which the Issuer or such Affiliate would have received in respect of such Relevant Hedges(s) after deduction of Costs (the date on which it would have been received being the "**Event Receipt Date**"), and divide that net cash value by the number of Underlying Securities to which such Relevant Hedge(s) relate to give a per Underlying Security amount (the "**Event Receipt**"); and

- (iii) in all other cases, the net cash value of the payment per Underlying Security which, in the determination of the Calculation Agent, would have been received by a Notional Holder which was a holder of such Underlying Security on the Business Day prior to the Event Occurrence Date after deduction of Costs shall be the "**Event Receipt**" and the date on which, in the determination of the Calculation Agent, such Notional Holder would have received the Event Receipt shall be the "**Event Receipt Date**").

Where the Event Receipt is in the same currency as the Specified Currency, the Event Receipt multiplied by the relevant Number of Underlying Securities per Warrant shall be the amount of the Event Payment per Warrant. Where this sub-paragraph applies, the Event Payment shall not be made sooner than the Event Receipt Date.

Where the Event Receipt is not in the same currency as the Specified Currency, it shall then be translated into the Specified Currency. If the Calculation Agent is satisfied that on the Event Receipt Date the Issuer or an Affiliate, in connection with the determination of the relevant Event Payment, actually entered into an exchange transaction to convert the relevant Underlying Currency into the Specified Currency, the rate of exchange for the purposes of such translation shall be the rate obtained by the Issuer or such Affiliate, as determined by the Calculation Agent. In other cases, the rate of exchange for such translation shall be that determined by the Calculation Agent to be the rate at which a Notional Holder which received the Event Receipt on the Event Receipt Date would have been able to convert the Event Receipt into the Specified Currency. In each case, the Calculation Agent shall deduct from the translated Specified Currency amount any Conversion Costs per Underlying Security. The resulting amount (the "**Converted Amount**") multiplied by the relevant Number of Underlying Securities per Warrant shall be the amount of the Event Payment per Warrant. Where this sub-paragraph applies, the Event Payment shall not be made sooner than the day on which the Issuer or an Affiliate actually received the Converted Amount in respect of an exchange transaction entered into in relation to the Event Receipt Date or on which a Notional Holder entering into an exchange transaction in relation to the Event Receipt Date would have received the Converted Amount as determined by the Calculation Agent.

Event Payments shall be payable, where the Warrants are held in a clearing system such as DTC, Euroclear and/or Clearstream, Luxembourg to the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the case may be, as Warrantholders on the Business Day immediately preceding the Event Occurrence Date, and in any other case to the holders for the time being of the Warrants (irrespective of whether or not they were Warrantholders on the Business Day immediately preceding the Event Occurrence Date).

(d) ***Dealing restrictions in relation to Underlying Securities and Currency Events***

Whenever any sum is due in respect of the Warrants, the Issuer shall be entitled to suspend its obligation to make such payment in respect of the Warrants if, and for as long as, in the determination of the Calculation Agent, (i) dealing by the Issuer, any Affiliate or Notional Holders generally in the relevant Underlying Security or Relevant Hedge(s) is or is likely to be prevented, delayed or restricted by closure of a relevant Exchange or Related Exchange, suspension of trading in such Underlying Security, Relevant Hedge(s) or other circumstances or (ii) a Currency Event has occurred. The Warrantholders shall not be entitled to any interest or other compensation in respect of any such suspension nor shall such a suspension constitute a default. The Issuer shall give notice to the Warrantholders as soon as practical of any such suspension and, subsequently, of the termination of any such suspension.

For the purposes hereof:

**"Currency Event"** means:

- (A) the occurrence of an event or a condition which, in the opinion of the Calculation Agent, on any day with respect to the Underlying Currency that has the effect of preventing, hindering, limiting or restricting (including, without limitation, by delays, increased costs or discriminatory rates of exchange) the Issuer or its Affiliates directly or indirectly from:
  - (i) converting the Underlying Currency into the Specified Currency through any customary legal channel;
  - (ii) converting the Underlying Currency into the Specified Currency at a rate at least as favourable as the rate for domestic institutions located in the Reference Jurisdiction;
  - (iii) delivering the Specified Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction;
  - (iv) delivering the Underlying Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction; or
  - (v) effectively realising the value of any underlying hedge in the Specified Currency at any time; or
- (B) the government of the Reference Jurisdiction imposes, or gives public notice of its intention to impose, any capital controls (including, without limitation, the imposition of an upper limit on the amount of assets denominated in the Underlying Currency in the Reference Jurisdiction which can be held by any party) which the Calculation Agent determines in good faith are likely to materially affect the ability of the Issuer or its Affiliates to hedge the Issuer's position under the Warrants or to unwind such hedge; or
- (C) the unavailability of the Specified Currency in any legal exchange market in the Reference Jurisdiction in accordance with normal commercial practice as determined by the Calculation Agent; and

**"Reference Jurisdiction"** means any jurisdiction in which a relevant Exchange is located.

(e) ***Hedging***

For the purposes of Condition 18(g)(iv), as amended by the Final Terms:

**"Hedging Disruption"** means that the Issuer or an Affiliate would be unable, after using commercially reasonable efforts, to conduct any Hedging (as defined below) or would suffer any material delay in conducting any Hedging.

**"Hedging"** means to:

- (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk (including, but not limited to, any currency risk) of entering into and performing its obligations with respect to these Warrants; or
- (ii) freely realise, recover, receive, repatriate, remit or transfer the proceeds of Hedge Positions or the relevant transaction between accounts within a relevant

jurisdiction of the Hedge Positions (an "**Affected Jurisdiction**") or from accounts within an Affected Jurisdiction to accounts outside of such Affected Jurisdiction; or

- (iii) without prejudice to (ii) above, transfer (A) amounts denominated in the Specified Currency from accounts within a relevant Underlying Country to accounts outside such Underlying Country, to other accounts within such Underlying Country or to the accounts of a non-resident of such Underlying Country or (B) amounts denominated in a relevant Underlying Currency from accounts within the related Underlying Country to other accounts within such Underlying Country, to accounts outside such Underlying Country or to the accounts of a non-resident of such Underlying Country; or
- (iv) without prejudice to (ii) and (iii) above, convert the Specified Currency into a relevant Underlying Currency or a relevant Underlying Currency into the Specified Currency.

**"Hedge Positions"** means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, funds, options, futures, other derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by the Issuer or an Affiliate in order to hedge, individually or on a portfolio basis, a Warrant.

(f) ***Miscellaneous***

- (i) Any person (the "**relevant person**") shall be treated as "**holding**" Underlying Securities where the relevant person is registered as registered owner of such Underlying Securities in the Underlying Company's share register or where the registered owner of such Underlying Securities in the Underlying Company's share register is a custodian or agent and directly or indirectly the person for whose account those Underlying Securities are held is the relevant person. The terms "**hold**" and "**holder**" shall, in the context of holding Underlying Securities, be construed accordingly.
- (ii) Where there is a dividend or distribution in respect of any Underlying Security or any disposal or transfer of Underlying Securities, the dividend distribution or proceeds of disposal or transfer shall not be treated as having been received by any person unless and until it or they have been paid or delivered to that person or to any bank, custodian or agent on behalf of that person in circumstances where that person may (i) (in the case of a payment denominated in a currency other than the Specified Currency) freely convert such payment into the Specified Currency and (ii) freely withdraw and transfer the payment (or, as the case may be, the Specified Currency conversion proceeds of such payment) or delivery.
- (iii) For purposes of Condition 18(g) and the relevant Final Terms, the following terms if specified as an Additional Disruption Event shall have the following meanings unless otherwise provided in the relevant Final Terms:

**"Currency Event"** has the meaning given to it in paragraph (d) above;

**"Security Redemption"** means any Underlying Security is early redeemed, terminated or cancelled, in whole or in part, on or prior to its stated maturity for whatever reason; and

**"Underlying Company Default"** means a default of the Underlying Company of its obligations under the Underlying Security.

19B. **Provisions relating to Market Access Warrants linked to a single Underlying Fund or a basket of Underlying Funds**

The provisions of this Condition 19B shall only apply in relation to Warrants which are specified in the Final Terms as being Market Access Warrants linked to one or more Underlying Funds.

(a) ***Cash Settlement Amount***

Unless previously settled and cancelled, and subject to the other Conditions of the Warrants, the Issuer shall settle each Warrant by paying on the later of the Settlement Date and the Cash Settlement Payment Date an amount per Warrant in the Specified Currency determined by the Calculation Agent to be equal to the aggregate of each Underlying Fund Value  $f_{\text{final}}$ .

For the purposes hereof:

"**Business Day**" has the meaning given to it in the relevant Final Terms;

"**Currency Business Day**" has the meaning given to it in the relevant Final Terms;

"**Exchange**" has the meaning given to it in the relevant Final Terms;

"**Exchange Business Day**" means any Scheduled Trading Day on which the Exchange is open for trading during its regular trading session, notwithstanding such Exchange closing prior to its Scheduled Closing Time;

"**Final Valuation Date**" means the last Business Day prior to the Settlement Date on which a Hypothetical Investor could have validly submitted a redemption application for value on the Settlement Date (the "**Scheduled Valuation Date**"), subject to postponement due to an Underlying Fund Disruption Event. If an Underlying Fund Disruption Event occurs on the Scheduled Valuation Date, then the Final Valuation Date shall be postponed until the earlier of (i) the second Business Day following the date on which the Calculation Agent determines an Underlying Fund Disruption Event is no longer subsisting, and (ii) the twentieth (20<sup>th</sup>) Business Day following the Scheduled Valuation Date. If the Final Valuation Date shall be such 20<sup>th</sup> Business Day, notwithstanding that an Underlying Fund Disruption Event has occurred or is continuing on such day, the Calculation Agent shall determine the Underlying Fund Value;

"**Fund Application Date**" means any day on which there is set a cut-off time for receiving applications for redemption in accordance with the Underlying Fund Terms and Conditions, subject to such day being an Exchange Business Day;

"**Hypothetical Investor**" means an institution subject to the same tax laws, securities laws, rules and regulations of any tax authorities, securities regulators, exchanges or self-regulating organisations as would apply to the Issuer or its Affiliate had they held the Underlying Fund(s).

"**Related Costs**" means, in connection with a Hypothetical Redemption and in each case as determined by the Calculation Agent, (i) all accrued management, load, administrative and other per Share fees, costs, expenses, levies, or adjustments; (ii) all taxes and duties which may be withheld or applied by the Underlying Fund (including any potential taxes and duties which the Calculation Agent considers may arise); and (iii) all other taxes and duties in respect of the Underlying Fund which would otherwise be required to be paid (including any potential taxes and duties which the Calculation Agent considers may arise).

Where in relation to the calculation of an Underlying Fund Value (A) the amount of the Related Costs or the basis on which they are to be determined is not confirmed before the applicable Valuation Date and/or is subject to change in the future (such amount of Related Costs, "**Unpaid Related Costs**"), and (B) the Unpaid Related Costs were not deducted from the calculation of the Underlying Fund Value, each Warrantholder will be required to pay to the Issuer an amount equal to such Unpaid Related Costs upon

notification from the Issuer. Any Warrantholder's obligation to pay such Unpaid Related Costs shall survive the expiration of the Warrants and any transfers made by any such Warrantholder prior to such date.

**"Settlement Commission"** means the equivalent amount, in the Specified Currency, of the Settlement Commission Percentage (as defined in the Final Terms) of the Cash Settlement Amount;

**"Scheduled Closing Time"** means the scheduled weekday closing time of the Exchange, without regard to after hours or any other trading outside of the regular session hours;

**"Scheduled Trading Day"** means any day on which the Exchange is scheduled to open for trading for its regular trading session;

**"Specified Currency Equivalent"** means, in respect of a Share of the Underlying Fund and an Underlying Currency price or amount, such Underlying Currency price or amount divided by the rate of exchange of the Underlying Currency for the Specified Currency (expressed as the number of Underlying Currency per Specified Currency) as (i) the offer rate of exchange (as aforesaid) as displayed on the Reuters Screen related to the relevant Underlying Currency at approximately 11:00 a.m. local time in London on the day two (2) Currency Business Days prior to the related Valuation Date, Determination Date or Fund Application Date (as applicable); except that the rate of exchange for determining the Underlying Fund Value<sub>final</sub>, shall be the relevant rate of exchange (as aforesaid) that the Calculation Agent shall determine would be available to the Issuer or its Affiliate in the market at the relevant time;

**"Share"** means, in relation to any Underlying Fund, a unit or share therein;

**"Underlying Currency"** means, in relation to an Underlying Fund, the currency specified as such for such Underlying Fund in the relevant Final Terms;

**"Underlying Fund"** has the meaning given to it in the relevant Final Terms.

The Issuer shall be under no obligation to make or hold, directly or indirectly, investments in the Underlying Fund. The Warrantholders will not hold any direct or indirect interest in the Underlying Fund as a result of being a Warrantholder;

**"Underlying Fund Value"** means for any Valuation Date an amount per Warrant as determined by the Calculation Agent as the net redemption proceeds per Share that would have been received as of such Valuation Date by a Hypothetical Investor in the Underlying Fund had such Hypothetical Investor provided a timely notice in accordance with the Underlying Fund Terms and Conditions to the Underlying Fund and any other party necessary to effect a redemption (or other disposition) of an investment in the Underlying Fund for such Valuation Date (such redemption, a **"Hypothetical Redemption"**) net of any Related Costs, such net redemption proceeds per Share being multiplied by the Number of Shares in Underlying Fund per Warrant;

**"Underlying Fund Value<sub>final</sub>"** means the Specified Currency Equivalent of the Underlying Fund Value on the applicable Fund Application Date relating to the Final Valuation Date, as determined by the Calculation Agent; and

**"Valuation Date"** has the meaning given to it in the relevant Final Terms.

(b) ***Early Settlement Amount and Early Settlement Date***

**"Early Settlement Amount"** means with respect to the Early Settlement Date, the amount payable on such designated Early Settlement Date which shall be based on the Settlement Currency Equivalent of the Underlying Fund Value determined by the Calculation Agent as of the designated Early Settlement Date.

**"Early Settlement Date"** means the date designated by the Issuer upon the occurrence of an Extraordinary Fund Event, Hedging Disruption Event, Merger Event or Potential



Adjustment Event and notified to the Warrantholders in accordance with Condition 10 (*Notices*) (such Early Settlement Date being subject to postponement as further described before).

(c) ***Effect of Extraordinary Fund Events, Hedging Disruption Event, Merger Events and Potential Adjustment Events***

The following provisions replace Conditions 18(f)(i) and (ii).

Upon the occurrence of an Extraordinary Fund Event, Hedging Disruption Event, Merger Event or Potential Adjustment Event, on the Valuation Date immediately following such occurrence:

- (i) with respect to a Merger Event where consideration for the Shares of the Underlying Fund consists solely of shares of a fund in which the Issuer or its Affiliate could invest (the "**New Shares**"), references to a Share of the related Underlying Fund shall be replaced by references to the number of New Shares to which a holder of a Share would be entitled upon consummation of the Merger Event and the New Shares and their issuer will be deemed to be the Shares and issuer of the Underlying Fund and, if necessary, the Calculation Agent will make adjustments to the Underlying Fund Value and/or any other terms of the Warrants in such manner as it considers appropriate;
- (ii) with respect to a Hedging Disruption Event or Merger Event where the consideration for the Shares consists of anything other than the consideration described in (a) above, the Issuer may declare an Early Settlement Date and, if so, the Warrantholders will receive the Early Settlement Amount (as computed under "*Early Settlement Amount*" above);
- (iii) with respect to a Potential Adjustment Event, the Calculation Agent may make such adjustment, if any, to the Underlying Fund Value, the notional number of Shares in the Underlying Fund and/or any other terms of the Warrants as the Calculation Agent determines appropriate and determine the effective times thereof; and
- (iv) with respect to the occurrence of an Extraordinary Fund Event the Calculation Agent may either (A) declare one or more Valuation Dates and designate an Early Settlement Date and the Warrantholders will receive the Early Settlement Amount (as computed under "*Early Settlement Amount*" above), or (B) make such adjustment, if any, to the Underlying Fund Value, the notional number of Shares in the Underlying Fund and/or any other terms of the Warrants as the Calculation Agent determines appropriate and determine the effective times thereof.

(d) ***Definitions***

"**Extraordinary Fund Event**" means with respect to the Underlying Fund, in the determination of the Calculation Agent, the occurrence or existence of any of the following on or prior to the Final Valuation Date:

- (i) any breach or violation of the provisions of the Underlying Fund's operating documents, including for the avoidance of doubt any strategy or investment guidelines, by the Underlying Fund and/or its manager or investment advisor that is reasonably likely to affect the value of the Underlying Fund;
- (ii) the non-execution or partial execution by the Underlying Fund for any reason of a subscription or redemption order in respect of any Shares in the Underlying Fund given by an Hypothetical Investor in the Underlying Fund, other than a partial execution or a delay in execution which the Calculation Agent considers to be in the usual course and except as provided in the Underlying Fund's operating documents;

- (iii) the Underlying Fund (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger), (B) makes a general assignment or arrangement with or for the benefit of its creditors, (C) (X) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (Y) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in Clause (X) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof, (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, (E) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter, or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (A) through (E) above;
- (iv) the administration agent, the investment adviser, manager or the custodian, as applicable, of the Underlying Fund ceases to act in its capacity as administrator or manager of or adviser or custodian of the Underlying Fund, as the case may be;
- (v) a material modification of the investment programme, investment objectives, investment policies, investment strategy, investment process or investment guidelines of the Underlying Fund;
- (vi) the failure by the Underlying Fund to comply with its reporting obligations (including, without limitation, the scheduled regular reporting of Share prices or the estimated net asset value of the Underlying Fund, scheduled regular statements thereof, return numbers and composition of the Underlying Fund and the allocation of capital for the Underlying Fund) in accordance with the Underlying Fund's operating documents;
- (vii) a material modification (other than any modifications referred to in (v) above) of the Underlying Fund (including but not limited to a modification of the Underlying Fund's operating documents or the articles of association or other constitutional documents of the Underlying Fund) or the occurrence of a change or any event materially affecting the Underlying Fund (including, but not limited to, the interruption, breakdown or suspension of the calculation of the net asset value of the Underlying Fund unless such interruption, breakdown or suspension is cured within two Business Days);
- (viii) a material modification of the type of assets in which the relevant Underlying Fund invests or the trading practices of the Underlying Fund (including but not limited to a material deviation from the investment policy and investment objectives set out in the Underlying Fund's operating documents) which, in the determination of the Calculation Agent, has or is likely to have a material effect

on any Hedging entered into by the Issuer or its Affiliates in respect of the Warrants;

- (ix) (A) the suspension of redemptions of Shares in the Underlying Fund or (B) the Underlying Fund repurchases or compulsorily redeems any Shares in the Underlying Fund or (C) the Underlying Fund imposes any restriction, charge or fee in respect of a redemption or issue of Shares in the Underlying Fund (other than any restriction, charge or fee in existence as at the Trade Date)
- (x) (A) cancellation, suspension or revocation of the registration or approval of the Shares or the Underlying Fund by any governmental, legal or regulatory entity with authority over the Shares or the Underlying Fund or (B) any change in the legal, tax, accounting or regulatory treatments of the Underlying Fund or the investment adviser or manager that is reasonably likely to have an adverse impact on the value of the Shares or on any investor therein (as determined by the Calculation Agent);
- (xi) the Underlying Fund or its investment adviser or manager has its authorisation or registration cancelled by any applicable regulatory authority;
- (xii) the Underlying Fund or the investment adviser, manager or the administration agent of the Underlying Fund (A) becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the Underlying Fund, investment adviser or administration agent, (B) commits an act which constitutes fraud or criminal activity in the performance of its obligations in respect of the Underlying Fund; (C) makes any material misrepresentation under any document in respect of the relevant Underlying Fund or (D) announces its intention to cease the business of investment management; or
- (xiii) all the Shares or all or substantially all the assets of the Underlying Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**"Hedging Disruption Events"** means the Calculation Agent determines that any arrangements made to hedge the Issuer's or its Affiliate's obligations under the Warrants have or will (i) become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any government, administrative, legislative or judicial authority or power (a "**Law**"), or in the interpretation of a Law or (ii) be materially adversely affected by the introduction of or any change in (or in the interpretation, administration or application of) any Law (including, for the avoidance of doubt, a reduction in the rate of return, an additional or increased cost or the imposition of any taxes, duties, assessments or government charges of whatever nature). The Issuer or its Affiliate is under no obligation vis-à-vis Warrantholders to hedge its obligations under the Warrants or, if it does hedge, to hedge in any particular way.

**"Merger Event"** means, in respect of the Shares of the Underlying Fund, the occurrence on or prior to the Final Valuation Date of any (a) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding, (b) consolidation, amalgamation or merger of the issuer of the Underlying Fund with or into another entity (other than consolidation, amalgamation or merger in which such issuer is the continuing entity and which does not result in any such reclassification or change of all of such Shares outstanding) or (c) other takeover offer for such Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by the offeror).

**"Potential Adjustment Event"** means, in relation to the Underlying Fund the occurrence at any time on or prior to the Final Valuation Date of:

- (i) a subdivision, reclassification, reorganisation, consolidation, increase, reduction by cancellation of the Shares of the Underlying Fund (other than that constituting a Merger Event), or, a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution or dividend to existing holders of the such Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of such Shares equally or proportionately with such payments to holders of such Shares, or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend;
- (iv) a repurchase by the issuer of such Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (v) any other event that may have a diluting or concentrative effect on the theoretical value of the Shares of the Underlying Fund.

**"Underlying Fund Disruption Event"** means in respect of a Share in the Underlying Fund on any day (i) the occurrence or continuation of a postponement of the date as of which the Underlying Fund is scheduled, according to the documentation governing the Underlying Fund, to determine the price per Share or net asset value of the Underlying Fund for the purposes of calculating the redemption proceeds to be paid to an investor that has submitted a timely and valid notice for redemption, or (ii) the occurrence or continuation of a postponement of the reporting by the Underlying Fund to its investors or, if applicable, the publishing by the Underlying Fund or the relevant publishing service, in each case of the price per Share or net asset value of the Underlying Fund and/or (iii) the occurrence or continuation of a postponement in the payment of the redemption proceeds relating to Shares of the Underlying Fund.

(e) ***Dealing restrictions in relation to Underlying Funds and Currency Events***

Whenever any sum is due in respect of the Warrants (whether upon early settlement or upon final settlement or otherwise), the Issuer shall be entitled to suspend its obligation to make such payment in respect of the Warrants if, and for as long as, in the determination of the Calculation Agent, (i) dealing by the Issuer, any Affiliate or Hypothetical Investors generally in the Shares of the relevant Underlying Fund is or is likely to be prevented, delayed or restricted for any reason or (ii) a Currency Event has occurred. The Warrantholders shall not be entitled to any interest or other compensation in respect of any such suspension nor shall such a suspension constitute a default. The Issuer shall give notice to the Warrantholders as soon as practical of any such suspension and, subsequently, of the termination of any such suspension.

For the purposes hereof:

- (A) the occurrence of an event or a condition which, in the opinion of the Calculation Agent, on any day with respect to the Underlying Currency that has the effect of preventing, hindering, limiting or restricting (including, without limitation, by delays, increased costs or discriminatory rates of exchange) the Issuer or its Affiliates directly or indirectly from:
  - (i) converting the Underlying Currency into the Specified Currency through any customary legal channel;

- (ii) converting the Underlying Currency into the Specified Currency at a rate at least as favourable as the rate for domestic institutions located in the Reference Jurisdiction;
  - (iii) delivering the Specified Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction;
  - (iv) delivering the Underlying Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction; or
  - (v) effectively realising the value of any underlying hedge in the Specified Currency at any time; or
- (B) the government of the Reference Jurisdiction imposes, or gives public notice of its intention to impose, any capital controls (including, without limitation, the imposition of an upper limit on the amount of assets denominated in the Underlying Currency in the Reference Jurisdiction which can be held by any party) which the Calculation Agent determines in good faith are likely to materially affect the ability of the Issuer or its Affiliates to hedge the Issuer's position under the Warrants or to unwind such hedge; or
- (C) the unavailability of the Specified Currency in any legal exchange market in the Reference Jurisdiction in accordance with normal commercial practice as determined by the Calculation Agent; and

**"Reference Jurisdiction"** means any jurisdiction in which a relevant Exchange is located.

(f) ***Hedging***

For the purposes of Condition 18(g)(iv), as amended by the Final Terms:

**"Hedging Disruption"** means that the Issuer or an Affiliate would be unable, after using commercially reasonable efforts, to conduct any Hedging (as defined below) or would suffer any material delay in conducting any Hedging.

**"Hedging"** means to:

- (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk (including, but not limited to, any currency risk) of entering into and performing its obligations with respect to these Warrants; or
- (ii) freely realise, recover, receive, repatriate, remit or transfer the proceeds of Hedge Positions or the relevant transaction between accounts within a relevant jurisdiction of the Hedge Positions (an **"Affected Jurisdiction"**) or from accounts within an Affected Jurisdiction to accounts outside of such Affected Jurisdiction; or
- (iii) without prejudice to (ii) above, transfer (A) amounts denominated in the Specified Currency from accounts within a relevant Underlying Country to accounts outside such Underlying Country, to other accounts within such Underlying Country or to the accounts of a non-resident of such Underlying Country or (B) amounts denominated in a relevant Underlying Currency from accounts within the related Underlying Country to other accounts within such Underlying Country, to accounts outside such Underlying Country or to the accounts of a non-resident of such Underlying Country; or

- (iv) without prejudice to (ii) and (iii) above, convert the Specified Currency into a relevant Underlying Currency or a relevant Underlying Currency into the Specified Currency.

**"Hedge Positions"** means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, funds, options, futures, other derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by the Issuer or an Affiliate in order to hedge, individually or on a portfolio basis, a Warrant.

(g) **Miscellaneous**

- (i) Any person (the "**relevant person**") shall be treated as "**holding**" Shares in an Underlying Fund where the relevant person is registered as registered owner of such Shares in the Underlying Fund's register or where the registered owner of such Shares in the Underlying Fund's register is a custodian or agent and directly or indirectly the person for whose account those Shares are held is the relevant person. The terms "**hold**" and "**holder**" shall, in the context of holding Shares in an Underlying Fund, be construed accordingly.
- (ii) Where there is a dividend or distribution in respect of any Underlying Fund or any disposal or transfer of Shares in an Underlying Fund, the dividend distribution or proceeds of disposal or transfer shall not be treated as having been received by any person unless and until it or they have been paid or delivered to that person or to any bank, custodian or agent on behalf of that person in circumstances where that person may (i) (in the case of a payment denominated in a currency other than the Specified Currency) freely convert such payment into the Specified Currency and (ii) freely withdraw and transfer the payment (or, as the case may be, the Specified Currency conversion proceeds of such payment) or delivery.

19C. **Provisions relating to Market Access Warrants linked to a single Underlying ETF or a basket of Underlying ETFs**

The provisions of this Condition 19C shall only apply in relation to Warrants which are specified in the Final Terms as being Market Access Warrants linked to one or more Underlying ETFs.

(a) **Cash Settlement Amount**

The Cash Settlement Amount in respect of each Warrant shall be paid on the Cash Settlement Payment Date and shall be an amount in the Specified Currency determined by the Calculation Agent to be equal to the Realisable Sale Price.

"**Realisable Sale Price**" is an amount per Warrant calculated as follows:

- (i) The Calculation Agent shall determine the Aggregate Sale Amount(s) in respect of each Underlying ETF as follows:
  - (a) if the Calculation Agent is satisfied that the Issuer, or any relevant affiliate of the Issuer (an "**Affiliate**") held a number of Shares in such Underlying ETF ("**X**", being equal to the total number of Shares in such Underlying ETF to which the Warrants relate) on the Determination Date and that on and from the Determination Date the Issuer or such Affiliate has in good faith in relation to the settlement of these Warrants disposed or otherwise realised X of the Shares in such Underlying ETF through the Exchange or otherwise (in the Issuer's or such Affiliate's absolute discretion), then the "**Aggregate Sale Amount**" shall be the aggregate amount at which the Issuer or such Affiliate effects the disposal or realisation of that number of Shares in such Underlying ETF ("**Gross Sale Amount**"), less any Costs incurred in connection with such disposal or realisation; or
  - (b) if the Calculation Agent is satisfied that the Issuer or an Affiliate held Shares in such Underlying ETF on the Determination Date and that on and from the Determination Date the Issuer or such Affiliate has in good faith disposed of or otherwise realised the value of a number ("**Y**") (where Y is less than X) of Shares in such Underlying ETF through the Exchange or otherwise (in the Issuer's or such Affiliate's absolute discretion), the Calculation Agent shall:

- (A) determine the average price per Share in the Underlying ETF ("**M**") at which the Issuer or such Affiliate effected the disposal or realisation of Y of the Shares in such Underlying ETF (such average price M multiplied by X being the "**Gross Sale Amount**"), and
  - (B) deduct any Costs per Share in the Underlying ETF from M (the resulting figure being "**N**"), and
  - (C) multiply N by X (the resulting figure being the "**Aggregate Sale Price**"); or
- (c) if the Calculation Agent is satisfied that the Issuer or an Affiliate acting reasonably held any other relevant instrument(s) or had entered into any other relevant arrangements relating to or referencing the Underlying ETF, in each case for the purposes of hedging, funding or otherwise performing the Issuer's obligations in respect of the Warrants (each a "**Relevant Hedge**") on the Determination Date and that on and from the Determination Date the Issuer or such Affiliate has in good faith in relation to the settlement of these Warrants disposed of, unwound or otherwise realised or closed out part or all of such Relevant Hedge(s) through an Exchange or otherwise (in the Issuer's or such Affiliate's absolute discretion), then the Calculation Agent shall determine the average reference net price per Share in the Underlying ETF ("**N**") at, or in relation to, which the Relevant Hedge(s) were disposed of, unwound or otherwise realised or closed out by the Issuer or such Affiliate after deducting any Costs per Share in the Underlying ETF incurred in connection with such disposal, unwind, realisation or closeout, with such average reference net price N multiplied by X being the "**Aggregate Sale Amount**"; and
- (d) in all other cases, the "**Aggregate Sale Amount**" shall be the aggregate amount, as determined by the Calculation Agent, at which a Notional Holder of X Shares in such Underlying ETF on the Determination Date would have on and from the Determination Date been able to dispose of such Shares in the Underlying ETF through any applicable Exchange (in the Calculation Agent's absolute discretion) (the "**Gross Sale Amount**"), less any Costs which, in the determination of the Calculation Agent would have been incurred in effecting such disposal; and
- (e) any such disposal, realisation, unwind or closeout effected by the Issuer or an Affiliate (and the disposal that for the purposes of sub-paragraph (4) above the Calculation Agent determines a Notional Holder would have been able to effect) may be effected in one lot of the Shares in the Underlying ETF or divided up into smaller lots whose disposal is effected over a number of days. The Calculation Agent shall also determine (i) in the case where the Issuer or an Affiliate disposes or realises the value of any such Shares in such Underlying ETF, the date on which the Issuer or such Affiliate received the related aggregate amount in respect of them or (ii) the date on which an unwind or closeout of the Relevant Hedge(s) was effective and (iii) in other cases, the date on which a Notional Holder could reasonably be expected to have completed such disposals and received the aggregate amount (which date not be earlier than the date on which the Issuer or an Affiliate received the aggregate amount in respect of any of such Shares in such Underlying ETF which it did so dispose of or otherwise realise) (in each case, such date being the "**ASA Receipt Date**").



- (ii) The Aggregate Sale Amount received or deemed received shall then be translated into the Specified Currency as follows:
- (a) if the Calculation Agent is satisfied that in relation to the ASA Receipt Date the Issuer or an Affiliate in respect of the settlement of these Warrants, actually entered into an exchange transaction to convert the relevant Underlying Currency into the Specified Currency, the rate of exchange for the purposes of such translation, as determined by the Calculation Agent, shall be the rate obtained by the Issuer or such Affiliate, adjusted to take into account the effect of any non-deliverable forward transaction ("**NDF transaction**") if such is entered into by the Issuer or such Affiliate in relation to the ASA Receipt Date in respect of the Aggregate Sale Amount; or
  - (b) if the Calculation Agent determines that Relevant Hedge(s) are denominated in the Specified Currency, then the rate of exchange for the purpose of such translation shall be that rate implicit in the determination of the final value under such Relevant Hedge(s); or
  - (c) in other cases, the rate of exchange for such translation shall be that determined by the Calculation Agent to be the rate at which a Notional Holder which received the Aggregate Sale Amount on the ASA Receipt Date would have been able to convert the Aggregate Sale Amount into the Specified Currency, taking into account the effect of any NDF transaction that such Notional Holder would have entered, or would have been able to enter, into in respect of the Aggregate Sale Amount in relation to the ASA Receipt Date; and
  - (d) in each case, the Calculation Agent shall deduct from the translated Specified Currency amount any Conversion Costs. The sum of the resulting amount(s) (each a "**Converted ASA**") less applicable Redemption Costs divided by the associated X and then multiplied by the relevant Number of Underlying ETFs per Warrant shall be the contribution to the Realisable Sale Price for such Underlying ETF.

The Realisable Sale Price shall be payable by the Issuer on the later of the Maturity Date and the day (the "**Cash Settlement Payment Date**") which is the third Relevant Financial Centre Day following (i) the day (determined by the Calculation Agent) on which the Issuer or an Affiliate received the Converted ASA in respect of an exchange transaction entered into in relation to the ASA Receipt Date or, as the case may be, (ii) the day on which a Notional Holder entering into an exchange transaction in relation to the ASA Receipt Date would have received the Converted ASA and, in each case, the effective translation rate including Conversion Costs being the "**Effective FX Rate**".

- (iii) For the purposes of this Condition 19C:

"**Conversion Costs**" shall mean the costs of conversion for the purposes of converting an Aggregate Sale Amount into a Converted ASA and an Underlying Currency Amount (as defined in paragraph (b) (*Additional Payments*) below) or Event Receipt (as defined in paragraph (c) (*Payment in respect of an Extraordinary ETF Event, Hedging Disruption Event, Merger Event, or Potential Adjustment Event*) below) into a Converted Amount respectively, the amount being determined by the Calculation Agent by reference to actual costs incurred by the Issuer or an Affiliate or, as the case may be, the costs which, in the determination of the Calculation Agent, would have been incurred by a Notional Holder.

"**Costs**" shall mean all costs, expenses, fees and levies taken into account in determining an Aggregate Sale Amount, an Underlying Currency Amount or an Event Payment (as appropriate) including, without limitation, all brokers' fees,

bank and custody charges, transaction processing fees and expenses, any redemption fees or management charges and all taxes (including potential taxes which the Calculation Agent considers may arise) and other duties in respect of the relevant Underlying ETF or the securities constituting the Underlying ETF whether such Costs are or would be withheld at source or would otherwise be required to be paid, all as determined by the Calculation Agent.

Where (i) the amount of Costs or the basis on which it is to be determined is not confirmed before the applicable Determination Date and/or is subject to change in the future (such amount of Costs being "**Unpaid Costs**") and (ii) the Unpaid Costs were not deducted from the calculation of the Realisable Sale Price, each Warrantholder will be required to pay to the Issuer an amount equal to such Unpaid Costs upon notification from the Issuer. Any Warrantholder's obligation to pay such Unpaid Costs shall survive the expiration of the Warrants and any transfers made by any such Warrantholder prior to such date.

*In relation to Warrants in respect of PRC securities markets only:*

As referred to above, "all taxes" shall include potential taxes which the Calculation Agent considers may arise and "other duties" shall include, without limitation, any capital gains tax such as PRC Capital Gains Tax and, in all cases, including any interest thereon levied by the applicable PRC tax authorities, all as determined by the Calculation Agent.

Where the amount of Costs (including, without limitation, PRC Capital Gains Tax) or the basis on which it is to be determined is not definitely known (each a "**tax uncertainty**" and together "**tax uncertainties**"), the Issuer may use the same basis for calculation of such amount as it would use in respect of a holding, purchase or, as applicable, sale of the Shares of the Underlying ETF or the securities constituting the Underlying ETF either (a) for itself as beneficial owner, (b) for a Notional Holder as beneficial owner, or (c) for the Warrantholder as beneficial owner, as appropriately determined by the Calculation Agent (**provided that** the rate in respect of PRC Capital Gains Tax shall be the Fixed CGT Rate) until the applicable Tax Certainty Date.

In addition (and notwithstanding the provisions relating to PRC Capital Gains Tax stated above), once the relevant tax uncertainties are clarified so as to remove the relevant tax uncertainties, (1) where the amount of tax which has actually been deducted ("**Tax Deducted**") is greater than the amount of tax properly payable (the amount of the excess, the "**Excess Deduction**"), the Issuer will pay to the Warrantholder an amount in the Specified Currency (converted at the Effective FX Rate at the time the relevant determination of the Excess Deduction is made) equal to the Excess Deduction, or (2) where the Tax Deducted is less than the amount of tax properly payable (the amount of the excess, the "**Deduction Shortfall**"), the Warrantholder will pay to the Issuer an amount in the Specified Currency (converted at the Effective FX Rate at the time the relevant determination of the Deduction Shortfall is made) equal to the Deduction Shortfall. In either case, the relevant amount (the "**Tax Equalisation Payment**") will be (x) conclusively determined as soon as reasonably practicable on or after the Tax Certainty Date by the Calculation Agent and notified as soon as practicable after such determination to Warrantholders (such notification date, the "**Tax Equalisation Payment Notification Date**"), and (y) (where the Tax Certainty Date falls on or before the latest ASA Receipt Date) payable on the Settlement Date applicable to any settlement of Warrants on the Settlement Date, or (where the Tax Certainty Date falls after the latest ASA Receipt Date but before the Tax Equalisation Long-stop Date) payable on the date notified to Warrantholders as the applicable payment date by the Issuer, being no less than two Business Days after the Tax Equalisation Payment Notification Date (such payment date, the "**Tax Equalisation Payment Date**"). The obligation to pay any Excess Deduction or Deduction Shortfall shall survive

the maturity of the Warrants and any transfers of Warrants made by any Warrantholder prior thereto.

"**CNY**" means the lawful currency of the PRC.

"**PRC**" means, solely for the purpose stated herein, the People's Republic of China excluding the Hong Kong and Macau Special Administrative Regions of the People's Republic of China and Taiwan.

"**PRC Capital Gains Tax**" means, unless and until definitively stated by any applicable PRC tax authorities (as determined by the Calculation Agent in its sole and absolute discretion), 10 per cent. (such rate, the "**Fixed CGT Rate**") of the excess (if any) of (a) the Realisable Sale Price (without deduction of Costs) over (b) Relevant Reference Price, and if (and once) so definitively stated, the capital gains tax properly applicable as so stated.

"**QFII**" means a Qualified Foreign Institutional Investor pursuant to the Measures for the Administration of Securities Investments by Qualified Foreign Institutional Investors, which were jointly promulgated by the China Securities Regulatory Commission, the People's Bank of China and The State Administration of Foreign Exchange on 24 August 2006, and which became effective on 1 September 2006.

"**Relevant Reference Price**" means the CNY equivalent of the purchase price (excluding commission charged by the Issuer or its Affiliate) of one Warrant at the time a Warrantholder purchased the Warrants.

"**Tax Certainty Date**" means, in respect of any tax uncertainty, the date on which the Calculation Agent becomes aware of the clarification by the applicable tax authorities so as to remove the relevant uncertainty or, if later, the Tax Clarification Effective Date.

"**Tax Clarification Effective Date**" means the first date on which the relevant clarified tax position becomes effective (and where the clarified tax position becomes effective with retrospective effect on a certain date or affecting a certain payment, the Tax Clarification Effective Date will be that certain date or the date of that certain payment), all as determined by the Calculation Agent.

**Warrantholders should note that if the PRC taxing authorities clarify the PRC Capital Gains Tax rate after the Cash Settlement Amount has been paid and such rate properly applied is different from the Fixed CGT Rate, either the Issuer or the Warrantholder as the case may be) will have an obligation to pay the Excess Deduction or Deduction Shortfall (as the case may be).**

*The following applies to all Warrants:*

"**Determination Date**" means the Valuation Date, in the case of the Cash Settlement Amount, or in the case of the Early Settlement Amount, the day on which the Issuer gave notice of settlement, or if that day was not an Exchange Business Day on which there was no Market Disruption Event, the next succeeding Exchange Business Day on which there was no Market Disruption Event).

"**FII**" means a Foreign Institutional Investor pursuant to The Securities and Exchange Board of India (Foreign Institutional Investor) Regulations 1995.

"**FINI**" means a foreign institutional investor eligible under the securities laws of Taiwan to invest, *inter alia*, in equity securities listed on the Taiwan Stock Exchange Corporation or traded in the GreTai Securities Market.

**"Notional Holder"** means an institution subject to the same tax laws, securities laws, rules and regulations of any tax authorities, securities regulators, exchanges or self-regulating organisations as would apply to the Issuer or its Affiliate had they held Shares in the Underlying ETFs or Relevant Hedge(s). In the case that the Shares in the Underlying ETF or Underlying ETFs are (i) securities that are traded on the PRC securities market in CNY, (ii) Indian securities, or (iii) Taiwanese securities or (iv) Saudi Arabian securities, then such Notional Holder will additionally be deemed to be, respectively, (i) a QFII, (ii) a FII, (iii) a FINI or (iv) an Authorised Person (as defined by the Saudi Arabian Capital Markets Authority).

**"Number of Underlying ETFs per Warrant"** shall mean the number of Shares in the relevant Underlying ETF to which each Warrant relates as specified in the Final Terms.

**"Settlement Commission"** shall be defined as the equivalent amount, in the Specified Currency, of the Settlement Commission Percentage (as specified in the Final Terms) of the Gross Sale Amount.

**"Settlement Costs"** shall mean the greater of zero, and the Settlement Commission giving credit in respect of an amount which is the equivalent, in the Specified Currency, of the Transaction Costs.

**"Share"** means, in relation to any Underlying ETF, a unit or share therein.

**"Transaction Costs"** shall mean the value of the relevant Costs and Conversion Costs aggregated together.

(b) ***Additional Payments***

If during the period from and including the Issue Date to but including the Determination Date (the **"Relevant Period"**) any Shares in an Underlying ETF are marked on the relevant Exchange as ex-dividend or ex-distribution (the date on which it is so marked being the **"Mark Date"**), then, where in the determination of the Calculation Agent, such dividend or distribution is to be paid by the related Underlying ETF, the Issuer shall make an additional payment per Warrant calculated as follows:

- (i) if the Calculation Agent determines that on the Business Day prior to the Mark Date the Issuer or an Affiliate held any Shares in the relevant Underlying ETFs, the Calculation Agent shall determine the net aggregate amount of the cash dividend or distribution which the Issuer or such Affiliate would have received in respect of such holding after deduction of Costs (the date on which it would have been received being the **"Receipt Date"**), and divide that net aggregate amount by the number of Shares in the Underlying ETFs so held to give a per Share in the Underlying ETF amount (the **"Underlying Currency Amount"**); or
- (ii) if the Calculation Agent is satisfied that the Issuer or an Affiliate held Relevant Hedge(s) on the Business Day prior to the Mark Date, then the Calculation Agent shall determine the net aggregate amount of the cash dividend or distribution equivalent payment which the Issuer or such Affiliate would have received in respect of such Relevant Hedges(s) after deduction of Costs (the date on which it would have been received being the **"Receipt Date"**), and divide that net aggregate amount by the number of Shares of the Underlying ETFs to which such Relevant Hedge(s) relate to give a per Share in the Underlying ETF amount (a **"Converted Amount"** if in the Specified Currency and otherwise an **"Underlying Currency Amount"**); and
- (iii) in all other cases, the net amount which, in the determination of the Calculation Agent, would have been receivable per Share in the Underlying ETF by a Notional Holder which was a holder of one of the relevant Shares in the

Underlying ETF on the Business Day prior to the Mark Date after deduction of Costs shall be the "**Underlying Currency Amount**", and the date on which, in the determination of the Calculation Agent, such Notional Holder would have received the Underlying Currency Amount shall be the "**Receipt Date**".

The cash value of any non-cash dividend or distribution shall be as determined by the Calculation Agent, save that:

- (1) where the Calculation Agent determines that the Issuer or an Affiliate held any of the Shares in the relevant Underlying ETF on the Business Day prior to the Mark Date and that the Issuer or such Affiliate disposed of any relevant non-cash dividend or distribution received in respect of such Shares in the Underlying ETF for cash on the date it received the same, the Calculation Agent shall have regard to the value at which the Issuer or such Affiliate disposed of such relevant non-cash dividend or distribution in determining the cash value of the relevant additional payment; and
- (2) where the Calculation Agent determines that the Issuer or an Affiliate held any Relevant Hedge(s) on the Business Day prior to the Mark Date and that the Issuer or such Affiliate received, in respect of such Relevant Hedge(s), cash by way of adjustment or settlement of such non-cash dividend or distribution, the Calculation Agent shall have regard to such value received by the Issuer or such Affiliate in determining the cash value of the relevant additional payment.

The Receipt Date for this purpose shall be: (i) in the case of (1) above, the date on which the Issuer or such Affiliate received the cash disposal proceeds, (ii) in the case of (2) above, the date on which the Issuer or such Affiliate received such a cash payment by way of such adjustment or settlement and, in any other case, the date on which a Notional Holder which received such relevant non-cash dividend or distribution and disposed of it immediately would have received the cash disposal proceeds, all as determined by the Calculation Agent (such cash value being a "**Converted Amount**" if in the Specified Currency and otherwise an "**Underlying Currency Amount**").

Any Underlying Currency Amount shall then be converted into the Specified Currency. If the Calculation Agent is satisfied that in relation to the Receipt Date the Issuer or an Affiliate in connection with the determination of the relevant additional payment actually entered into an exchange transaction to convert Underlying Currency into the Specified Currency, the rate of exchange for the purposes of such conversion shall be the rate actually obtained by the Issuer or such Affiliate, as determined by the Calculation Agent. In other cases, the rate of exchange shall be that determined by the Calculation Agent to be the rate at which a Notional Holder which received an Underlying Currency Amount on the Receipt Date would have been able to convert such Underlying Currency Amount into the Specified Currency. In each case the Calculation Agent shall deduct from the converted Specified Currency amount any Conversion Costs per Share in the Underlying ETF. The resulting amount (the "**Converted Amount**") multiplied by the Number of Underlying ETFs per Warrant shall be the amount of the additional payment (the "**Additional Payment**") per Warrant.

Any Additional Payments shall be payable by the Issuer as specified in the Final Terms but in any case no earlier than the third Relevant Financial Centre Day following (i) the day (determined by the Calculation Agent) on which the Issuer or its Affiliate would have received the Converted Amount in respect of an exchange transaction entered into in relation to the Receipt Date or, as the case may be, (ii) the day on which a Notional Holder entering into an exchange transaction in relation to the Receipt Date would have received the Converted Amount.

Any Additional Payments shall be payable, where the Warrants are held in a clearing system such as DTC, Euroclear and/or Clearstream, Luxembourg to the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg (as the case may be) as Warrantholders on the Business Day immediately preceding the Mark Date, and in any other case to the holders for the time being of the Warrants (irrespective of whether or

not they were Warrantholders on the Business Day immediately preceding the Mark Date).

(c) ***Early Settlement Amount and Early Settlement Date***

**"Early Settlement Amount"** means with respect to the Early Settlement Date, the amount payable on such designated Early Settlement Date which shall be based on the Settlement Currency Equivalent of the Realisable Sale Price determined by the Calculation Agent as of the designated Early Settlement Date.

**"Early Settlement Date"** means the date designated by the Issuer upon the occurrence of an Extraordinary Fund Event, Hedging Disruption Event, Merger Event or Potential Adjustment Event and notified to the Warrantholders in accordance with Condition 10 (*Notices*) (such Early Settlement Date being subject to postponement as further described before).

(d) ***Payment in respect of Extraordinary Fund Event, Hedging Disruption Event, Merger Event or Potential Adjustment Event***

Upon the occurrence of an Extraordinary ETF Event, Hedging Disruption Event, Merger Event or Potential Adjustment Event, on the Business Day immediately following such occurrence:

- (i) with respect to a Merger Event where consideration for the Shares of the Underlying ETF consists solely of shares in which the Issuer could invest (the **"New Shares"**), references to a Share of the related Underlying ETF shall be replaced by references to the number of New Shares to which a holder of a Share of the Underlying ETF would be entitled upon consummation of the Merger Event and the New Shares and their issuer will be deemed to be the Shares and issuer of the Underlying ETF and, if necessary, the Calculation Agent will make adjustments to the Underlying ETF Value and/or any other terms of the Warrants in such manner as it considers appropriate;
- (ii) with respect to a Hedging Disruption Event or Merger Event where the consideration for the Shares of the Underlying ETF consists of anything other than the consideration described in (a) above, the Issuer may declare an Early Settlement Date and, if so, the Warrantholders will receive the Early Settlement Amount (as computed under *"Early Settlement Amount"* above);
- (iii) with respect to a Potential Adjustment Event, the Calculation Agent may make such adjustment, if any, to the Underlying ETF Value, the notional number of Shares in the Underlying ETF and/or any other terms of the Warrants as the Calculation Agent determines appropriate and determine the effective times thereof; and
- (iv) with respect to the occurrence of an Extraordinary ETF Event the Calculation Agent may either (a) declare one or more Valuation Dates and designate an Early Settlement Date and the Warrantholders will receive the Early Settlement Amount (as computed under *"Early Settlement Amount"* above), or (b) make such adjustment, if any, to the Underlying ETF Value, the notional number of Shares in the Underlying ETF and/or any other terms of the Warrants as the Calculation Agent determines appropriate and determine the effective times thereof.

For the purposes hereof:

**"Extraordinary ETF Event"** means with respect to the Underlying ETF, in the determination of the Calculation Agent, the occurrence or existence of any of the following on or prior to the Final Valuation Date:

- (i) any breach or violation of the provisions of the Underlying ETF's operating documents, including for the avoidance of doubt any strategy or investment

guidelines, by the Underlying ETF and/or its manager or investment adviser that is reasonably likely to affect the value of the Shares in the Underlying ETF;

- (ii) the non-execution or partial execution by the Underlying ETF for any reason of a subscription or redemption order in respect of any Shares in the Underlying ETF given by a Notional Holder in the Underlying ETF, other than a partial execution or a delay in execution which the Calculation Agent considers to be in the usual course and except as provided in the Underlying ETF's operating documents;
- (iii) that the Underlying ETF (1) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger), (2) makes a general assignment or arrangement with or for the benefit of its creditors, (3) (A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof, (4) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets, (5) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter, or (6) causes or is subject to any event with respect to which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) through (5) above;
- (iv) the administration agent, the investment adviser, manager or the custodian, as applicable, of the Underlying ETF ceases to act in its capacity as administrator or manager of or adviser or custodian of the Underlying ETF, as the case may be;
- (v) a material modification of the investment programme, investment objectives, investment policies, investment strategy, investment process or investment guidelines of the Underlying ETF;
- (vi) the failure by the Underlying ETF to comply with its reporting obligations (including, without limitation, the scheduled regular reporting of share prices or the estimated net asset value of the Underlying ETF, scheduled regular statements thereof, return numbers and composition of the Underlying ETF and the allocation of capital for the Underlying ETF) in accordance with the Underlying ETF's operating documents;
- (vii) a material modification (other than any modifications referred to in (v) above) of the Underlying ETF (including but not limited to a modification of the Underlying ETF's operating documents or the articles of association or other constitutional documents of the Underlying ETF) or the occurrence of a change

or any event materially affecting the Underlying ETF (including, but not limited to, the interruption, breakdown or suspension of the calculation of the net asset value of the Underlying ETF unless such interruption, breakdown or suspension is cured within two Business Days);

- (viii) a material modification of the type of assets in which the relevant ETF invests or the trading practices of the Underlying ETF (including but not limited to a material deviation from the investment policy and investment objectives set out in the Underlying ETF's operating documents) which, in the determination of the Calculation Agent, has or is likely to have a material effect on any Hedging entered into by the Issuer or its Affiliates in respect of the Warrants;
- (ix) the suspension of redemptions of Shares in (1) the Underlying ETF or (2) the Underlying ETF repurchases or compulsorily redeems any Shares in the Underlying ETF or (3) the Underlying ETF imposes any restriction, charge or fee in respect of a redemption or issue of Shares in the Underlying ETF (other than any restriction, charge or fee in existence as at the Trade Date);
- (x) the Underlying ETF or its investment adviser or manager has its authorisation or registration cancelled by any applicable regulatory authority;
- (xi) the Underlying ETF or the investment adviser, manager or the administration agent of the Underlying ETF (1) becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the Underlying ETF, investment adviser or administration agent, (2) commits an act which constitutes fraud or criminal activity in the performance of its obligations in respect of the Underlying ETF; (3) makes any material misrepresentation under any document in respect of the relevant Underlying ETF or (4) announces its intention to cease the business of investment management;
- (xii) (A) cancellation, suspension or revocation of the registration or approval of the Shares or the Underlying ETF by any governmental, legal or regulatory entity with authority over the Shares or the Underlying ETF or (B) any change in the legal, tax, accounting or regulatory treatments of the Underlying FTF or the investment adviser or manager that is reasonably likely to have an adverse impact on the value of the Shares or on any investor therein (as determined by the Calculation Agent); or
- (xiii) all the Shares or all or substantially all the assets of the Underlying ETF are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

(d) ***Dealing restrictions in relation to Underlying Exchange Traded Funds and Currency Events***

Whenever any sum is due in respect of the Warrants (whether upon early redemption or upon final redemption or otherwise), the Issuer shall be entitled to suspend its obligation to make such payment in respect of the Warrants if, and for as long as, in the determination of the Calculation Agent, (i) dealing by the Issuer, any Affiliate or Notional Holders generally in the relevant Shares in the Underlying ETF or Relevant Hedge(s) is or is likely to be prevented, delayed or restricted by closure of a relevant Exchange or Related Exchange, suspension of trading in such Shares in the Underlying ETF, Relevant Hedge(s) or other circumstances or (ii) a Currency Event has occurred. The Warrantholders shall not be entitled to any interest or other compensation in respect of any such suspension nor shall such a suspension constitute a default. The Issuer shall give notice to the Warrantholders as soon as practical of any such suspension and, subsequently, of the termination of any such suspension.



For the purposes hereof:

**"Currency Event"** means:

- (A) the occurrence of an event or a condition which, in the opinion of the Calculation Agent, on any day with respect to the Underlying Currency that has the effect of preventing, hindering, limiting or restricting (including, without limitation, by delays, increased costs or discriminatory rates of exchange) the Issuer or its Affiliates directly or indirectly from:
  - (i) converting the Underlying Currency into the Specified Currency through any customary legal channel;
  - (ii) converting the Underlying Currency into the Specified Currency at a rate at least as favourable as the rate for domestic institutions located in the Reference Jurisdiction;
  - (iii) delivering the Specified Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction;
  - (iv) delivering the Underlying Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction; or
  - (v) effectively realising the value of any underlying hedge in the Specified Currency at any time; or
- (B) the government of the Reference Jurisdiction imposes, or gives public notice of its intention to impose, any capital controls (including, without limitation, the imposition of an upper limit on the amount of assets denominated in the Underlying Currency in the Reference Jurisdiction which can be held by any party) which the Calculation Agent determines in good faith are likely to materially affect the ability of the Issuer or its Affiliates to hedge the Issuer's position under the Warrants or to unwind such hedge; or
- (C) the unavailability of the Specified Currency in any legal exchange market in the Reference Jurisdiction in accordance with normal commercial practice as determined by the Calculation Agent; and

**"Reference Jurisdiction"** means any jurisdiction in which a relevant Exchange is located.

(e) ***Hedging***

For the purposes of Condition 18(g)(iv), as amended by the Final Terms:

**"Hedging Disruption"** means that the Issuer or an Affiliate would be unable, after using commercially reasonable efforts, to conduct any Hedging (as defined below) or would suffer any material delay in conducting any Hedging.

**"Hedging"** means to:

- (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk (including, but not limited to, any currency risk) of entering into and performing its obligations with respect to these Warrants; or
- (ii) freely realise, recover, receive, repatriate, remit or transfer the proceeds of Hedge Positions or the relevant transaction between accounts within a relevant

jurisdiction of the Hedge Positions (an "**Affected Jurisdiction**") or from accounts within an Affected Jurisdiction to accounts outside of such Affected Jurisdiction; or

- (iii) without prejudice to (ii) above, transfer (A) amounts denominated in the Specified Currency from accounts within a relevant Underlying Country to accounts outside such Underlying Country, to other accounts within such Underlying Country or to the accounts of a non-resident of such Underlying Country or (B) amounts denominated in a relevant Underlying Currency from accounts within the related Underlying Country to other accounts within such Underlying Country, to accounts outside such Underlying Country or to the accounts of a non-resident of such Underlying Country; or
- (iv) without prejudice to (ii) and (iii) above, convert the Specified Currency into a relevant Underlying Currency or a relevant Underlying Currency into the Specified Currency.

**"Hedge Positions"** means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, funds, options, futures, other derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by the Issuer or an Affiliate in order to hedge, individually or on a portfolio basis, a Warrant.

(f) **Miscellaneous**

- (i) Any person (the "**relevant person**") shall be treated as "**holding**" the Shares in the Underlying ETF where the relevant person is registered as registered owner of such Shares in the Underlying ETF in the Underlying ETF's share register or where the registered owner of such Shares in the Underlying ETF in the Underlying ETF's share register is a custodian or agent and directly or indirectly the person for whose account those Shares in the Underlying ETF are held is the relevant person. The terms "**hold**" and "**holder**" shall, in the context of holding Shares in the Underlying ETF, be construed accordingly.
- (ii) Where there is a dividend or distribution in respect of any Shares in an Underlying ETF or any disposal or transfer of Shares in an Underlying ETF, the dividend distribution or proceeds of disposal or transfer shall not be treated as having been received by any person unless and until it or they have been paid or delivered to that person or to any bank, custodian or agent on behalf of that person in circumstances where that person may (i) (in the case of a payment denominated in a currency other than the Specified Currency) freely convert such payment into the Specified Currency and (ii) freely withdraw and transfer the payment (or, as the case may be, the Specified Currency conversion proceeds of such payment) or delivery.

19D. **Provisions relating to Market Access Warrants linked to a single Underlying Index or a basket of Underlying Indices**

The provisions of this Condition 19D shall only apply in relation to Warrants which are specified in the Final Terms as being Market Access Warrants linked to one or more Underlying Indices.

(a) **Cash Settlement Amount**

The Cash Settlement Amount in respect of each Warrant shall be paid on the Cash Settlement Payment Date and shall be an amount in the Specified Currency determined by the Calculation Agent to be equal to the Realisable Sale Price.

**"Realisable Sale Price"** is an amount per Warrant calculated as follows:

- (i) Unless otherwise specified in the Final Terms, the Calculation Agent shall determine the Aggregate Net Proceeds in respect of each Underlying Index.

For these purposes:

- (1) if the Calculation Agent is satisfied that the Issuer or any relevant affiliate of the Issuer (an "**Affiliate**") acting reasonably held any relevant instrument(s) or had entered into or was party to any other relevant arrangements relating to or referencing the Underlying Index, in each case for the purposes of hedging, funding or otherwise performing the Issuer's obligations in respect of the Warrants (each a "**Relevant Hedge**") on the Determination Date and that on and from the Determination Date the Issuer or such Affiliate has in good faith in relation to the settlement of these Warrants disposed of, unwound or otherwise realised or closed out part or all of such Relevant Hedge(s) through an Exchange or otherwise (in the Issuer's or such Affiliate's absolute discretion), then the Calculation Agent shall determine the average reference net price per Underlying Index ("**N**") at, or in relation to, which the Relevant Hedge(s) were disposed of, unwound or otherwise realised or closed out by the Issuer or such Affiliate after deducting any Costs per Underlying Index incurred in connection with such disposal, unwind, realisation or closeout, with such average reference net price N multiplied by the total Weighting of such Underlying Index to which the Warrants outstanding relate being the "**Aggregate Net Proceeds**";
  - (2) in all other cases, the "**Aggregate Net Proceeds**" shall be equal to the aggregate amount, as determined by the Calculation Agent, at which a Notional Holder of a basket of Reference Securities representing the total Weighting of such Reference Securities in the Underlying Index on the Determination Date would have on and from the Determination Date received upon the disposal, unwind or other realisation or closeout of such Reference Securities after deducting any Costs incurred in connection with such disposal, unwind, realisation or closeout. Such total Weighting shall be determined by reference to the formula for and method of calculating the Underlying Index, as may be qualified in the Final Terms, at the relevant time; and
  - (3) any such disposal, realisation, unwind or closeout effected by the Issuer or an Affiliate (and the disposal, realisation, unwind or closeout that for the purposes of sub-paragraph (2) above the Calculation Agent determines a Notional Holder would have been able to effect) may be effected in one lot or divided up into smaller lots whose disposal is effected over a number of days. The Calculation Agent shall also determine (i) in the case where the Issuer or an Affiliate disposes, realises, unwinds or closes out any such Relevant Hedge(s), the date on which the Issuer or such Affiliate received the aggregate amount due to it in respect of such disposal, realisation, unwind or closeout it and (ii) in other cases, the date on which a Notional Holder could reasonably be expected to have completed such disposal, realisation, unwind or closeout and received the aggregate amount due to it in respect thereof (which date not be earlier than the date on which the Issuer or an Affiliate received the aggregate amount in respect of any of any Relevant Hedge(s) that it disposed of, unwound or otherwise realised or closed out) (in each case, such date being the "**ANP Receipt Date**").
- (ii) The Aggregate Net Proceeds received or deemed received shall then be translated into the Specified Currency as follows:
- (1) if the Calculation Agent is satisfied that in relation to the ANP Receipt Date the Issuer or an Affiliate in respect of the settlement of these Warrants, actually entered into an exchange transaction to convert the relevant Underlying Currency into the Specified Currency, the rate of exchange for the purposes of such translation, as determined by the

Calculation Agent, shall be the rate obtained by the Issuer or such Affiliate, adjusted to take into account the effect of any non-deliverable forward transaction ("**NDF transaction**") if such is entered into by the Issuer or such Affiliate in relation to the ANP Receipt Date in respect of the Aggregate Net Proceeds; or

- (2) if the Calculation Agent determines that Relevant Hedge(s) are denominated in the Specified Currency, then the rate of exchange for the purpose of such translation shall be that rate implicit in the determination of the final value under such Relevant Hedge(s); or
- (3) in other cases, the rate of exchange for such translation shall be that determined by the Calculation Agent to be the rate at which a Notional Holder which received the Aggregate Net Proceeds on the ANP Receipt Date would have been able to convert the Aggregate Net Proceeds into the Specified Currency, taking into account the effect of any NDF transaction that such Notional Holder would have entered, or would have been able to enter, into in respect of the Aggregate Net Proceeds in relation to the ANP Receipt Date; and
- (4) in each case, the Calculation Agent shall deduct from the translated Specified Currency amount any Conversion Costs. The sum of the resulting amount(s) (each a "**Converted ANP**") less applicable Redemption Costs scaled appropriately to give a per Warrant amount shall be the contribution to the Realisable Sale Price for such Underlying Index.

The Realisable Sale Price shall be payable by the Issuer on the later of the Maturity Date and the day (the "**Cash Settlement Payment Date**") which is the third Relevant Financial Centre Day following (i) the day (determined by the Calculation Agent) on which the Issuer or an Affiliate received the Converted ANP in respect of an exchange transaction entered into in relation to the ANP Receipt Date or, as the case may be, (ii) the day on which a Notional Holder entering into an exchange transaction in relation to the ANP Receipt Date would have received the Converted ANP and, in each case, the effective translation rate including Conversion Costs being the "**Effective FX Rate**".

- (iii) For the purposes of this Condition 19D:

"**Conversion Costs**" shall mean the costs of conversion for the purposes of converting any Aggregate Net Proceeds into a Converted ANP, the amount being determined by the Calculation Agent by reference to actual costs incurred by the Issuer or an Affiliate or, as the case may be, the costs which, in the determination of the Calculation Agent, would have been incurred by a Notional Holder.

"**Costs**" shall mean all costs, expenses, fees and levies taken into account in determining an Aggregate Net Proceeds, including, without limitation, all brokers' fees, bank and custody charges, transaction processing fees and expenses and all taxes (including potential taxes which the Calculation Agent considers may arise) and other duties in respect of the relevant Underlying Index whether such Costs are or would be withheld at source or would otherwise be required to be paid, all as determined by the Calculation Agent.

Where (i) the amount of Costs or the basis on which it is to be determined is not confirmed before the applicable Valuation Date and/or is subject to change in the future (such amount of Costs being "**Unpaid Costs**") and (ii) the Unpaid Costs were not deducted from the calculation of the Realisable Sale Price, each Warrantholder will be required to pay to the Issuer an amount equal to such Unpaid Costs upon notification from the Issuer. Any Warrantholder's obligation

to pay such Unpaid Costs shall survive the expiration of the Warrants and any transfers made by any such Warrantholder prior to such date.

**"Determination Date"** means the Valuation Date, in the case of the Cash Settlement Amount, or, in the case of the Early Settlement Amount, the day on which the Issuer gave notice of settlement, or if that day was not an Exchange Business Day on which there was no Market Disruption Event, the next succeeding Exchange Business Day on which there was no Market Disruption Event.

**"FII"** means a Foreign Institutional Investor pursuant to The Securities and Exchange Board of India (Foreign Institutional Investor) Regulations 1995.

**"FINI"** means a foreign institutional investor eligible under the securities laws of Taiwan to invest, *inter alia*, in equity securities listed on the Taiwan Stock Exchange Corporation or traded in the GreTai Securities Market.

**"Notional Holder"** means an institution subject to the same tax laws, securities laws, rules and regulations of any tax authorities, securities regulators, exchanges or self-regulating organisations as would apply to the Issuer or its Affiliate had they held the Relevant Hedge(s). In the case that the Reference Securities of the Underlying Index or Underlying Indices are (i) securities that are traded on the PRC securities market in CNY, (ii) Indian securities, or (iii) Taiwanese securities or (iv) Saudi Arabian securities, then such Notional Holder will additionally be deemed to be, respectively, (i) a QFII, (ii) a FII, (iii) a FINI or (iv) an Authorised Person (as defined by the Saudi Arabian Capital Markets Authority).

**"Number of Underlying Indices per Warrant"** shall mean the total Weighting of each Underlying Index to which each Warrant relates as specified in the Final Terms.

**"Redemption Commission"** means the equivalent amount, in the Specified Currency, of the Redemption Commission Percentage (as specified in the Final Terms) of the Final Redemption Amount.

**"Redemption Costs"** shall mean the greater of zero and the Redemption Commission giving credit in respect of an amount which is the equivalent, in the Specified Currency, of the Transaction Costs.

**"Reference Securities"** means, in relation to any Underlying Index, the securities comprising such Underlying Index.

**"Transaction Costs"** shall mean the value of the relevant Costs and Conversion Costs aggregated together.

(b) ***Additional Payments***

For the avoidance of doubt, unless otherwise stated in the Final Terms, dividends on the Reference Securities of each Underlying Index will be taken into account in the Underlying Index calculation in accordance with the formula for and method of calculating such Underlying Index, and investors will not separately receive any payments relating to dividends or other distributions relating to any securities which comprise the Reference Securities of such Underlying Index.

(c) ***Dealing restrictions in relation to Underlying Indices and Currency Events***

For the purposes of payments (if any) made pursuant to Condition 18(f)(ii) or Condition 18(f)(iii) (each an **"Event Payment"**):

- (i) If the Calculation Agent is satisfied that the Issuer or an Affiliate held any relevant Underlying Index on the Business Day immediately preceding the

occurrence of the Extraordinary Event or Conversion (the "**Event Occurrence Date**"), the Calculation Agent shall determine the net cash value of any payment which the Issuer or such Affiliate actually received in respect of such holding after deduction of Costs (the date on which it would have received being the "**Event Receipt Date**") and divide that net cash value by the number of such Underlying Index so held by the Issuer or such Affiliate to give a per Underlying Index amount (the "**Event Receipt**"); or

- (ii) if the Calculation Agent is satisfied that the Issuer or an Affiliate held Relevant Hedge(s) on the Business Day prior to the Event Occurrence Date, then the Calculation Agent shall determine the net cash value of any payment which the Issuer or such Affiliate would have received in respect of such Relevant Hedges(s) after deduction of Costs (the date on which it would have been received being the "**Event Receipt Date**"), and divide that net cash value by the number of Underlying Securities to which such Relevant Hedge(s) relate to give a per Underlying Index amount (the "**Event Receipt**"); and
- (iii) in all other cases, the net cash value of the payment per Underlying Index which, in the determination of the Calculation Agent, would have been received by a Notional Holder which was a holder of such Underlying Index on the Event Occurrence Date after deduction of Costs shall be the "**Event Receipt**" and the date on which, in the determination of the Calculation Agent, such Notional Holder would have received the Event Receipt shall be the "**Event Receipt Date**").

Where the Event Receipt is in the same currency as the Specified Currency, the Event Receipt multiplied by the relevant Number of Underlying Indices per Warrant shall be the amount of the Event Payment per Warrant. Where this sub-paragraph applies, the Event Payment shall not be made sooner than the Event Receipt Date.

Where the Event Receipt is not in the same currency as the Specified Currency, it shall then be translated into the Specified Currency. If the Calculation Agent is satisfied that on the Event Receipt Date the Issuer or an Affiliate, in connection with the determination of the relevant Event Payment, actually entered into an exchange transaction to convert the relevant Underlying Currency into the Specified Currency, the rate of exchange for the purposes of such translation shall be the rate obtained by the Issuer or such Affiliate, as determined by the Calculation Agent. In other cases, the rate of exchange for such translation shall be that determined by the Calculation Agent to be the rate at which a Notional Holder which received the Event Receipt on the Event Receipt Date would have been able to convert the Event Receipt into the Specified Currency. In each case, the Calculation Agent shall deduct from the translated Specified Currency amount any Conversion Costs per Underlying Index. The resulting amount (the "**Converted Amount**") multiplied by the relevant Number of Underlying Indices per Warrant shall be the amount of the Event Payment per Warrant. Where this sub-paragraph applies, the Event Payment shall not be made sooner than the day on which the Issuer or an Affiliate actually received the Converted Amount in respect of an exchange transaction entered into in relation to the Event Receipt Date or on which a Notional Holder entering into an exchange transaction in relation to the Event Receipt Date would have received the Converted Amount as determined by the Calculation Agent.

Event Payments shall be payable, where the Warrants are held in a clearing system such as DTC, Euroclear and/or Clearstream, Luxembourg to the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the case may be, as Warrantholders on the Business Day immediately preceding the Event Occurrence Date, and in any other case to the holders for the time being of the Warrants (irrespective of whether or not they were Warrantholders on the Business Day immediately preceding the Event Occurrence Date).

**"Currency Event"** means:

- (A) the occurrence of an event or a condition which, in the opinion of the Calculation Agent, on any day with respect to the Underlying Currency that has the effect of preventing, hindering, limiting or restricting (including, without limitation, by delays, increased costs or discriminatory rates of exchange) the Issuer or its Affiliates directly or indirectly from:
  - (i) converting the Underlying Currency into the Specified Currency through any customary legal channel;
  - (ii) converting the Underlying Currency into the Specified Currency at a rate at least as favourable as the rate for domestic institutions located in the Reference Jurisdiction;
  - (iii) delivering the Specified Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction;
  - (iv) delivering the Underlying Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction; or
  - (v) effectively realising the value of any underlying hedge in the Specified Currency at any time; or
- (B) the government of the Reference Jurisdiction imposes, or gives public notice of its intention to impose, any capital controls (including, without limitation, the imposition of an upper limit on the amount of assets denominated in the Underlying Currency in the Reference Jurisdiction which can be held by any party) which the Calculation Agent determines in good faith are likely to materially affect the ability of the Issuer or its Affiliates to hedge the Issuer's position under the Warrants or to unwind such hedge; or
- (C) the unavailability of the Specified Currency in any legal exchange market in the Reference Jurisdiction in accordance with normal commercial practice as determined by the Calculation Agent; and

**"Reference Jurisdiction"** means any jurisdiction in which a relevant Exchange is located.

(d) ***Hedging***

For the purposes of Condition 21(h)(iv), as amended by the Final Terms:

**"Hedging"** means to:

- (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk (including, but not limited to, any currency risk) of entering into and performing its obligations with respect to these Warrants; or
- (ii) freely realise, recover, receive, repatriate, remit or transfer the proceeds of Hedge Positions or the relevant transaction between accounts within a relevant jurisdiction of the Hedge Positions (an **"Affected Jurisdiction"**) or from accounts within an Affected Jurisdiction to accounts outside of such Affected Jurisdiction; or
- (iii) without prejudice to (ii) above, transfer (A) amounts denominated in the Specified Currency from accounts within a relevant Underlying Country to

accounts outside such Underlying Country, to other accounts within such Underlying Country or to the accounts of a non-resident of such Underlying Country or (B) amounts denominated in a relevant Underlying Currency from accounts within the related Underlying Country to other accounts within such Underlying Country, to accounts outside such Underlying Country or to the accounts of a non-resident of such Underlying Country; or

- (iv) without prejudice to (ii) and (iii) above, convert the Specified Currency into a relevant Underlying Currency or a relevant Underlying Currency into the Specified Currency.

**"Hedge Positions"** means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, funds, options, futures, other derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by the Issuer or an Affiliate in order to hedge, individually or on a portfolio basis, a Warrant.

#### 19E. **Buy-Back Provisions for Market Access Warrants**

This Condition 19E shall apply to all Market Access Warrants unless the relevant Final Terms specify otherwise.

Provided that the Calculation Agent determines that normal market conditions exist the Issuer shall, during local market hours on each local business day from and including the Issue Date to but excluding the Valuation Date, publish on Bloomberg (page <HSMA> *et seq*) indicative Specified Currency bid and ask prices in respect of the Warrants calculated from (i) the bid and ask prices/ levels respectively of each of the relevant Underlying(s) on any applicable Exchange(s) divided by (ii) the relevant Underlying Currency/ Specified Currency exchange rate(s), each as published on Bloomberg as of such time on such local business day. For the avoidance of doubt, such Specified Currency bid and ask prices for the Warrants as published on Bloomberg are for indicative purposes only, and are subject to change in accordance with normal market movements.

In addition, provided that the Calculation Agent determines that normal market conditions exist, the Issuer shall, following a request from a Warrantholder received by the Issuer/ Dealer during normal local market hours on any local business day from and including the Issue Date to but excluding the Valuation Date, (a) provide such Warrantholder with a firm bid price at which the Issuer/ Dealer will purchase a specified number of Warrants from such Warrantholder and/or (b) accept a related sale order from such Warrantholder specifying a maximum number of Warrants to be sold, subject to any specified local price/ level and volume conditions. In respect of (a) above, any such firm bid price will only be valid and binding at the time it is given and, thereafter, will be subject to change in accordance with normal market movements. In respect of (b) above, any order shall be executed in good faith and a commercially reasonable manner in line with the specified conditions (if any) of the sale order and underlying market liquidity at such time. For the avoidance of doubt, the extent to which a Warrant order will be filled and the price at which such fill is achieved will be fully consistent with the liquidity and the prices/ level(s) traded in each relevant Underlying on any applicable Exchange(s), at such time on such business day and within any conditions specified for the order by such Warrantholder. Further, the exchange rates used for converting the local price(s)/ level(s) of each relevant Underlying into Specified Currency prices of the Warrants for any filled orders will be determined by the Calculation Agent using such exchange rate(s) that are available to the Issuer at the relevant time on the relevant business day(s) consistent with the Issuer's normal market practice for such trades.

If the Calculation Agent considers that exceptional market conditions make it impossible to provide an indicative and/or firm bid and/or ask price for the Warrants, and/or to accept or execute an order in the Warrants, then the Issuer's related obligations hereunder shall be postponed to the following local business day on which the Calculation Agent, acting in good faith and a commercially reasonable manner, determines that such exceptional market conditions have ceased to exist and that it considers possible to determine such bid and ask prices or to accept or execute an order, as the case may be.



## **PRO FORMA FINAL TERMS FOR MARKET ACCESS WARRANTS**

*Set out below is the form of Final Terms which will be completed for each Tranche of Market Access Warrants issued under the Programme.*

[Warrants issued pursuant to these Final Terms are securities to be listed under Listing Rule 19.<sup>25</sup>]

Final Terms dated [•]  
Series No.: [•]  
Tranche No.: [•]

*(When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.)*

### **HSBC Bank plc**

#### **Programme for the Issuance of Notes and Warrants**

**Issue of [Aggregate Principal Amount of Tranche] [Market Access Warrants]/[Low Exercise Price Options] linked to [description of Underlying(s)] [issued by [name of Underlying Company]]<sup>26</sup> (the "Underlying Security/Securities"/ "Underlying Index/Indices"/"Underlying Fund/Funds"/"Underlying ETF/ETFs" due [•] (the "Warrants" or ["MAWS"/["LEPOS"])**

**[Title of Warrants]**

**[(to be consolidated and form a single series with the existing [Insert details of existing Tranche(s)]) issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

### **PART A - CONTRACTUAL TERMS**

This document constitutes the Final Terms relating to the issue of the Tranche of Warrants described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Warrants (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme which [together with the supplemental prospectus[es] dated [•]] constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>27</sup>.

[This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus.]<sup>28</sup> Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus is available for viewing at [address] [and] [website]]<sup>29</sup> and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions (the "**Conditions**"), which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Warrants. This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>30</sup> and

<sup>25</sup> To be included in respect of all issues which are to be admitted to listing.

<sup>26</sup> Include for MAWS linked to Underlying Security/Securities.

<sup>27</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>28</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>29</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>30</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

must be read in conjunction with the Base Prospectus dated 19 June 2012 which [together with the supplemental prospectus(es)] dated [•], constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive]<sup>31</sup>. Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus. The Prospectus and the Conditions are available for viewing during normal business hours at [address] [and] [website]<sup>32</sup> and copies may be obtained from [address].

*[For Warrants offered and sold in the United States of America include:*

### IMPORTANT NOTICES

THE WARRANTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S OF THE SECURITIES ACT ("**REGULATION S**")) AS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE WARRANTS ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF WARRANTS PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

### NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("**RSA 421-B**") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

### AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Warrants, the Issuer will promptly furnish, upon request of a holder of a Warrant, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

*[Insert, if relevant, any other relevant provisions relating to such investment and country specifically, including any representations, agreements or conditions.]*

### [HONG KONG

<sup>31</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>32</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

Each Warrantholder represents and agrees, as a condition of acquiring or holding such Warrants: (i) that the Issuer is authorised to provide information regarding the holder and the Warrants to any Hong Kong governmental or regulatory authority, or if applicable, to any Affiliate for onward transmission to any such Hong Kong governmental or regulatory authority if required under applicable Hong Kong regulations and/or as requested by any Hong Kong governmental or regulatory authority from time to time; (ii) that such holder will provide the Issuer with such additional information that the Issuer and/or the Affiliate deems necessary or appropriate in order to comply with regulations or requests of any Hong Kong governmental or regulatory authority from time to time; and (iii) that such holder is not currently the subject of any investigation or enquiry by any Hong Kong governmental or regulatory authority in connection with a failure to disclose information relating to such holder or to an offshore transaction linked to underlying Hong Kong securities.]

**[INDIA]**

The Warrants are sold or transferred subject to the laws and regulations from time to time in force in India, including without limitation, those that prohibit their acquisition by Indian investors/non-resident Indians/persons or entities who are not regulated entities. See "Transfer Restrictions".]

**[JAPAN]**

Each Warrantholder represents and agrees, as a condition of acquiring or holding such Warrants: (i) that the Issuer is authorised to provide information regarding the holder and the Warrants to any Japanese government or regulatory authority, or if applicable, to any Affiliate for onward transmission to any such Japanese governmental or regulatory authority, if required under applicable Japanese regulations in connection with an acquisition of underlying Japanese securities; (ii) that such holder will provide the Issuer with such additional information that the Issuer and/or the Affiliate deems necessary or appropriate in order to comply with the regulations of any Japanese governmental or regulatory authority from time to time; and (iii) that such holder is not currently the subject of any investigation or enquiry by any Japanese governmental or regulatory authority in connection with a failure to disclose information relating to such holder or to an offshore transaction linked to underlying Japanese securities.]

**[MALAYSIA]**

Each Warrantholder represents and agrees, as a condition of acquiring or holding such Warrants: (i) that the Issuer is authorised to provide information regarding the holder and the Warrants to the relevant Underlying Company and any Malaysian governmental or regulatory authority, or if applicable, to any Affiliate for onward transmission to the relevant Underlying Company and any such Malaysian governmental or regulatory authority if required under applicable Malaysian regulations and/or as requested by any Malaysian governmental or regulatory authority from time to time and where a Warrantholder is or becomes, as a consequence of holding the Warrants, a "substantial shareholder" (as that term is used in the Malaysian Companies Act 1965) in the Underlying Company, then such Warrantholder shall disclose the same to the Underlying Company and to the Securities Commission of Malaysia as required under applicable Malaysian regulations and shall continue to disclose any dealings it may have thereafter in its capacity as a substantial shareholder of the Underlying Company to the Underlying Company and to the Securities Commission of Malaysia, as required under applicable Malaysian regulations, until it ceases to be a substantial shareholder; (ii) that such holder will provide the Issuer with such additional information that the Issuer and/or the Affiliate deems necessary or appropriate in order to comply with regulations or requests of the relevant Underlying Company and any Malaysian governmental or regulatory authority from time to time; (iii) that the Warrants are not being purchased by or for the benefit or account of any "resident" of Malaysia as that term is used in the Malaysian Exchange Control Notices ("ECM") issued pursuant to the Malaysian Exchange Control Act 1953 (a "**Resident**") unless such purchase by or for the benefit or account of a Resident is wholly conducted offshore Malaysia and in accordance with the provisions of the ECM; (iv) that that such holder will not, directly or indirectly, sell, transfer or otherwise dispose of any Warrants to or for the benefit or account of any Resident unless such sale, transfer or disposal of any Warrants to or for the benefit or account of a

Resident is wholly conducted offshore Malaysia and in accordance with the provisions of the ECM; and (v) that such holder is not currently the subject of any investigation or enquiry by any Malaysian governmental or regulatory authority in connection with a failure to disclose information relating to such holder or to any "regulated activity" as that term is defined in the Malaysian Capital Markets and Services Act 2007.]

**[PAKISTAN]**

Each Warrantholder represents and agrees, as a condition of acquiring or holding such Warrants: (i) that the Warrants are being purchased for the benefit or account of, or pursuant to or in connection with any back-to-back transactions with a Person resident outside Pakistan; and (ii) that such holder will not, directly or indirectly, sell, transfer or otherwise dispose of any Warrants to or for the benefit or account of any person other than a Person resident outside Pakistan.]

**[PEOPLE'S REPUBLIC OF CHINA]**

A QFII is required to disclose to the PRC regulators and other relevant PRC authorities or institutions the holding information of PRC securities, including exchange-traded bonds, held by it (including information on securities held by investors through the QFII) in accordance with the relevant laws and regulations in the PRC. The Issuer may therefore request any investor to provide to it and pass to the QFII such information as required by the relevant laws, regulations and regulatory requirements.

Each Warrantholder represents and agrees, as a condition of acquiring or holding such Warrants: (i) that the Issuer is authorised to provide information regarding the Warrantholder and the Warrants to the QFII investing in the Reference Assets ("**HSBC QFII**") for onward transmission to the regulators or any other authorities or institutions in the PRC in accordance with applicable PRC laws and regulations; and (ii) that such Warrantholder will provide the Issuer with such additional information that the Issuer and/or the HSBC QFII deems necessary or appropriate in order to comply with any laws and regulations in the PRC from time to time.]

**[SINGAPORE]**

Each Warrantholder represents and agrees, as a condition of acquiring or holding such Warrants: (i) that the Issuer is authorised to provide information regarding the holder and the Warrants to any Singapore governmental or regulatory authority or the relevant Underlying Company[ies], or if applicable, to any Affiliate for onward transmission to any such Singapore governmental or regulatory authority or the relevant Underlying Company[ies], if required under applicable Singapore regulations and/or as requested by any Singapore governmental or regulatory authority or the relevant Underlying Company[ies] from time to time; (ii) that such holder will provide the Issuer with such additional information that the Issuer and/or the Affiliate deems necessary or appropriate in order to comply with regulations or requests of any Singapore governmental or regulatory authority or the relevant Underlying Company[ies] from time to time; and (iii) that such holder will not, directly or indirectly, sell, transfer or otherwise dispose of any Warrants to or for the benefit or account of any person in Singapore except in accordance with applicable Singapore law ((including any applicable provision of the Securities and Futures Act, Chapter 289 of Singapore).)

**[TAIWAN]**

Each Warrantholder represents and agrees:

it is not purchasing the Warrants for the benefit or account of, or using funds of, (A) any residents of The People's Republic of China ("**PRC**"), corporations in the PRC, or corporations outside the PRC

that are beneficially owned by residents of, or corporations in, the PRC or (B) any residents of Taiwan or corporations in Taiwan;

- (a) it will not, directly or indirectly, sell, transfer, assign, novate or otherwise dispose of the Warrants to or for the benefit or account of, or in consideration of funds received from, (A) any residents of the PRC, corporations in the PRC, or corporations outside the PRC that are beneficially owned by residents of, or corporations in, the PRC or (B) any residents of Taiwan or corporations in Taiwan; and
- (b) details of the transaction (including the identity of the parties) may, (A) upon request or order by any competent authority, regulatory or enforcement organisation, governmental or otherwise, including the stock exchange on which the underlying shares are listed, (B) as required by applicable law, rules, regulations, codes or guidelines (whether having the force of law or otherwise), be disclosed in accordance with such request, order, law, rules, regulations, codes or guidelines (whether such disclosure is to be made to third parties or otherwise). By purchasing the Warrants, each Warrantholder agrees to such disclosure and releases the Issuer (and its subsidiaries and affiliates) from any duty of confidentiality owed to it in relation to such information.]

#### [VIETNAM]

Each Warrantholder represents and agrees, as a condition of acquiring or holding such Warrants: (i) that the Issuer is authorised to provide information regarding the holder and the Warrants to any Affiliate for onward transmission to any Vietnamese governmental or regulatory authority if required under applicable Vietnamese regulations and/or as requested by any Vietnamese governmental or regulatory authority from time to time; (ii) that such holder will provide the Issuer with such additional information that the Issuer and/or the Affiliate deems necessary or appropriate in order to comply with regulations or requests of any Vietnamese governmental or regulatory authority from time to time; (iii) that the Warrants are not being purchased for the benefit or account of, or pursuant to or in connection with any back-to-back transactions with a "resident" in Vietnam as that term is used in the 2006 Ordinance on Foreign Exchange Control (a "**Resident**"); (iv) that such holder will not, directly or indirectly, sell, transfer or otherwise dispose of any Warrants to or for the benefit or account of a Resident and (v) that such holder is not currently the subject of any investigation or enquiry by any Vietnamese governmental or regulatory authority in connection with a failure to disclose information relating to such holder or to an offshore transaction linked to underlying Vietnamese securities.]

**It is advisable that prospective investors considering acquiring any Warrants understand the risks of transactions involving the Warrants and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Warrants in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Warrants will have on their overall investment portfolio) and the information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "Risk Factors" in the Prospectus.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

- 1. Issuer: HSBC Bank plc
- 2. Principal Warrant Agent: HSBC Bank plc
- 3. Calculation Agent: [HSBC Bank plc]/[HSBC France]

4. Warrant Agent: HSBC Bank plc
5. (i) Series number: [ ]  
(ii) [Tranche number: [ ]  
  
(If fungible with an existing Series, details of that Series, including the date on which the Warrants become fungible).]
6. Currency or Currencies: [United States Dollar ("USD")] (the "**Specified Currency**" and the "**Settlement Currency**")
7. Aggregate Number of Warrants in the:  
  
[(i)] Series: [ ]  
[(ii)] Tranche:] [ ]
8. (i) Issue Price: [USD] [amount] per Warrant  
(ii) Commission payable: [[USD] [amount] per Warrant] [None] [Information not provided]  
(iii) Selling Concession: [[USD] [amount] per Warrant] [None] [Information not provided]
9. Issue Date: [ ]
10. Strike Price: [USD] [ ] [0.0000001 LEPOS only]
11. Final Price: [ ] [[The definition in Condition 17 applies]
12. Reference Price: [ ] [[The definition in Condition 17 applies]
13. Date [Board] approval for the issuance of Warrants obtained: [Not applicable] [and [ ], respectively]]  
  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Warrants)*
14. Type of Warrants: The Warrants are [LEPOS]/[Market Access Warrants] linked to one or more Underlying [Securities/ Indices/ Funds/ ETFs]
15. Series represented by: [Global Warrant<sup>33</sup> / Global Registered Warrant]. Warrants in definitive form [will / will not] be issued.] [other (specify)]
16. Form of Warrant: [Book-Entry Form Warrants/Registered Warrants/Uncertificated Registered Warrants]
17. Style of Warrants: The Warrants are [American / European / Bermudan / other (specify)] Style [Call/Put] Warrants. Condition [3(a)/3(b)/3(c)] is applicable.<sup>34</sup>

<sup>33</sup> Warrants will generally be in book-entry form represented by a Global Warrant. If, and only if Warrants are being sold in reliance on Rule 144A, will they be in registered form and represented by a Global Registered Warrant.

<sup>34</sup> For LEPOS, specify "American Style Call Warrant. Condition 3(a) is applicable."

18. Expiry Date: [Date] [Time] [City] time [specify fallback if Expiry Date is not a business day] [(or if not an Exchange Business Day, the immediately following Exchange Business Day).]
- (i) Exercise Procedure: [Condition 4 is applicable / other (specify)]
- (ii) Automatic Exercise: [Applicable<sup>35</sup>/Not applicable]<sup>36</sup>
- (iii) Exercise Period: (American Style Warrants only). [The period beginning from (and including) [ ] and ending on (and including) the Expiry Date] [Not applicable]
- (iv) Potential Exercise Date(s): (Bermudan Style Warrants only) [insert date] [Not applicable]
- (v) Knock-in Event: [Not applicable] [Applicable to (specify relevant payment or delivery)]<sup>37</sup>
- Knock-in Event: [ ] [Greater than / greater than or equal to / less than / less than or equal to / the Knock-in [Price/Level]]
  - Knock-in Period Beginning Date (if other than as specified in the definition thereof in Condition 18(a)): [ ]
  - Knock-in Period Ending Date (if other than as specified in the definition thereof in Condition 18(a)): [ ]
  - Knock-in Price: [ ]
  - Knock-in Valuation Time (if other than as specified in the definition thereof in Condition

<sup>35</sup> For LEPOS, may be either "Applicable" or "Not applicable".

<sup>36</sup> Refer to Listing Rule 19.2.6. If the Warrants are Retail Securitised Derivatives as defined in Listing Rule 19, then automatic exercise is required.

<sup>37</sup> For LEPOS, specify "Not Applicable".

- 18(a)):
- (vi) Knock-out Event: [Applicable to (*specify relevant payment or delivery*)]<sup>38</sup>
- Knock-out Event: [Not applicable] [Greater than / greater than or equal to / less than / less than or equal to / the Knock-out [Price/Level]]
  - Knock-out Period Beginning Date (if other than as specified in the definition thereof in Condition 18(a)):
  - Knock-out Period Ending Date (if other than as specified in the definition thereof in Condition 18(a)):
  - Knock-out Price: [ ]
  - Knock-out Valuation Time (if other than as specified in the definition thereof in Condition 18(a)):
19. (i) Minimum Exercise Number: [ ] Warrants
- (ii) Permitted Multiple: [ ] Warrants
20. (i) Cash Settlement: [Applicable. The Warrants are Cash Settlement Warrants. Condition 3(d) (*Cash Settlement*)]<sup>39</sup> [and Condition 3(f) (*Optional Physical Settlement*)] [applies/apply]/[Not applicable].
- (ii) Settlement Currency: [USD] [ ]
- (iii) Cash Settlement Amount: See applicable section of Condition 19 in Part E of the Base Prospectus. For the purpose of these Final Terms, "**Settlement Commission Percentage**" shall be [ ] per cent.

<sup>38</sup> For LEPOS, specify "Not applicable".

<sup>39</sup> For LEPOS, specify "Applicable. Cash Settlement and Condition 3(d) only.".



- (iv) Cash Settlement Payment Date: [ ]
- (v) Provisions for determining Cash Settlement Amount where calculated by reference to Index and/or Formula and/or other variable: [See Condition 19 (*Provisions relating to Market Access Warrants*).]
21. Physical Settlement: [Not applicable] [Applicable. The Warrants are Physical Settlement Warrants. Condition 3(e) (*Physical Settlement*) [and Condition 3(g) (*Optional Cash Settlement*)] [applies/apply]]<sup>40</sup>.
- (i) Strike Price Payment Date: [ ]
- (ii) Settlement Date: [ ]
- [Consider treatment of dividends].
- Stamp duty [is / is not] currently payable by the Warrantholder on Security delivery. There [are / are no] restrictions on the transferability of the Securities.
22. Provisions for Market Access Warrants linked to one or more Underlying Indices: [Applicable] / [Not applicable]

Underlying Indices	Index Sponsor	Index Rules	Exchange(s)	Related Exchange(s)	Weighting	Underlying Currencies
				[All Exchanges]		

- (i) Index(ices): Each Underlying Index specified in the above table.
- (ii) Index Sponsor: [In relation to each Underlying Index, the entity specified in the above table]/[The definition in Condition 18(a) applies]
- (iii) Index Rules: In relation to each Underlying Index, the Index Rules specified in the above table.
- (iv) Exchange(s): In relation to each Underlying Index, the Exchange(s) specified in the above table.
- (v) Related: In relation to each Underlying Index, the Exchange(s) specified in

<sup>40</sup> For LEPOS, specify "Not applicable".

- Exchange(s): the above table.
- (vi) Adjustments to Indices: Condition 18(c) [applies/does not apply]
- (vii) Index Substitution: [Applicable/Not applicable]
23. Provisions for Market Access Warrants linked to one or more Underlying Securities or Underlying Funds or Underlying ETFs: [Applicable] / [Not applicable]

[EITHER]

Underlying Securities (including ISIN or other security identification code)	Underlying Companies	Number of Underlying Securities per Warrant	Exchange(s)	Related Exchange(s)	Underlying Currencies
				[All Exchanges]	

- (i) Securities: Each of the Underlying Securities specified in the above table.
- (ii) Underlying Companies: With respect to the Underlying Securities, the Underlying Companies specified in the above table.
- (iii) Exchange(s): In relation to the Underlying Securities, the Exchange(s) specified in the above table.
- (iv) Related Exchange(s): In relation to the Underlying Securities, the Exchange(s) specified in the above table.
- (v) Underlying Currencies: Each of the Underlying Currencies specified in the above table.]

[OR]

Underlying Fund(s) (including ISIN or other security identification code, where applicable)	Number of Shares in Underlying Fund per Warrant	Exchange(s)	Related Exchange(s)	Underlying Currencies
			[All Exchanges]	

- (i) Funds: Each of the Underlying Funds specified in the above table.

- (ii) Exchange(s): In relation to the Underlying Funds, the Exchange(s) specified in the above table.
- (iii) Related Exchange(s): In relation to the Underlying Funds, the Exchange(s) specified in the above table.
- (iv) Underlying Currencies: Each of the Underlying Currencies specified in the above table.]

[OR]

Underlying ETFs (including ISIN or other security identification code)	Number of Shares in Underlying per ETF Warrant	Exchange(s)	Related Exchange(s)	Underlying Currencies
			[All Exchanges]	

- (i) ETFs: Each of the Underlying ETFs specified in the above table.
- (ii) Exchange(s): In relation to the Underlying ETFs, the Exchange(s) specified in the above table.
- (iii) Related Exchange(s): In relation to the Underlying ETFs, the Exchange(s) specified in the above table.
- (iv) Underlying Currencies: Each of the Underlying Currencies specified in the above table.]
24. Potential Adjustment Event: [Condition[s] 18(f)(i) [and 18(h)]<sup>41</sup> appl[ies][y] subject to the relevant section of Condition 19 (*Provisions relating to Market Access Warrants*) of Part E of the Base Prospectus.]
- [For Market Access Warrants linked to one or more Underlying Funds or one or more Underlying ETFs include the following:
- Condition[s] 18(f)(i) [and 18(h)]<sup>42</sup> shall be deleted and replaced with the provisions specified in the relevant section of Condition 19 (*Provisions relating to Market Access Warrants*) of Part E of the Base Prospectus.]
25. Extraordinary Event: [Condition 18(f)(ii) applies subject to the relevant section of Condition 19 (*Provisions relating to Market Access Warrants*) of Part E of the Base Prospectus.]
- [For Market Access Warrants linked to one or more Underlying

<sup>41</sup> Insert where the Underlying Securities are Units in a Fund.

<sup>42</sup> Insert where the Underlying Securities are Units in a Fund.

*Securities or one or more Underlying Indices insert the following:*

For these purposes:

**"Extraordinary Event"** means a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting.]

*[For Market Access Warrants linked to one or more Underlying Funds or one or more Underlying ETFs include the following:*

Condition 21(f)(ii) shall be deleted and replaces with the provisions specified in the relevant section of Condition 19 (*Provisions relating to Market Access Warrants*) of Part E of the Base Prospectus.]

- |     |   |  |
|-----|---|--|
| 26. | Conversion:<br>(for Warrants relating to Government Bonds and debt securities only) | Condition 18(f)(iii) [does not apply]/[applies]  |
| 27. | Corrections of prices:  | Condition 18(f)(iv) [does not apply]/[applies]   |
| 28. | Additional Disruption Event:  | Applicable. Condition 18(g)(iv) shall be deleted and replaced with the provisions specified in the relevant section of Condition 19 ( <i>Provisions relating to Market Access Warrants</i> ) of Part E of the Base Prospectus. |

Condition 18(g)(ii) shall be disapplied

The following definitions shall also be inserted as Conditions 18(g)(vi) and 18(g)(vii), respectively:

**"Underlying Country"** means the location of any Reference Jurisdiction.

**"Underlying Currency"** means [each currency shown in the table at the start of paragraph [22]<sup>43</sup>/[23]<sup>44</sup>,] being the lawful currency of an Underlying Country and/or the currency in which the price of quotation of any relevant Underlying on the related Exchange(s) is denominated] *[insert other definition, as relevant]*.

*[For Market Access Warrants linked to one or more Underlying Funds or one or more Underlying ETFs include the following:*

The following Additional Disruption Events apply: Change in Law, Hedging Disruption, Increased Cost of Hedging.]

- |     |                                   |  |
|-----|-----------------------------------|--|
| 29. | Valuation Date(s):                | [            ], subject to Condition 18(b)   |
| 30. | Valuation Time:                   | The definition in Condition 17 applies   |
| 31. | Averaging Dates:                  | [Applicable] / [Not applicable]  |
| 32. | Averaging Date Market Disruption: | [Omission / Postponement / Modified Postponement / Not applicable / <i>other (specify)</i> ] |
| 33. | Business Day:                     | [As in the Conditions / <i>other (specify)</i> ]   |

<sup>43</sup> Select if the Warrants are linked to one or more Underlying Indices.

<sup>44</sup> Select if the Warrants are linked to one or more Underlying Securities.

34. Determination Date: [ ]
35. Other terms or special conditions relating to Market Access Warrants: See Condition 19 (*Provisions relating to Market Access Warrants*) set out in Part E of the Base Prospectus which contains provisions relating to cash settlement, additional payments, hedging, dealing restrictions and others as applicable to the type of Market Access Warrants referred to in paragraph 14 above.
36. Selling Restrictions: In addition to selling restrictions listed in "*Purchase and Sale of the Warrants*" contained in the Base Prospectus:  
[Warrants may not be offered or sold in the [name of Underlying Country] or to persons of [Underlying Country] origin.]
- (N.B. Additional Underlying Country restrictions may apply – Final Terms will specify details)**
- (For SPICEs consider the provisions set out in Part 1 of the India Supplement contained in the Schedule to Part E of the Base Prospectus.)*
- (Specify any selling restrictions applicable to the Warrants which are additional to, or in substitution for, those contained in the Base Prospectus)*
37. Other Final Terms: [See Schedule to Part E - Saudi Arabia Supplement ] [ ]<sup>45</sup>

<sup>45</sup> If new term constitutes a "significant new factor", consider whether a Drawdown Prospectus or a new base prospectus is required.

**[LISTING AND ADMISSION TO TRADING APPLICATION]**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Warrants described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

*[In offer of Warrants pursuant to Rule 144A insert:*

**TRANSFER RESTRICTIONS**

Because of the following restrictions, purchasers of Warrants offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Warrants.

Each prospective purchaser of Warrants offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of these Final Terms and the accompanying Prospectus, will be deemed to have represented and agreed with respect to such Warrants as follows:

- (a) such 144A Offeree acknowledges that these Final Terms and the accompanying Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Warrants other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the accompanying Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Prospectus or any documents referred to herein.

Each purchaser of Warrants sold in reliance on Rule 144A ("**Restricted Warrants**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Warrants for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Warrants to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Warrants are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Warrants offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Warrants will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS WARRANT [AND THE SECURITIES TO BE DELIVERED UPON EXERCISE HEREOF] <sup>46</sup> HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS WARRANT IS HEREBY NOTIFIED THAT THE SELLER OF THIS WARRANT MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS WARRANT, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS WARRANT MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH

<sup>46</sup> To be included if the underlying securities have not been registered under the Securities Act.

THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS WARRANT FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

EACH PURCHASER OR TRANSFEREE OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS WARRANT TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "**PLAN**" AS DESCRIBED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) ITS PURCHASE, HOLDING AND DISPOSITION OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS WARRANT THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

ANY EXERCISE OF THIS WARRANT WILL BE CONDITIONED ON (1) THE DELIVERY OF A DULY EXECUTED EXERCISE NOTICE BY THE HOLDER HEREOF AND (2) WITH RESPECT TO EXERCISE BY ANY US PERSON, THE UNDERLYING SECURITIES BEING (A) REGISTERED UNDER THE SECURITIES ACT OR (B) SUBJECT TO AN EXEMPTION FROM REGISTRATION THEREUNDER AT THE TIME OF SUCH EXERCISE."

- (4) Each purchaser of Restricted Warrants acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Warrants for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Warrant represented by a Restricted Global Registered Warrant may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Warrant, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Warrants While in Global Form*" in the accompanying Base Prospectus.
- (6) Before any interest in a Warrant represented by a Combined Global Registered Warrant may be exchanged for Combined Definitive Registered Warrants, a person having an interest in such Combined Global Registered Warrant must provide the Registrar with a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A or Regulation S, a certification that the transfer is being made in compliance with the provisions of Rule 144A or Regulation S, as applicable.]

**[INDONESIA]**

"EACH PURCHASER HAS AGREED, AND EACH FURTHER PURCHASER WILL BE REQUIRED TO AGREE, THAT IT WILL NOT OFFER OR SELL THE WARRANTS NOR MAKE THE WARRANTS THE SUBJECT OF AN INVITATION FOR SUBSCRIPTION OR PURCHASE, NOR WILL IT CIRCULATE OR DISTRIBUTE THESE FINAL TERMS, THE ACCOMPANYING PROSPECTUS OR ANY OTHER DOCUMENT OR MATERIAL IN CONNECTION WITH THE OFFER OR SALE, OR INVITATION FOR SUBSCRIPTION OR PURCHASE, OF THE WARRANTS, WHETHER DIRECTLY OR INDIRECTLY, IN THE REPUBLIC OF INDONESIA OR TO INDONESIAN CITIZENS, CORPORATIONS OR RESIDENTS, EXCEPT IN A MANNER THAT WILL NOT BE CONSIDERED AS A "PUBLIC OFFER" UNDER THE PREVAILING LAW AND REGULATIONS IN THE REPUBLIC OF INDONESIA."]

**[KOREA]**

"ANY TRANSFER OF WARRANTS TO A KOREAN RESIDENT AS THE TERM IS DEFINED IN THE FOREIGN EXCHANGE TRANSACTION LAW OF KOREA AND ITS PRESIDENTIAL DECREE SHALL, AT THE OPTION OF THE ISSUER, (X) BE VOID OR (Y) GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY WARRANTS HELD BY SUCH TRANSFEREE."]

**[MALAYSIA]**

"ANY PLEDGE, SALE OR OTHER TRANSFER OF WARRANTS TO A PERSON THAT IS A MALAYSIAN RESIDENT AS THE TERM IS DEFINED IN THE PROSPECTUS SHALL, AT THE OPTION OF THE ISSUER, (X) BE VOID OR (Y) GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY WARRANTS HELD BY SUCH TRANSFEREE. THE FOREGOING SHALL NOT APPLY TO ANY PLEDGE, SALE OR OTHERWISE TRANSFER OF WARRANTS WHERE:

- (A) SUCH PLEDGE, SALE OR TRANSFER TO OR FOR THE BENEFIT OF A RESIDENT IS WHOLLY CONDUCTED OFFSHORE MALAYSIA; AND
- (B) THE INVESTMENT BY SUCH PERSON IN THE WARRANTS IS IN ACCORDANCE WITH THE PROVISIONS OF THE MALAYSIAN EXCHANGE CONTROL ACT 1953 AND THE NOTICES ISSUED THEREUNDER."]

**[PAKISTAN]**

"ANY PLEDGE, SALE OR OTHER TRANSFER OF WARRANTS TO A PERSON OTHER THAN "A PERSON RESIDENT OUTSIDE PAKISTAN" AS THE TERM IS DEFINED IN THE FOREIGN EXCHANGE REGULATION ACT, 1947 AND THE REGULATIONS THEREUNDER SHALL, AT THE OPTION OF THE ISSUER, (X) BE VOID AND (Y) GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY WARRANTS HELD BY SUCH TRANSFEREE. IN ADDITION, THE STATE BANK OF PAKISTAN MAY REQUIRE SUCH TRANSFEREE TO REPATRIATE THE DIVIDENDS RETAINED OUTSIDE PAKISTAN OR SELL THE WARRANTS AND REPATRIATE THE SALE PROCEEDS TO PAKISTAN. SUCH TRANSFEREE MAY ALSO BE LIABLE TO BE PROSECUTED UNDER THE RELEVANT PROVISIONS OF THE FOREIGN EXCHANGE REGULATION ACT, 1947."]

**[PEOPLE'S REPUBLIC OF CHINA]**

"ANY PLEDGE, SALE OR OTHER TRANSFER OF WARRANTS TO A PERSON THAT IS A "DOMESTIC INVESTOR", OR TO ANY PERSON USING FUNDS TO PURCHASE WARRANTS SOURCED FROM A "DOMESTIC INVESTOR", AS THE TERM IS DEFINED IN THE PROSPECTUS SHALL, AT THE OPTION OF THE ISSUER, (X) BE VOID OR (Y) GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY WARRANTS HELD BY SUCH TRANSFEREE."]

**[TAIWAN]**



"ANY SALE OR OTHER TRANSFER OF WARRANTS TO A PERSON THAT IS, OR MADE IN CONSIDERATION OF FUNDS RECEIVED FROM, (A) A RESIDENT OF THE PEOPLE'S REPUBLIC OF CHINA ("PRC"), A CORPORATION IN THE PRC, OR A CORPORATION OUTSIDE THE PRC THAT IS BENEFICIALLY OWNED BY RESIDENTS OF, OR CORPORATIONS IN, THE PRC OR (B) A RESIDENT OF TAIWAN OR A CORPORATION IN TAIWAN SHALL, AT THE OPTION OF THE ISSUER, (X) BE VOID OR (Y) GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY WARRANTS HELD BY SUCH TRANSFEREE."]

**[VIETNAM]**

"ANY PLEDGE, SALE OR OTHER TRANSFER OF WARRANTS TO A PERSON THAT IS A VIETNAMESE RESIDENT AS THE TERM IS DEFINED IN THE PROSPECTUS AND/OR THE FINAL TERMS SHALL, AT THE OPTION OF THE ISSUER, (X) BE VOID OR (Y) GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY WARRANTS HELD BY SUCH TRANSFEREE."]

*[For SPICEs consider inserting the transfer restrictions set out in Part 2 of the India Supplement contained in the Schedule to Part E of the Base Prospectus.]*

**[RESPONSIBILITY]**

The Issuer accepts responsibility for the information contained in these Final Terms. Information on each [Underlying Security and the Underlying Company] [Underlying Index] [Underlying Fund] [Underlying ETF] has been extracted from *(insert name of source of information Bloomberg / Reuters)*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *(insert name of source of information Bloomberg / Reuters)*, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

**PART B - OTHER INFORMATION****1. LISTING**

- (i) Listing: [Application [will be/has been] made to admit the Warrants to listing on the Official List of the Financial Services Authority pursuant to Listing Rule 19. No assurance can be given as to whether or not, or when, such application will be granted/Not applicable]
- (ii) Admission trading: to [Application has been made for the Warrants to be admitted to trading on the [Regulated Market/other (specify)] with effect from [ ]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Warrants admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable]

*(Where documenting a fungible issue need to indicate that original warrants are already admitted to trading.)<sup>47</sup>*

**2. NOTIFICATION**

[The Financial Services Authority ("FSA") [has been requested to provide/has provided - *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the Financial Market Association (Austria), the Financial Services and Markets Authority (Belgium), the Autorité des marchés financiers (France), the Federal Financial Supervisory Authority (Germany), the Central Bank of Ireland (Ireland), the Commissione Nazionale per le Società e la Borsa (Italy), the Commission de Surveillance du Secteur Financier (Luxembourg), the Malta Financial Services Authority (Malta), the Comisión Nacional del Mercado de Valores (Spain) and the Netherlands Authority for the Financial Markets (Netherlands) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.] [Not applicable]

**3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:)*

["Save as discussed in ["Purchase and Sale of Warrants"], so far as the Issuer is aware, no person involved in the offer of the Warrants has an interest material to the offer."]

[Not applicable]

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a Drawdown Prospectus or a new base prospectus would be required in respect of such final terms.)*

**4. [Index-Linked, Equity-Linked or other variable-linked Interest Warrants only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]<sup>48</sup>**

<sup>47</sup> Not required for derivative securities which can only be acquired for at least EUR100,000 per security.

<sup>48</sup> Refer to Prospectus Rules, Annex XII, paragraph 4.2.2 for disclosure requirements.

The Warrants reflect the risks of a UK incorporated bank or relevant affiliate taking a direct investment in or exposure to [[the equity of each Underlying Company] [each Underlying Index comprising each Reference Security] [each Underlying Fund] [each Underlying ETF] [in each Underlying Country] (delete as appropriate)].

Investors are therefore exposed to such risks on a one to one basis, as more particularly described in the section "*Product Description – Market Access Securities*" of this product supplement and [[Condition 19A (specify if linked to one or more Underlying Securities)] [Condition 19B (specify if linked to one or more Underlying Funds)] [Condition 19C (specify if linked to one or more Underlying ETFs)] [Condition 19D (specify if linked to one or more Underlying Indices)] (delete as appropriate)]. See also paragraph 22 of Part A of these Final Terms for details of the Underlying[s].

The effect of such risks on the Warrants will always be calculated in the sole and absolute discretion of the Calculation Agent. Certain of the risks are outlined in the section entitled "*Risk Factors relating to Market Access Notes and Market Access Warrants*" in Part E of the Base Prospectus, though these are not exhaustive. In certain circumstances, the Warrantholders' entire investment may be at risk and they may receive nothing on exercise of their Warrants.

### Information source

Details of past performance and volatility of each Underlying [Security]/ [Index]/ [Fund]/ [ETF] are obtainable from the following display pages on the Bloomberg and/or Reuters Service:

[ ]

[Information about the Underlying Index can be found at [(insert website or other information source relating to Underlying Index)]<sup>49</sup>

[Further information regarding each [Underlying Company] [Underlying Fund] [Underlying ETF] [in each Underlying Country] (delete as appropriate)] can be found at [(insert website or other information source relating to Underlying)]

(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a Drawdown Prospectus or a new base prospectus would be required in respect of such final terms.)

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

## 5. REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- |       |                           |  |
|-------|---------------------------|--|
| (i)   | Reasons for the offer:    | [ ] [Specify reasons only if reasons are different from making profit/hedging purposes, otherwise: Not applicable]   |
| (ii)  | Estimated net proceeds:   | [ ] <sup>50</sup> [Specify if reasons for the offer are specified above under (i), otherwise: Not applicable. (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)] |
| (iii) | Estimated total expenses: | [Specify if reasons for the offer are specified above under (i), otherwise: Not applicable] (Include breakdown of expenses) <sup>51</sup>  |

<sup>49</sup> Please note that if the Underlying Index is composed by the Issuer, a description of it will be required and this may necessitate a drawdown prospectus.

<sup>50</sup> Not required for derivative securities which can only be acquired for at least EUR100,000 per security.

<sup>51</sup> Not required for derivative securities which can only be acquired for at least EUR100,000 per security.

## OPERATIONAL INFORMATION

- |     |  |  |
|-----|--|--|
| 6.  | ISIN Code:   | [[ ]/Not applicable]   |
| 7.  | Common Code:   | [[ ]/Not applicable]   |
| 8.  | CUSIP:   | [[ ]/Not applicable]   |
| 9.  | Valoren Number:  | [[ ]/Not applicable]   |
| 10. | SEDOL:   | [[ ]/Not applicable]   |
| 11. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | [None/specify]   |
| 12. | Delivery:  | Delivery [against/free of] payment   |
| 13. | Additional Paying Agent(s) (if any):   | [None/specify]   |
| 14. | Common Depositary:   | [HSBC Bank plc/Not applicable/specify]   |
| 15. | Notices:<br>(Condition 10)   | [Condition 10 applies / specify any other means of effecting communication]  |
| 16. | City in which specified office of Registrar to be maintained:  | Not applicable   |
| 17. | ERISA Considerations:  | [The Warrants may not be purchased by "benefit plan investors". See " <i>Certain ERISA Considerations – Market Access Securities</i> " in Part E of the Base Prospectus for further information./give details]<br>[Not applicable] |

## TERMS AND CONDITIONS OF THE OFFER *(this section applies only to public offers)*

- |     |   |                                |
|-----|---|--------------------------------|
| 18. | Offer Price:  | [Issue Price][other (specify)] |
| 19. | Conditions to which the offer is subject:   | [Not applicable/give details]  |
| 20. | Description of the application process:   | [Not applicable/give details]  |
| 21. | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: | [Not applicable/give details]  |
| 22. | Details of the minimum and/or maximum amount of application:  | [Not applicable/give details]  |
| 23. | Details of the method and time limits for paying up and delivering the Warrants:                              | [Not applicable/give details]  |

- |     |  |  |
|-----|--|--|
| 24. | Manner in and date on which results of the offer are to be made public:  | [Not applicable/ <i>give details</i> ] |
| 25. | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not applicable/ <i>give details</i> ] |
| 26. | Categories of potential investors to which the Warrants are offered and whether tranche(s) have been reserved for certain countries:         | [Not applicable/ <i>give details</i> ] |
| 27. | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:      | [Not applicable/ <i>give details</i> ] |
| 28. | Amount of any expenses and taxes specifically charged to the subscriber or purchaser:  | [Not applicable/ <i>give details</i> ] |
| 29. | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:             | [None/ <i>give details</i> ]           |

### Index Disclaimers

**Where a Series of Warrants relates to any Index sponsored by MSCI Inc., a statement will be included in the relevant Final Terms in or substantially in the form set out below.**

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## SCHEDULE TO PART E – COUNTRY SUPPLEMENTS

INDIA SUPPLEMENT – PART 1<sup>52</sup>

["(A) By the purchase of any Market Access Securities, on the date of purchase and on each day the Market Access Securities are being held, each holder of Market Access Securities will be deemed to represent and warrant that its purchase of the Market Access Securities is in full compliance with the following selling restrictions and it undertakes and agrees to the selling restrictions below:

1. The Market Access Securities shall not be offered, sold or transferred to (i) a "person resident in India" (as such term is defined in the Foreign Exchange Management Act, 1999, as may be amended or supplemented from time to time), or, (ii) a "non-resident Indian" (as such term is defined in the Foreign Exchange Management (Deposit) Regulations, 2000 as may be amended or supplemented from time to time), (each a "**Restricted Entity**");
2. The Market Access Securities shall not be offered, sold or transferred to any person/entity whose controller is a Restricted Entity.

For the purposes of this representation, a "**controller**" means any person or group of persons (acting pursuant to any agreement or understanding (whether formal or informal, written or otherwise)) who:

- (a) is/are entitled to exercise, or control the exercise of a majority or more of the voting power of an entity, or
- (b) holds or is otherwise entitled to a majority or more of the economic interest in an entity, or
- (c) who in fact exercises control over an entity.

For the purposes of this representation, "**control**" means the ability to appoint a majority or more of the directors of an entity, or the capacity to control decision-making, directly or indirectly, in relation to the financial, investment and/or operating policies of an entity in any manner.

Notwithstanding the foregoing definition, in the case only where an entity's investments are being managed on a discretionary basis by an investment manager, such investment manager shall not be deemed to be such entity's controller for the purposes of this representation by reason only of it being able to control decision-making in relation to the entity's financial, investment and /or operating policies;

3. The Market Access Securities shall only be purchased by a principal for its own account and not as an agent, nominee, trustee or representative of any other person and no agreement for the issuance of a back-to-back offshore derivatives instrument ("**ODI**") (as such term is defined for the purposes of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulation 1995 and notifications, circulars, rules and guidelines of the Securities and Exchange Board of India issued from time to time) (collectively referred to as the "**FII Regulations**") can be entered into against the Warrants;
4. The Market Access Securities shall only be offered to a "person regulated by an appropriate foreign regulatory authority" (as such term and/or requirements relating thereto are defined or otherwise interpreted for the purposes of Regulation 15A of the FII Regulations) (a "**Regulated Entity**");
5. The Market Access Securities shall not be purchased with the intent of circumventing or otherwise avoiding any requirements applicable under the FII Regulations (including, without limitation, any restrictions applying to foreign institutional investors in relation to their issuances and/or other dealings in the Market Access Securities with, Restricted Entities and persons/entities who are not Regulated Entities); and

<sup>52</sup> Consider for the purposes of paragraph 48 (*Selling Restrictions – Other*: of the Final Terms for Market Access Note and paragraph 36 (*Selling Restrictions – Other*: of the Final Terms for Market Access Warrants).

6. The Market Access Securities cannot be sold, transferred, assigned or novated or otherwise disposed of and no back-to-back ODIs may be entered into and no agreement with respect to any of the foregoing may be entered into by the [Noteholder]/[Warrantholder] nominees, associates or affiliates (each, a "**Transfer**") with, an entity which is a Restricted Entity or an entity which is not a Regulated Entity.
7. The ODIs shall not be offered, sold or transferred to (i) a Protected Cell Company ("**PCC**") or Segregated Portfolio Company ("**SPC**") or an equivalent structure however described, or (ii) a Multi Class Share Vehicle ("**MCV**") by constitution or an equivalent structure however described that contains more than one class of shares, except where (a) a common portfolio is maintained for all classes of shares and satisfies broad-based criteria, or (b) a segregated portfolio is maintained for separate classes of shares wherein each such class of shares are in turn broad-based. For this purpose, a "broad-based" fund or class of shares (where the holder's segregated portfolio is maintained for separate classes of shares) as the term is defined in the Explanation to Regulation 6 of the FII Regulations means a fund, established or incorporated outside India, which has at least twenty investors, with no single individual investor holding more than 49% of the shares or units of the fund; provided that if the broad-based fund has institutional investor(s) it shall not be necessary for the fund to have twenty investors. Further, if the broad-based fund has an institutional investor who holds more than 49% of the shares or units in the fund, then the institutional investor must itself be a broad-based fund.

For the purpose of this sub-paragraphs (A)3. and (A)6. above and sub-paragraph (B)1. below, a "back-to-back ODI" shall not include the issue of any ODI issued by a party who has disclosed the terms and parties to such back-to-back ODI in the form and manner prescribed by the Securities and Exchange Board of India pursuant to the FII Regulations (in particular, under Regulation 20A of the FII Regulations).

- (B) Further, by the purchase of any Market Access Securities, each purchaser of the Market Access Securities is deemed to have agreed and undertaken as follows (and for the avoidance of doubt, such agreements and undertakings shall survive the maturity or expiration date of such Warrants):
  1. It will, in the case where it or its nominees, associates or affiliates sell, transfer, assign, novate or otherwise dispose of the Market Access Securities to, or enter into any back-to-back ODIs or enter into an agreement with respect to any of the foregoing with any party:
    - (i) provide notice of these "*Indian Selling Restrictions*" to any person to whom a Transfer was made (the "**Transferee**"); and
    - (ii) issue a written notice to the Issuer in such form as the Issuer may determine within two (2) Hong Kong business days after the Transfer.
  2. The Issuer and its associates/affiliates are authorised to provide information in their possession regarding it, any Transferee, each of the nominees or associates/affiliates of it and/or the Transferee, the Market Access Securities and any breach of these representations, warranties, agreements and undertaking to any Indian governmental or regulatory authorities (each an "**Authority**") as the Issuer or its associates/affiliates reasonably deems necessary or appropriate in order to comply with regulations or requests of such Authority from time to time, including but not limited to disclosures in periodic reportings made by the Issuer or its associates/affiliates to any Authority;
  3. It will and shall procure its nominees or associates/affiliates to, provide the Issuer or its associates/affiliates (as the case may be) promptly with such additional information that the Issuer or its associates/affiliates (as the case may be) reasonably deems necessary or appropriate in order to comply with regulations or requests of any Authority from time to time;
  4. It acknowledges that non-compliance with, or breach, violation or Contravention of, the obligations under these representations, warranties, agreements and undertakings that (including, without limitation, any restrictions with respect to a Transfer) ("**ODI Holder Obligations**") may result in non-compliance with, or breach, violation or Contravention of, applicable laws, regulations, governmental orders or directions, regulatory sanctions against the Issuer and/or its associates/affiliates and cause irreparable harm to the Issuer and/or its associates/affiliates.

Accordingly, it further acknowledges that, in the event of any non-compliance with, or breach, violation or Contravention of the ODI Holder Obligations by it, the Issuer and/or its associates/affiliates may notify the Authority of the breach, violation or Contravention and exercise any rights and take any measures available to the Issuer and/or its associates/affiliates under the terms of the Market Access Securities including these "*Indian Selling Restrictions*", or any other measures to prevent, avoid, mitigate, remedy or cure such non-compliance, breach, violation or Contravention, including but not limited to termination or compulsory redemption of the Warrants by the Issuer or its associates/affiliates; and

5. It will promptly notify the Issuer or its associates/affiliates should any of the representations, warranties, agreements and undertakings given by it changes or no longer holds true."]

INDIA SUPPLEMENT – PART 2<sup>53</sup>

[Each prospective purchaser of Market Access Securities, by accepting delivery of these Final Terms and the accompanying Base Prospectus, will be deemed to have represented and agreed with respect to such Market Access Securities as follows:

- (I) THE MARKET ACCESS SECURITIES ARE NOT BEING PURCHASED BY A "**RESTRICTED ENTITY**", MEANING THAT IT IS NOT A "PERSON RESIDENT IN INDIA" (AS SUCH TERM IS DEFINED IN THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999, AS MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME), OR, (II), A "**NON-RESIDENT INDIAN**" (AS SUCH TERM IS DEFINED IN THE FOREIGN EXCHANGE MANAGEMENT (DEPOSIT) REGULATIONS, 2000, AS MAY BE AMENDED FROM TIME TO TIME);
- (II) THE MARKET ACCESS SECURITIES ARE NOT BEING PURCHASED BY A PERSON/ENTITY WHOSE CONTROLLER(S) IS/ARE A RESTRICTED ENTITY, WHERE (A) "**CONTROLLER**" MEANS ANY PERSON OR GROUP OF PERSONS (ACTING PURSUANT TO ANY AGREEMENT OR UNDERSTANDING (WHETHER FORMAL OR INFORMAL, WRITTEN OR OTHERWISE)) WHO IS/ARE ENTITLED TO EXERCISE OR CONTROL THE EXERCISE OF A MAJORITY OR MORE OF THE VOTING POWER OF AN ENTITY OR WHO HOLDS OR IS OTHERWISE ENTITLED TO A MAJORITY OR MORE OF THE ECONOMIC INTEREST IN SUCH ENTITY OR WHO IN FACT EXERCISES CONTROL OVER SUCH ENTITY; AND (B) "**CONTROL**" MEANS THE ABILITY TO APPOINT A MAJORITY OR MORE OF THE DIRECTORS OF AN ENTITY, OR THE CAPACITY TO CONTROL DECISION-MAKING, DIRECTLY OR INDIRECTLY, IN RELATION TO THE FINANCIAL, INVESTMENT AND/OR OPERATING POLICIES OF AN ENTITY IN ANY MANNER, **PROVIDED THAT**, IN THE CASE ONLY WHERE AN ENTITY'S INVESTMENTS ARE BEING MANAGED ON A DISCRETIONARY BASIS BY AN INVESTMENT MANAGER, SUCH INVESTMENT MANAGER SHALL NOT BE DEEMED TO BE SUCH ENTITY'S CONTROLLER FOR THE PURPOSES OF THE ABOVE BY REASON ONLY OF IT BEING ABLE TO CONTROL DECISION-MAKING IN RELATION TO THE ENTITY'S FINANCIAL, INVESTMENT AND /OR OPERATING POLICIES;
- (III) THE MARKET ACCESS SECURITIES ARE NOT BEING PURCHASED WITH THE INTENT OF CIRCUMVENTING OR OTHERWISE AVOIDING ANY REQUIREMENTS APPLICABLE UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (FOREIGN INSTITUTIONAL INVESTORS) REGULATIONS, 1995, AS MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, AND NOTIFICATIONS, CIRCULARS, RULES AND GUIDELINES OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (COLLECTIVELY REFERRED TO AS THE "**FII REGULATIONS**") (INCLUDING, WITHOUT LIMITATION, ANY RESTRICTIONS APPLYING TO FOREIGN INSTITUTIONAL INVESTORS IN RELATION TO THEIR ISSUANCES AND/OR OTHER DEALINGS OF OFFSHORE DERIVATIVE INSTRUMENTS (AS SUCH TERM IS DEFINED FOR THE PURPOSES OF REGULATION 15A OF THE FII REGULATIONS) WITH, RESTRICTED ENTITIES OR UNREGULATED ENTITIES (AS HEREINAFTER DEFINED);
- (IV) THE HOLDER IS A "PERSON REGULATED BY AN APPROPRIATE FOREIGN REGULATORY AUTHORITY" (AS SUCH TERM AND/OR REQUIREMENTS RELATING THERETO ARE DEFINED OR OTHERWISE INTERPRETED FOR THE PURPOSES OF THE FII REGULATIONS (A "**REGULATED ENTITY**")
- (V) THAT THE MARKET ACCESS SECURITIES ARE BEING PURCHASED BY THE HOLDER AS A PRINCIPAL FOR ITS OWN ACCOUNT AND NOT AS AN AGENT, NOMINEE, TRUSTEE OR REPRESENTATIVE OF ANY OTHER PERSON AND THE

<sup>53</sup> Insert in the "*Transfer Restrictions*" section of the Final Terms of SPICE Notes or Warrants and Market Access Securities linked to Indian Underlyings.

HOLDER HAS NOT ENTERED INTO ANY AGREEMENT FOR THE ISSUANCE OF A BACK-TO-BACK ODI<sup>54</sup> AGAINST THE MARKET ACCESS SECURITIES;

- (VI) THAT THE MARKET ACCESS SECURITIES SHALL NOT BE, DIRECTLY OR INDIRECTLY, SOLD, TRANSFERRED, ASSIGNED, NOVATED OR OTHERWISE DISPOSED OF, TO NOR ANY BACK-TO-BACK ODIS<sup>55</sup> OR AGREEMENT WITH RESPECT TO ANY OF THE FOREGOING ENTERED INTO WITH AN ENTITY WHICH IS A RESTRICTED ENTITY;
- (VII) THAT THE MARKET ACCESS SECURITIES SHALL NOT BE OFFERED, SOLD OR TRANSFERRED TO: (i) A PROTECTED CELL COMPANY ("PCC") OR SEGREGATED PORTFOLIO COMPANY ("SPC") OR AN EQUIVALENT STRUCTURE HOWEVER DESCRIBED, OR (II) A MULTI CLASS SHARE VEHICLE ("MCV") BY CONSTITUTION OR AN EQUIVALENT STRUCTURE HOWEVER DESCRIBED THAT CONTAINS MORE THAN ONE CLASS OF SHARES, EXCEPT WHERE (A) A COMMON PORTFOLIO IS MAINTAINED FOR ALL CLASSES OF SHARES AND SATISFIES BROAD-BASED CRITERIA, OR (B) A SEGREGATED PORTFOLIO IS MAINTAINED FOR SEPARATE CLASSES OF SHARES WHEREIN EACH SUCH CLASS OF SHARES ARE IN TURN BROAD-BASED. FOR THIS PURPOSE, A "BROAD-BASED" FUND OR CLASS OF SHARES (WHERE THE HOLDER'S SEGREGATED PORTFOLIO IS MAINTAINED FOR SEPARATE CLASSES OF SHARES) AS THE TERM IS DEFINED IN THE EXPLANATION TO REGULATION 6 OF THE FII REGULATIONS MEANS A FUND, ESTABLISHED OR INCORPORATED OUTSIDE INDIA, WHICH HAS AT LEAST TWENTY INVESTORS, WITH NO SINGLE INDIVIDUAL INVESTOR HOLDING MORE THAN 49% OF THE SHARES OR UNITS OF THE FUND; PROVIDED THAT IF THE BROAD-BASED FUND HAS INSTITUTIONAL INVESTOR(S) IT SHALL NOT BE NECESSARY FOR THE FUND TO HAVE TWENTY INVESTORS. FURTHER, IF THE BROAD-BASED FUND HAS AN INSTITUTIONAL INVESTOR WHO HOLDS MORE THAN 49% OF THE SHARES OR UNITS IN THE FUND, THEN THE INSTITUTIONAL INVESTOR MUST ITSELF BE A BROAD-BASED FUND.
- (VIII) THAT THE MARKET ACCESS SECURITIES SHALL NOT BE, DIRECTLY OR INDIRECTLY, SOLD, TRANSFERRED, ASSIGNED, NOVATED OR OTHERWISE DISPOSED OF TO NOR ANY BACK-TO-BACK ODIS<sup>56</sup> OR AGREEMENT WITH RESPECT TO ANY OF THE FOREGOING ENTERED INTO WITH AN ENTITY WHICH IS NOT A REGULATED ENTITY (AN "UNREGULATED ENTITY");
- (IX) THE HOLDER WILL, IN THE CASE WHERE IT OR ITS NOMINEES, ASSOCIATES OR AFFILIATES SELL, TRANSFER, ASSIGN, NOVATE OR OTHERWISE DISPOSE OF THE MARKET ACCESS SECURITIES TO, OR ENTER INTO ANY BACK-TO-BACK ODIS OR ENTER INTO AN AGREEMENT WITH RESPECT TO ANY OF THE FOREGOING WITH ANY PARTY: (I) PROVIDE NOTICE OF THESE "INDIAN SELLING RESTRICTIONS" TO ANY PERSON TO WHOM A TRANSFER WAS MADE (THE "TRANSFeree"); AND (II) ISSUE A WRITTEN NOTICE TO THE ISSUER IN SUCH FORM AS THE ISSUER MAY DETERMINE WITHIN TWO (2) HONG KONG BUSINESS DAYS AFTER THE TRANSFER.
- (X) THE ISSUER AND ITS ASSOCIATES/AFFILIATES ARE AUTHORISED TO PROVIDE INFORMATION IN THEIR POSSESSION REGARDING THE HOLDER, THE PROPOSED TRANSFEREE, THE NOMINEES OR ASSOCIATES/AFFILIATES OF THE HOLDER

<sup>54</sup> For the purposes of this paragraph V, a "back-to-back ODI" shall not include the issue of any ODI to be issued by a holder or its affiliate/associate who makes monthly or periodic disclosure of ODI transactions to the Securities and Exchange Board of India and will disclose the terms and parties to such back-to-back ODI in the form and manner prescribed by the Securities and Exchange Board of India pursuant to the FII Regulations (in particular under Regulation 20A of the FII Regulations).

<sup>55</sup> For the purposes of this paragraph VI, a "back-to-back ODI" shall not include the issue of any ODI to be issued by a holder or its affiliate/associate who makes monthly or periodic disclosure of ODI transactions to the Securities and Exchange Board of India and will disclose the terms and parties to such back-to-back ODI in the form and manner prescribed by the Securities and Exchange Board of India pursuant to the FII Regulations (in particular under Regulation 20A of the FII Regulations).

<sup>56</sup> For the purposes of this paragraph VII, a "back-to-back ODI" shall not include the issue of any ODI to be issued by a holder or its affiliate/associate who makes monthly or periodic disclosure of ODI transactions to the Securities and Exchange Board of India and will disclose the terms and parties to such back-to-back ODI in the form and manner prescribed by the Securities and Exchange Board of India pursuant to the FII Regulations (in particular under Regulation 20A of the FII Regulations).

AND/OR THE PROPOSED TRANSFEREE, THE MARKET ACCESS SECURITIES AND ANY BREACH OF THESE LEGENDS TO ANY INDIAN GOVERNMENTAL OR REGULATORY AUTHORITY (EACH AN "AUTHORITY") AS THE ISSUER OR ITS ASSOCIATES/AFFILIATES REASONABLY DEEMS NECESSARY OR APPROPRIATE IN ORDER TO COMPLY WITH REGULATIONS OR REQUESTS OF SUCH AUTHORITY FROM TIME TO TIME, INCLUDING BUT NOT LIMITED TO DISCLOSURES IN PERIODIC REPORTINGS MADE BY THE ISSUER OR ASSOCIATES/AFFILIATES OF THE ISSUER TO ANY AUTHORITY;

- (XI) THE HOLDER WILL, AND SHALL PROCURE THAT THE NOMINEES OR ASSOCIATES/AFFILIATES OF THE HOLDER TO, AT THE SOLE OPTION OF THE ISSUER OR ITS ASSOCIATES/AFFILIATES, EITHER (A) PROVIDE THE ISSUER OR ITS ASSOCIATES/AFFILIATES PROMPTLY WITH SUCH ADDITIONAL INFORMATION THAT THE ISSUER OR ITS ASSOCIATES/AFFILIATES REASONABLY DEEMS NECESSARY OR APPROPRIATE IN ORDER TO COMPLY WITH REGULATIONS OR REQUESTS OF ANY AUTHORITY FROM TIME TO TIME (SUCH INFORMATION, THE "**ADDITIONAL INFORMATION**"), OR (B) SUBJECT TO SUCH AUTHORITY ACCEPTING SUCH DIRECT PROVISION, PROMPTLY PROVIDE SUCH ADDITIONAL INFORMATION DIRECTLY TO SUCH AUTHORITY AND PROMPTLY CONFIRM IN WRITING TO THE ISSUER THAT IT HAS DONE SO; AND
- (XII) NON-COMPLIANCE WITH, OR BREACH, VIOLATION OR CONTRAVENTION OF, THE OBLIGATIONS UNDER HEREIN (INCLUDING, WITHOUT LIMITATION, ANY RESTRICTIONS WITH RESPECT TO A TRANSFER ("**ODI HOLDER OBLIGATIONS**") MAY RESULT IN NON-COMPLIANCE WITH, OR BREACH, VIOLATION OR CONTRAVENTION OF, APPLICABLE LAWS, REGULATIONS, GOVERNMENTAL ORDERS OR DIRECTIONS, REGULATORY SANCTIONS AGAINST THE ISSUER AND/OR ITS ASSOCIATES/AFFILIATES AND CAUSE IRREPARABLE HARM TO THE ISSUER AND/OR ITS ASSOCIATES/AFFILIATES. ACCORDINGLY, THE HOLDER FURTHER ACKNOWLEDGES THAT, IN THE EVENT OF ANY NON-COMPLIANCE WITH, OR BREACH, VIOLATION OR CONTRAVENTION OF THE ODI HOLDER OBLIGATIONS BY THE HOLDER, THE ISSUER AND/OR ITS ASSOCIATES/AFFILIATES MAY NOTIFY THE AUTHORITY OF THE BREACH, VIOLATION OR CONTRAVENTION AND EXERCISE ANY RIGHTS AND TAKE ANY MEASURES AVAILABLE TO IT UNDER THE TERMS OF THE MARKET ACCESS SECURITIES, OR ANY OTHER MEASURES TO PREVENT, AVOID, MITIGATE, REMEDY OR CURE SUCH NON-COMPLIANCE, BREACH, VIOLATION OR CONTRAVENTION, INCLUDING BUT NOT LIMITED TO EARLY REDEMPTION OF THE MARKET ACCESS SECURITIES BY THE ISSUER OR ITS ASSOCIATES/AFFILIATES AND COMPELLING THE TRANSFEREE TO REDEEM ANY MARKET ACCESS SECURITIES HELD BY SUCH TRANSFEREE.]

## SAUDI ARABIA SUPPLEMENT

**Information Relating to Underlying Funds - Saudi Market Access Securities linked to Funds  
("Fund-Linked Saudi Market Access Securities")**

The identity and characteristics of the relevant Underlying Fund and an indication of the source where information about the past performance of such Underlying Fund and its volatility can be obtained will be specified in the relevant Final Terms in relation to any issue of Fund-Linked Saudi Market Access Securities.

The Underlying Fund relating to an issuance of Fund-Linked Saudi Market Access Securities may include any one of the following funds:

1. SABB Amanah Saudi Equity Fund
2. SABB Amanah Saudi Industrial Companies Fund
3. SABBINVEST Saudi Equity Fund
4. SABBINVEST Saudi Equity Trading Fund
5. SABBINVEST Financial Institutions Fund
6. HSBC Saudi Equity Index Fund
7. HSBC Saudi Petrochemical Equity Opportunities Fund

Set out below is certain outline information as to the nature of each of the above-listed Underlying Funds.

Investors should note that the above list is not intended to be an exhaustive list of potential Underlying Funds to which Fund-Linked Saudi Market Access Securities may be linked and that Fund-Linked Saudi Market Access Securities linked to other Underlying Funds not listed herein may be issued under the Programme from time to time.

Each of the above-listed Underlying Funds is, and each Underlying Fund will be, managed by HSBC Saudi Arabia Limited (the "**Fund Manager**"). The Underlying Funds and the Fund Manager are governed by the laws of the KSA, and in particular, the KSA Capital Market Law ("**CML**"), and the regulations enacted thereunder, and are regulated by the KSA Capital Market Authority ("**CMA**").

Investment funds in Saudi Arabia, including the Underlying Fund relating to an issuance of Fund-Linked Saudi Market Access Securities, are unincorporated funds. They are established and formally organised pursuant to a contract that is signed between the Fund Manager and the fund unit-holders, which contract must be in the form of terms and conditions as specified in the Investment Fund Regulations enacted under the CML ("**IFR**"). The terms and conditions include covenants on the part of the Fund Manager to perform or to contract for the performance of (i) the investment management of the portfolio of the Underlying Fund; (ii) the custody of portfolio assets of the Underlying Fund; (iii) dealing in securities or other assets of the Underlying Fund; and (iv) the administration of the Underlying Fund. The terms and conditions also set out the fees, commissions or other remuneration with which the Fund Manager proposes to compensate itself from investment fund assets or subscriptions for the performance of the foregoing activities or services.

The regulatory practices of the CMA may not necessarily be identical to the regulatory practices in other jurisdictions. In particular, given the lack of a formal system of official reporting and/or official interpretation, and the absence of a system of binding precedent in the KSA, prospective investors or investors should note that the Fund Manager may discharge its obligations, and CMA may exercise its authority in respect of the relevant Underlying Fund in a manner that may impact the value of such Underlying Fund and/or the relevant Fund-Linked Saudi Market Access Securities.

## 1. SABB Amanah Saudi Equity Fund

### Fund objectives

SABB Amanah Saudi Equity Fund (the "**Fund**") aims to achieve long-term capital growth by investing in the Saudi equity stock market. All equity investments in the Fund will be in companies which conform to Islamic investment principles as guided and endorsed by the HSBC Amanah Shariah Committee.

### Fund details

Fund type	Open ended
Base currency of the Fund	Saudi Riyal
Minimum initial subscription	SAR 7,500
Minimum additional subscription	SAR 3,750
Regular monthly subscription	SAR 1,000
Valuation	Saturday & Tuesday
Cut off time	12 noon Riyadh time Sunday and Wednesday
Redemption payout	2 business days after valuation day
Unit price at inception	SAR 10
Launch date	13 March 2004

### Fund Manager

SABB Amanah Saudi Equity Fund will be managed by HSBC Saudi Arabia Limited.

For further information about the past performance of the Fund and its volatility go to:

[http://www.hsbcSaudi.com/Prod\\_Services/Asset\\_Mgt/Mutual\\_Funds/Long\\_term/long\\_term\\_en.shtml](http://www.hsbcSaudi.com/Prod_Services/Asset_Mgt/Mutual_Funds/Long_term/long_term_en.shtml)

## 2. SABB Amanah Saudi Industrial Companies Fund

### Fund objectives

The SABB Amanah Saudi Industrial Companies Fund aims to provide long-term capital growth through investment in the industrial sector. All equity investments in the Fund will be in companies which conform to Islamic investment principles as guided and endorsed by the HSBC Amanah Shariah Committee.

### Fund details

Fund type	Open ended
Base currency of the Fund	Saudi Riyal
Minimum initial subscription	SAR 7,500
Minimum additional subscription	SAR 3,750
Regular monthly subscription	SAR 1,000
Valuation	Saturday & Tuesday
Cut off time	12 noon Riyadh time Sunday and Wednesday
Redemption payout	2 business days after valuation day
Unit price at inception	SAR 10
Launch date	1 April 2005
Fund Manager	SABB's Asset Management

### Fund Manager

SABB Amanah Saudi Industrial Companies Fund will be managed by HSBC Saudi Arabia Limited.

For further information about the past performance of the Fund and its volatility go to:

[http://www.hsbcSaudi.com/Prod\\_Services/Asset\\_Mgt/Mutual\\_Funds/Long\\_term/long\\_term\\_en.shtml](http://www.hsbcSaudi.com/Prod_Services/Asset_Mgt/Mutual_Funds/Long_term/long_term_en.shtml)



### 3. **SABBINVEST Saudi Equity Fund**

#### **Fund objectives**

The Saudi Equity Fund aims to achieve long-term equity linked growth by investing in the Saudi stock market. The Fund invests in the shares of Saudi publicly quoted companies and money market instruments.

#### **Fund details**

Fund type	Open ended
Base currency of the Fund	Saudi Riyal
Minimum initial subscription	SAR 7,500
Minimum additional subscription	SAR 3,750
Regular monthly subscription	SAR 1,000
Valuation	Saturday & Tuesday
Cut off time	12 noon Riyadh time Sunday & Wednesday
Redemption payout	2 business days after valuation day
Unit price at inception	SAR 10
Launch date	12 December 1992

#### **Fund Manager**

SABBINVEST Saudi Equity Fund will be managed by HSBC Saudi Arabia Limited.

For further information about the past performance of the Fund and its volatility go to:

[http://www.hsbcSaudi.com/Prod\\_Services/Asset\\_Mgt/Mutual\\_Funds/Long\\_term/long\\_term\\_en.shtml](http://www.hsbcSaudi.com/Prod_Services/Asset_Mgt/Mutual_Funds/Long_term/long_term_en.shtml)

### 4. **SABBINVEST Saudi Equity Trading Fund**

#### **Fund objectives**

The Saudi Equity Trading Fund aims to achieve long-term equity linked growth by investing in the Saudi Arabian stock market. The Fund invests in the shares of Saudi publicly quoted companies (excluding banks) and short-term trade finance transactions.

#### **Fund details**

Fund type	Open ended
Base currency of the Fund	Saudi Riyal
Minimum initial subscription	SAR 7,500
Minimum additional subscription	SAR 3,750
Regular monthly subscription	SAR 1,000
Valuation	Saturday & Tuesday
Cut off time	12 noon Riyadh time Sunday & Wednesday
Redemption payout	2 business days after valuation day
Unit price at inception	SAR 10
Launch date	01 November 1997

#### **Fund Manager**

SABBINVEST Saudi Equity Trading Fund will be managed by HSBC Saudi Arabia Limited.

For further information about the past performance of the Fund and its volatility go to:

[http://www.hsbcSaudi.com/Prod\\_Services/Asset\\_Mgt/Mutual\\_Funds/Long\\_term/long\\_term\\_en.shtml](http://www.hsbcSaudi.com/Prod_Services/Asset_Mgt/Mutual_Funds/Long_term/long_term_en.shtml)

## 5. SABBINVEST Financial Institutions Fund

### Fund objectives

To provide medium to long-term equity linked growth by investing in the shares of banking sector in the KSA.

### Fund details

Fund type	Open ended
Base currency of the Fund	Saudi Riyal
Minimum initial subscription	SAR 7,500
Minimum additional subscription	SAR 3,750
Regular monthly subscription	SAR 1,000
Valuation	Saturday & Tuesday
Cut off time	12 noon Riyadh time Sunday & Wednesday
Redemption payout	2 business days after valuation day
Unit price at inception	SAR 10
Launch date	01 August 2004

### Fund Manager

SABBINVEST Financial Institutions Fund will be managed by HSBC Saudi Arabia Limited.

For further information about the past performance of the Fund and its volatility go to:

[http://www.hsbcSaudi.com/Prod\\_Services/Asset\\_Mgt/Mutual\\_Funds/Long\\_term/long\\_term\\_en.shtml](http://www.hsbcSaudi.com/Prod_Services/Asset_Mgt/Mutual_Funds/Long_term/long_term_en.shtml)

## 6. HSBC Saudi Equity Index Fund

### Fund objectives

The HSBC Saudi Equity Index Fund is an open-ended investment fund with the aim of achieving, over the medium to long term, capital growth by investing in a portfolio of equities of selected companies listed on the Saudi Equity Market and corresponding to the constituents of the HSBC Saudi Equity Index.

### Fund details

Fund type	Open ended
Base currency of the Fund	Saudi Riyal
Minimum initial subscription	SAR 100,000
Minimum additional subscription	SAR 50,000
Regular monthly subscription	Not applicable
Valuation	Daily
Cut off time	1:30 pm Riyadh time on each business day
Redemption payout	2 business days following valuation day
Unit price at inception	SAR 10
Launch date	11 December 2007

### Fund Manager

HSBC Saudi Equity Index Fund will be managed by HSBC Saudi Arabia Limited.

For further information about the past performance of the Fund and its volatility go to:

[http://www.hsbcSaudi.com/Prod\\_Services/Asset\\_Mgt/Mutual\\_Funds/Long\\_term/long\\_term\\_en.shtml](http://www.hsbcSaudi.com/Prod_Services/Asset_Mgt/Mutual_Funds/Long_term/long_term_en.shtml)

## 7. **HSBC Saudi Petrochemical Equity Opportunities Fund**

### **Fund objectives**

The Fund is an open-ended investment fund with the aim of achieving, over the medium to long term, capital growth by investing in a portfolio of Saudi petrochemical equities of companies listed on the Saudi Equity Market. The Fund's assets will be concentrated and actively managed in petrochemical companies aiming to achieve capital growth without a reference to a specific benchmark or weightings of petrochemical companies in the Saudi Equity Market.

### **Fund details**

Fund type	Open ended
Base currency of the Fund	Saudi Riyal
Minimum initial subscription	SAR 100,000
Minimum additional subscription	SAR 50,000
Regular monthly subscription	Not applicable
Valuation	Daily
Cut off time	1:30 pm Riyadh time on each business day
Redemption payout	2 business days following valuation day
Unit price at inception	SAR 10
Launch date	11 December 2007

### **Fund Manager**

HSBC Saudi Petrochemical Equity Opportunities Fund will be managed by HSBC Saudi Arabia Limited.

For further information about the past performance of the Fund and its volatility go to:

[http://www.hsbcSaudi.com/Prod\\_Services/Asset\\_Mgt/Mutual\\_Funds/Long\\_term/long\\_term\\_en.shtml](http://www.hsbcSaudi.com/Prod_Services/Asset_Mgt/Mutual_Funds/Long_term/long_term_en.shtml)

## INDEX OF DEFINED TERMS

144A Offeree.....	E-62, E-124	Excess Deduction.....	E-15, E-32, E-78, <b>E-96</b>
Additional Information.....	E-140	Exchange.....	E-22, E-85
Additional Payment.....	E-18, E-35, E-81, <b>E-99</b>	Exchange Business Day.....	E-22, E-85
Affected Jurisdiction.....	E-21, E-29, E-40, E-46, E-84, E-91, <b>E-104, E-109</b>	Extraordinary ETF Event.....	E-37, <b>E-100</b>
Affiliate ....	E-12, E-30, E-41, E-75, E-93, <b>E-105</b>	Extraordinary Event.....	E-122
Aggregate Net Proceeds .....	E-41, <b>E-105</b>	Extraordinary Fund Event.....	E-25, E-87
Aggregate Sale Amount.....	E-12, E-13, E-30, E-31, E-75, E-76, E-93, E-94	E-Z Notes.....	E-1, E-8
Aggregate Sale Price .....	E-30, E-94	FII .....	E-16, E-34, E-43, E-79, <b>E-97, E-107</b>
ANP Receipt Date .....	E-42, <b>E-105</b>	FII Regulations .....	E-135, E-138
ASA Receipt Date .....	E-13, E-31, E-76, E-94	Final Valuation Date.....	E-22, E-85
Authority.....	E-4, E-136, E-140	FINI.....	E-16, E-34, E-43, E-79, <b>E-97, E-107</b>
Bank .....	E-1	Fitch .....	E-66
Base Prospectus.....	E-1	Fixed CGT Rate .....	E-15, E-33, E-78, <b>E-97</b>
Benefit Plan Investor .....	<b>E-63, E-125</b>	FSA .....	E-1, E-67, E-129
Business Day.....	E-22, E-85	Fund .....	E-142
Cash Settlement Payment Date.....	E-14, E-31, E-42, E-77, E-95, <b>E-106</b>	Fund Application Date.....	E-22, E-85
Certificates .....	E-48, E-52	Fund Manager .....	E-141
CMA.....	E-141	Fund-Linked Saudi Market Access Securities ..	E-141
CML .....	E-141	GAZELS .....	E-1, E-8
CNY .....	E-15, E-33, E-78, <b>E-97</b>	Gross Sale Amount.....	E-12, E-13, E-30, E-31, E-75, E-76, E-93, E-94
Code .....	E-9, <b>E-63, E-125</b>	Hedge Positions.....	E-21, E-29, E-40, E-46, E-84, E-92, <b>E-104, E-110</b>
Conditions .....	E-47, E-48, <b>E-111</b>	Hedging.....	E-20, E-29, E-40, E-46, E-83, E-91, <b>E-103, E-109</b>
control.....	E-135	Hedging Disruption.....	E-20, E-28, E-39, E-83, E-91, <b>E-103</b>
Control.....	E-138	Hedging Disruption Events.....	E-26, E-89
controller .....	E-135	hold .....	E-21, E-29, E-40, E-84, E-93, <b>E-104</b>
Controller .....	E-138	holder .....	E-21, E-29, E-40, E-84, E-93, <b>E-104</b>
Conversion Costs.....	E-14, E-32, E-42, E-77, E-95, <b>E-106</b>	holding .....	E-21, E-29, E-84, E-93, <b>E-104</b>
Converted Amount.....	E-17, E-18, E-19, E-35, E-44, E-80, E-81, E-82, <b>E-98, E-99, E-108</b>	Hypothetical Investor.....	E-23, E-85
Converted ANP .....	E-42, <b>E-106</b>	IFR .....	E-141
Converted ASA .....	E-14, E-31, E-77, E-95	Issuer.....	E-1
Costs.....	E-14, E-32, E-43, E-77, E-95, <b>E-106</b>	LAMAS .....	E-1, E-8
Currency Business Day .....	E-22, E-85	Law .....	E-26, E-89
Currency Event.....	E-20, E-21, E-28, E-39, E-45, E-83, E-84, <b>E-103, E-109</b>	LEPOs.....	E-1, E-8
Deduction Shortfall .....	E-15, E-33, E-78, <b>E-96</b>	LEPOS .....	<b>E-111</b>
Determination Date.....	E-16, E-33, E-43, E-79, <b>E-97, E-107</b>	London Stock Exchange .....	E-1
Early Redemption Amount.....	E-24, E-36	<i>Malaysian Resident</i> .....	E-5
Early Redemption Date .....	E-24, E-36	MANs .....	E-1, E-8, E-47
Early Settlement Amount .....	E-86, <b>E-100</b>	Mark Date .....	E-17, E-80, <b>E-98</b>
Early Settlement Date.....	E-86, <b>E-100</b>	Mark Date"), .....	E-34
ECM .....	E-5	Market Access Securities.....	E-1, E-8
Effective FX Rate.....	E-14, E-32, E-42, E-77, E-95, <b>E-106</b>	MAWs.....	E-1, E-8
Employee Benefit Plan .....	<b>E-63, E-125</b>	MAWS .....	<b>E-111</b>
ERISA .....	E-9, <b>E-125</b>	Merger Event .....	E-27, E-89
ERISA Plans.....	E-9	Moody's.....	E-66
Event Occurrence Date .....	E-18, E-44, E-81, <b>E-108</b>	MSCI.....	E-72, E-133
Event Payment.....	E-18, E-44, E-81, <b>E-107</b>	NDF transaction.....	E-13, E-31, E-42, E-76, E-95, <b>E-106</b>
Event Receipt.....	E-18, E-19, E-44, E-81, E-82, <b>E-108</b>	New Shares .....	E-24, E-36, E-87, <b>E-100</b>
Event Receipt Date.....	E-18, E-19, E-44, E-81, E-82, <b>E-108</b>	Non-Resident Indian .....	E-138
		Notes .....	E-47
		Notional Holder.....	E-16, E-34, E-43, E-79, <b>E-98, E-107</b>
		Number of Underlying ETFs per Note.....	E-34

Number of Underlying ETFs per Warrant..	<b>E-98</b>
Number of Underlying Indices per Note .....	E-43
Number of Underlying Indices per Warrant...	<b>E-107</b>
Number of Underlying Securities per Note .....	E-16
Number of Underlying Securities per WarrantE-	79
ODI.....	E-135
<i>ODI Holder Obligations</i> .....	E-5, E-136, E-140
PALMS.....	E-1, E-8
Part E.....	E-1
Parties in Interest.....	E-9
Plan.....	<b>E-63, E-125</b>
Plans .....	E-9
Potential Adjustment Event .....	E-27, E-90
PRC .....	E-15, E-33, E-78, <b>E-97</b>
PRC Capital Gains Tax .	E-15, E-33, E-78, <b>E-97</b>
Programme .....	E-1
Prospectus.....	E-48, <b>E-111, E-112</b>
Prospectus Directive .....	E-48, <b>E-111</b>
PTCE .....	E-9
QFII .....	E-15, E-33, E-78, <b>E-97</b>
Realisable Sale PriceE-12, E-30, E-41, E-75, E-	93, <b>E-104</b>
Receipt DateE-17, E-34, E-35, E-80, <b>E-98, E-</b>	<b>99</b>
Redemption CommissionE-16, E-23, E-34, E-	43, <b>E-107</b>
Redemption Costs.....	E-17, E-34, E-43, <b>E-107</b>
Reference JurisdictionE-20, E-28, E-39, E-45,	E-83, E-91, <b>E-103, E-109</b>
Reference Securities .....	E-1, E-8, E-43, <b>E-107</b>
Reference Security .....	E-1, E-8
Regulated Entity .....	E-135, E-138
Regulation S .....	<b>E-112</b>
Regulation S .....	E-48, E-63, <b>E-125</b>
Relevant HedgeE-13, E-30, E-41, E-76, E-94,	<b>E-105</b>
Relevant Period .....	E-17, E-34, E-80, <b>E-98</b>
relevant personE-21, E-29, E-40, E-84, E-93, <b>E-</b>	<b>104</b>
Relevant Reference PriceE-16, E-33, E-79, <b>E-</b>	<b>97</b>
Restricted Entity .....	E-135, E-138
Restricted Notes .....	E-62
Restricted Warrants .....	<b>E-124</b>
RSA 421-B .....	E-48, <b>E-112</b>
Rule 144A .....	E-48, E-63, <b>E-112, E-125</b>
Rule 144A Legend.....	E-62
S&P .....	E-66
Saudi PALMS .....	E-1, E-8
Scheduled Closing Time.....	E-23, E-86
Scheduled Trading Day .....	E-23, E-86
Scheduled Valuation Date .....	E-85
Securities Act ....	E-1, E-48, E-62, <b>E-112, E-124</b>
Security Redemption .....	E-21, E-84
Settlement Commission.....	E-79, E-86, <b>E-98</b>
Settlement Commission Percentage .....	E-118
Settlement Costs .....	E-79, <b>E-98</b>
Settlement Currency .....	E-1, E-8, E-52, <b>E-116</b>
Share .....	E-23, E-34, E-86, <b>E-98</b>
Similar Law.....	E-9
Similar Law Plan .....	<b>E-63, E-125</b>
Similar Law Plans.....	E-9
Specified Currency .....	E-1, E-8, E-52, <b>E-116</b>
Specified Currency Equivalent .....	E-23, E-86
SPICEs .....	E-1, E-8
<i>substantial shareholder</i> .....	E-5
Tax Certainty Date .....	E-16, E-33, E-79, <b>E-97</b>
Tax Clarification Effective DateE-16, E-33, E-	79, <b>E-97</b>
Tax Deducted.....	E-15, E-32, E-78, <b>E-96</b>
Tax Equalisation PaymentE-15, E-33, E-78, <b>E-</b>	<b>96</b>
Tax Equalisation Payment DateE-15, E-33, E-	78, <b>E-96</b>
Tax Equalisation Payment Notification Date..	E-15, E-33, E-78, <b>E-96</b>
tax uncertainties .....	E-15, E-32, E-78, <b>E-96</b>
tax uncertainty.....	E-15, E-32, E-78, <b>E-96</b>
Transaction CostsE-17, E-34, E-43, E-80, <b>E-98,</b>	<b>E-107</b>
Transfer.....	E-136
<i>Transferee</i> .....	E-4, E-136
Underlying .....	E-1, E-8
Underlying Companies .....	E-1, E-8
Underlying Company.....	E-1, E-8
Underlying Company Default .....	E-21, E-84
Underlying Countries.....	E-1, E-8
Underlying Country .....	E-1, E-8, E-122
Underlying Currencies .....	E-1, E-8
Underlying CurrencyE-1, E-8, E-23, E-86, E-	122
Underlying Currency AmountE-17, E-18, E-34,	E-35, E-80, E-81, <b>E-98, E-99</b>
Underlying ETF .....	E-1, E-8
Underlying ETF/ETFs .....	E-47, E-111
Underlying ETFs.....	E-1, E-8
Underlying Fund.....	E-1, E-8, E-23, E-86
Underlying Fund Disruption Event... E-27, E-90	
Underlying Fund Value.....	E-23, E-86
Underlying Fund Value <sup>final</sup> .....	E-24, E-86
Underlying Fund/ Funds .....	E-47
Underlying Fund/Funds .....	E-111
Underlying Funds .....	E-1, E-8
Underlying Index .....	E-1, E-8
Underlying Index/Indices.....	E-47, E-111
Underlying Indices .....	E-1, E-8
Underlying Securities.....	E-1, E-8
Underlying Security .....	E-1, E-8
Underlying Security/Securities .....	E-47, E-111
Underlyings.....	E-1, E-8
Unpaid CostsE-14, E-32, E-43, E-77, E-96, <b>E-</b>	<b>106</b>
Unregulated Entity .....	E-139
USD .....	E-52, <b>E-116</b>
Use of Proceeds .....	E-67
Valuation Date .....	E-24, E-86
Warrants.....	<b>E-111</b>
X E-30	

Y E-30

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**PART F - PRODUCT SUPPLEMENT FOR COMMODITY/COMMODITY INDEX-LINKED  
NOTES AND WARRANTS**



**HSBC Bank plc**

*(A company incorporated with limited liability in England with registered number 14259)*

*as Issuer*

**PROGRAMME FOR THE ISSUANCE OF NOTES AND WARRANTS**

**Commodity/Commodity Index-Linked Notes and Warrants**

This product supplement in relation to Commodity/Commodity Index-Linked Notes and Warrants constitutes Part F ("**Part F**") of the base prospectus dated 19 June 2012 (the "**Base Prospectus**") prepared by HSBC Bank plc (the "**Bank**" or the "**Issuer**") in relation to the Programme for the Issuance of Notes and Warrants (the "**Programme**") described therein in connection with the application made for Notes to be admitted to listing on the Official List of the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the "**FSA**")), and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**").

To the extent that there is any inconsistency between any statement in this Part F and any other statement in, or incorporated by reference in, other parts of the Base Prospectus, the statements in this Part F will prevail for the purposes of Part F.

Notes and Warrants issued pursuant to the Programme may include: "**Commodity/Commodity Index-Linked Notes**" and "**Commodity/Commodity Index-Linked Warrants**", being Notes and Warrants in relation to which the interest rate and/or redemption amount payable at maturity is linked to a commodity, basket of commodities or one or more commodity indices or the performance thereof over a defined period. This Part F provides information in relation to such Commodity/Commodity Index-Linked Notes and Warrants. This Supplement should be read together with Parts A and B of the Base Prospectus (in relation to Commodity/Commodity Index-Linked Notes) and Parts A and C of the Base Prospectus (in relation to Commodity/Commodity Index-Linked Warrants).

**An investment in Commodity/Commodity Index-Linked Notes and Commodity/Commodity Index-Linked Warrants involves risks. See Part A of the Base Prospectus under the heading "Risk Factors" (beginning on page A-12).**

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Part F or any other information supplied in connection with the Commodity/Commodity Index-Linked Notes and Warrants and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Part F nor any further information supplied in connection with the Commodity/Commodity Index-Linked Notes and Warrants (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or as constituting an invitation or offer by the Issuer that any recipient of this Part F or any other information supplied in connection with the Commodity/Commodity Index-Linked Notes and Warrants should subscribe for or purchase the Commodity/Commodity Index-Linked Notes and Warrants. Each investor contemplating subscribing for or purchasing the Commodity/Commodity Index-Linked Notes and Warrants should make its own independent investigation of the affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Part F nor any other information supplied in connection with the Commodity/Commodity Index-Linked Notes and Warrants constitutes an offer by or on behalf of the Issuer to subscribe for or purchase the Commodity/Commodity Index-Linked Notes and Warrants.

The distribution of this Part F and the offer, distribution or sale of Commodity/Commodity Index-Linked Notes and Warrants may be restricted by law in certain jurisdictions. The Issuer does not represent that this document may be lawfully distributed, or that the Commodity/Commodity Index-Linked Notes and Warrants may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, action may be required to be taken to permit a public offering of the Commodity/Commodity Index-Linked Notes and Warrants or a distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Commodity/Commodity Index-Linked Notes and Warrants may be offered or sold, directly or indirectly, and neither this Part F nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Part F or the Commodity/Commodity Index-Linked Notes and Warrants come must inform themselves about, and observe, any such restrictions.

Commodity/Commodity Index-Linked Notes and Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), the state securities laws of any state of the United States or the securities laws of any other jurisdiction, and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes may include Notes in bearer form that are subject to US tax law requirements.

**Arranger and Dealer  
HSBC**

19 June 2012



CONTENTS

	Page
PART F - PRODUCT SUPPLEMENT FOR COMMODITY/COMMODITY INDEX-LINKED NOTES AND WARRANTS .....	F-1
PRODUCT DESCRIPTION – COMMODITY/COMMODITY INDEX-LINKED NOTES AND WARRANTS .....	F-3
ADDITIONAL PROVISIONS RELATING TO COMMODITY/COMMODITY INDEX-LINKED NOTES.....	F-5
PRO FORMA FINAL TERMS FOR COMMODITY/COMMODITY INDEX-LINKED NOTES.....	F-14
ADDITIONAL PROVISIONS RELATING TO COMMODITY/COMMODITY INDEX-LINKED WARRANTS .....	F-34
PRO FORMA FINAL TERMS FOR COMMODITY/COMMODITY INDEX-LINKED WARRANTS .	F-43

## PRODUCT DESCRIPTION – COMMODITY/COMMODITY INDEX-LINKED NOTES AND WARRANTS

Notes and Warrants issued pursuant to the Programme may include Commodity/Commodity Index-Linked Notes and Commodity/Commodity Index-Linked Warrants, being Notes and Warrants in relation to which the interest rate and/or the final redemption amount payable at maturity or, in the case of Commodity/Commodity Index-Linked Warrants, the Cash Settlement Amount is dependent on the performance of a particular underlying Commodity or Commodity Index specified in the Final Terms (each a "**Commodity-Related Variable**").

There follows a description of certain types of Commodity/Commodity Index-Linked Notes that may be issued under the Programme. The Bank may issue Commodity/Commodity Index-Linked Notes and Commodity/Commodity Index-Linked Warrants under the Programme which combine elements of any of the Commodity/Commodity-Index Linked Notes described below or are linked to a Commodity or Commodity Index in a manner other than described below, details of which, in each case, will be provided in the relevant Final Terms. In the case of Commodity/Commodity Index-Linked Warrants, any element that relates to the redemption amount of Commodity/Commodity Index-Linked Notes in the following description shall relate to the cash settlement amount of such Warrants, as if references in such description to Notes were to Warrants, and references to redemption amount were to cash settlement amount.

### Capital protected Notes

**Growth Notes:** Notes under which the redemption amount payable to the Noteholder at maturity is calculated as the *sum* of the aggregate face amount of the Notes *plus* an amount equal to the *product* of the aggregate face amount of the Notes and a multiplier or participation rate specified in the Final Terms and any increase in the level or value of the Commodity-Related Variable (such amount not being subject to a maximum amount payable to the Noteholder ("**No Fixed Cap**")).

**Capped Growth Notes:** Notes under which the redemption amount payable to the Noteholder at maturity is calculated as the *sum* of the aggregate face amount of the Notes *plus* an amount equal to the *product* of the aggregate face amount of the Notes and a multiplier or participation rate specified in the Final Terms and any increase in the level or value of the Commodity-Related Variable (such amount being subject to a maximum amount payable to the Noteholder set on the issue date and expressed as a predefined percentage of the aggregate face amount of the Notes (a "**Fixed Cap**")).

**Average Growth Notes:** Notes under which the redemption amount payable to the Noteholder at maturity is calculated by reference to the average level of the Commodity-Related Variable on a number of specified dates occurring on or after the issue date to but excluding the maturity date, as specified in the Final Terms.

**Basket Digital Notes:** Notes in relation to which, if there is an increase in the level or value of the Commodity-Related Variable(s) relating to a basket of commodities, the interest payable is a fixed amount.

**Basket Digital Plus Notes:** Notes in relation to which, if there is an increase in the level or value of the Commodity-Related Variable(s) relating to a basket of commodities, the interest payable is a fixed amount *plus* an amount equal to the *product* of the aggregate face amount of the Notes and a multiplier or participation rate specified in the Final Terms and the increase in the level or value of the Commodity-Related Variable(s) relating to a basket of commodities.

**Barrier Growth Notes:** Notes under which the redemption amount payable to the Noteholder at maturity is calculated as the *sum* of the aggregate face amount of the Notes *plus* an amount equal to the *product* of the aggregate face amount of the Notes and a multiplier or participation rate specified in the Final Terms and any increase in the level or value of the Commodity-Related Variable **provided, however, that** the level or value of the Commodity-Related Variable is less than a predefined level or value at all times ("**Performance Cap**") at any time during the term of the Notes. If the level or value of the Commodity-Related Variable is equal to or higher than a predefined level or value at any time, the redemption amount payable to the Noteholder at maturity will be an amount equal to the aggregate face amount of the Notes and, in such circumstances, if so specified in the relevant Final Terms, a fixed amount of interest will be

payable to the Noteholder. If the Final Terms so specify, the predefined level or value may be varied on a specified date or dates or during specified periods throughout the term of the Notes.

**Digital Notes:** Notes in relation to which, if the Commodity-Related Variable at maturity reaches a predefined level or value, the interest payable is a fixed amount.

**Range Binary Notes:** Notes in relation to which, if the Commodity-Related Variable remains within a specified range, the interest payable is a specified variable amount (calculated by reference to a formula in the Final Terms).

**Wedding Cake Range Binary Notes:** Notes in relation to which, if the Commodity-Related Variable remains within one of a number of specified ranges specified in the Final Terms, the interest payable is a specified variable amount (calculated by reference to a formula in the Final Terms) relating to the relevant range.

**Cliquet Range Binary Notes:** Notes in relation to which, if the Commodity-Related Variable remains within a specified range that resets on specified dates based on the level of the Commodity-Related Variable on such dates, the interest payable is a specified variable amount (calculated by reference to a formula in the Final Terms).

#### Non-capital protected Notes

**Airbag:** Notes in relation to which the redemption amount payable to the Noteholder at maturity is calculated as either (i) the *product* of the aggregate face amount of the Notes and any increase or decrease in the level or value of the Commodity-Related Variable during the term of the Note expressed as a percentage of the initial level or value of the Commodity-Related Variable **provided that** the amount payable at maturity is no less than a specified amount, or (ii) the *product* of the aggregate face amount of the Notes and (A) if there is an increase in the level or value of the Commodity-Related Variable during the term of the Notes, the *product* of a multiplier or participation rate specified in the Final Terms and such level or value expressed as a percentage of the initial level or value of the Commodity-Related Variable, or (B) if there is a decrease in the level or value of the Commodity-Related Variable during the term of the Notes, such level or value expressed as a percentage of the initial level or value of the Commodity-Related Variable. No interest is payable in respect of such Notes.

**Reverse Convertible Notes:** Notes in relation to which the interest payable is a fixed amount. If the final level or value of Commodity-Related Variable at maturity is higher than the initial level or value of the Commodity-Related Variable, the redemption amount payable to the Noteholder at maturity is the aggregate principal amount of the Notes, whereas, if the final level or value of Commodity-Related Variable is equal to or lower than the initial level or value of the Commodity-Related Variable, the redemption amount payable to the Noteholder at maturity is calculated by reference to a formula specified in the Final Terms applied to the aggregate principal amount of the Notes (such amount being less than the aggregate principal amount of the Notes).

**Tracker Notes:** Notes in relation to which the redemption amount payable to the Noteholder at maturity is calculated as either (i) the *product* of the aggregate face amount of the Notes and, if there is an increase in the level or value of the Commodity-Related Variable during the term of the Notes, such level or value expressed as a percentage of the initial level or value of the Commodity-Related Variable, or (ii) the *product* of the aggregate face amount of the Notes and, if there is a decrease in the level or value of the Commodity-Related Variable during the term of the Notes, such level or value expressed as a percentage of the initial level or value of the Commodity-Related Variable. No interest is payable in respect of such Notes.

## ADDITIONAL PROVISIONS RELATING TO COMMODITY/COMMODITY INDEX-LINKED NOTES

The following additional conditions shall be deemed to be added as Condition 21 to the terms and conditions set out in the section headed "*Terms and Conditions of the Notes*" appearing in "Part B - Information relating to the Notes Generally" of the Base Prospectus in respect of any issue of Commodity/Commodity Index-Linked Notes.

The terms and conditions of the Commodity/Commodity Index-Linked Notes shall consist of Condition 21, and in each case, the terms and conditions set out in the section headed "*Terms and Conditions of the Notes*" appearing in "Part B - Information relating to the Notes Generally" of the Base Prospectus, such information being incorporated by reference in this Prospectus (the "**Base Conditions**"), as amended or supplemented by the terms of each Tranche of Notes set out in the Final Terms (the "**Final Terms**"), examples of which are set out below.

### 21. Provisions relating to Commodity/Commodity Index-Linked Notes

#### (a) Definitions

As used in this Condition 21, and unless otherwise provided in the relevant Final Terms, the following expressions shall have the following meanings:

**"Additional Disruption Event"** means the occurrence of either (i) Hedging Disruption or (ii) Increased Cost of Hedging;

**"Associated Hedging Costs"** means any loss, or mark to market adjustment, which would be incurred by the Issuer and/or its affiliates as a result of terminating, liquidating, transferring, obtaining or re-establishing any swap agreement, financing arrangement or other hedging transaction entered into by or on behalf of the Issuer and/or its affiliates in relation to, as a result of or in connection with the issuance of the Notes (if any), subject to a minimum of zero;

**"Barrier Price"** shall have the meaning specified in the relevant Final Terms;

**"Basket of Commodities"** means a basket comprising two or more Commodities or Commodity Indices;

**"Calculation Agent Determination"** means that the Calculation Agent will determine the Relevant Price (or a method for determining a Relevant Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information it deems relevant;

**"Cancellation"** means that all but not some only of the Notes shall be redeemed, each Note being redeemed by payment of an amount equal to the fair market value of such Note, less any Associated Hedging Costs, all as determined by the Calculation Agent in its sole and absolute discretion;

**"Commodity"** means, the commodity (or commodities) or futures contract on a commodity (or commodities) specified in the relevant Final Terms, and related expressions shall be construed accordingly;

**"Commodity Business Day"** means:

- (i) where the Commodity Reference Price is announced or published by an Exchange, any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which that Exchange is open for trading during its regular trading sessions and notwithstanding any such Exchange closing prior to its Scheduled Closing Time; or
- (ii) in any other case, a day in respect of which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published), a price;

**"Commodity Fallback Value"** means the arithmetic mean of the quotations provided to the Calculation Agent by each of the Reference Dealers as its Commodity Reference Price for the

relevant Pricing Date of the relevant Commodity, **provided that** if only three such quotations are so provided, the Commodity Fallback Value shall be the Commodity Reference Price remaining after disregarding the Commodity Reference Prices having the highest and lowest values (or if more than one such highest or lowest, one only of them). If fewer than three such quotations are so provided, it will be deemed that such value cannot be determined and the relevant value shall be the good faith estimate of the Calculation Agent;

**"Commodity Index"** means each index specified as such in the relevant Final Terms or an index comprising one or more commodities or contracts for the future delivery of a commodity (each a **"Component"**);

**"Commodity Price"** means, in respect of a Commodity or a Component as applicable, the price or other unit of quotation for such Commodity or Component specified in the relevant Final Terms;

**"Commodity Reference Price"** means, (i) in respect of any Commodity, the Commodity Reference Price specified in the relevant Final Terms and (ii) in respect of any Commodity Index, the Commodity Reference Price specified in the relevant Final Terms or, if not so specified, the official closing price of such Commodity Index;

**"Delayed Publication and Announcement"** means that the Relevant Price for a Pricing Date will be determined based on the Specified Price in respect of the original day scheduled as such Pricing Date that is published or announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Pricing Date) or the Relevant Price continues to be unavailable for consecutive Commodity Business Days equal in number to the Specified Maximum Days of Disruption. In that case, the next Disruption Fallback specified in the relevant Final Terms will apply.

**"Delivery Date"** means, in respect of a Commodity Reference Price, the relevant date or month for delivery of the underlying Commodity (which must be a date or month reported or capable of being determined from information reported in or by the relevant Price Source) as follows:

- (i) if a date is, or a month and year are, specified in the relevant Final Terms, that date or that month and year;
- (ii) if a Nearby Month is specified in the relevant Final Terms, the month of expiration of the relevant Futures Contract; and
- (iii) if a method is specified in the relevant Final Terms for the purpose of determining the Delivery Date, the date or the month and year determined pursuant to that method;

**"Disappearance of Commodity Reference Price"** means (i) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange or (ii) the disappearance of, or of trading in, the relevant Commodity or Component or (iii) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract, Commodity or Component;

**"Disrupted Day"** means any Commodity Business Day on which a relevant Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;

**"Disruption Fallback"** means each of Calculation Agent Determination, Cancellation, Delayed Publication and Announcement, Commodity Fallback Value, Fallback Commodity Price, and Postponement, which are specified as applicable in the relevant Final Terms;

**"Exchange"** means, in respect of a Commodity, the exchange or principal trading market for such Commodity specified in the relevant Final Terms or in the Commodity Reference Price and in the case of a Commodity Index, the exchange or principal trading market for each Component comprising such Commodity Index;

**"Fallback Commodity Price"** means that the Calculation Agent shall determine the Relevant Price of the relevant Commodity using the Commodity Price specified in the relevant Final Terms as an alternative Commodity Price;

**"Futures Contract"** means, in respect of a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity or Commodity Index referred to in that Commodity Reference Price;

**"Hedging Disruption"** means that the Issuer and/or its affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer and/or its affiliates deem necessary to hedge the risk of issuing and performing any obligations with respect to the Notes or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s);

**"Increased Cost of Hedging"** means that the Issuer and/or its affiliates would incur a materially increased cost (as compared with circumstances existing on the Issue Date), amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer and/or its affiliates deem necessary to hedge the risk of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging;

**"Index Component Disruption Event"** means:

- (i) the Commodity Reference Price published by the Price Source on any Pricing Date includes, or is derived from, a price for one or more Components published on any date between the Issue Date and such Pricing Date that is not a price published by the usual exchange or price source, but is a price determined by the Price Source; or
- (ii) the Commodity Reference Price published by the Price Source on any Pricing Date includes, or is derived from, a price for one or more Components published by the usual exchange or price source on any date between the Issue Date and such Pricing Date that, in the opinion of the Calculation Agent, has been calculated or published subject to the occurrence of market disruption or similar, or otherwise not in accordance with the usual, then-current, method used by such exchange or price source;

**"Material Change in Content"** means the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Commodity or Futures Contract or, in the case of a Commodity Index, Component;

**"Material Change in Formula"** means the occurrence since the Trade Date of a material change in the formula for or the method of calculating the relevant Commodity Reference Price;

**"Nearby Month"**, when preceded by a numerical adjective, means, in respect of a Delivery Date and a Pricing Date, the month of expiration of the Futures Contract identified by that numerical adjective, so that, for example, (A) **"First Nearby Month"** means the month of expiration of the first Futures Contract to expire following that Pricing Date; (B) **"Second Nearby Month"** means the month of expiration of the second Futures Contract to expire following that Pricing Date; and (C) **"Sixth Nearby Month"** means the month of expiration of the sixth Futures Contract to expire following that Pricing Date;

**"Postponement"** means that the Pricing Date will be deemed, for purposes of the application of this Disruption Fallback only, to be the first succeeding Commodity Business Day or on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Pricing Date) for consecutive Commodity Business Days equal in number to the Specified Maximum Days of Disruption. In that case, the next Disruption Fallback specified in the relevant Final Terms will apply;

**"Price Fixation Event"** means the enactment, promulgation, execution or notification of, or any change in or amendment to, any law (or the application or interpretation of any law, as determined by a court or regulatory authority of competent jurisdiction or as determined by the opinion of independent legal counsel nominated by the Issuer) that occurs after the Issue Date which would result in the fixing of the prices at which any relevant Commodity may be bought and sold which does not reflect normal market response to supply and demand vis a vis that which would exist if prices were not so fixed;

**"Price Source"** means the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the relevant Commodity Reference Price;

**"Price Source Disruption"** means (i) the failure of the Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) for the relevant Commodity Reference Price, or (ii) the temporary or permanent discontinuance or unavailability of the Price Source;

**"Pricing Date"** means each date specified in the relevant Final Terms or if that is not a Commodity Business Day the immediately succeeding Commodity Business Day;

**"Reference Dealers"** means four leading dealers in the relevant Commodities market selected by the Calculation Agent;

**"Relevant Price"** means, for any Pricing Date, the price, expressed as a price per unit of the Commodity or the price of the Commodity Index, determined with respect to that day for the specified Commodity Reference Price calculated as provided in this Condition 21 and the relevant Final Terms;

**"Scheduled Closing Time"** means, in respect of an Exchange, the scheduled weekday closing time of such Exchange on such Commodity Business Day, without regard to after hours or any other trading outside of the regular trading session hours;

**"Specified Maximum Days of Disruption"** means two (2) Commodity Business Days or such other number of Specified Maximum Days of Disruption specified in the relevant Final Terms;

**"Specified Price"** means, in respect of a Commodity Reference Price any of the following prices (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source), as specified in the relevant Final Terms (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the spot price; or (O) any other price specified in the relevant Final Terms on the Pricing Date;

**"Strike Price"** shall have the meaning specified in the relevant Final Terms;

**"Tax Disruption"** means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the relevant Commodity, or in the case of a Commodity Index, Component (other than a tax on, or measured by reference to overall gross or net income) by any government or taxation authority after the Trade Date, if the direct effect of such imposition, change or removal is to raise or lower the Relevant Price on the day that would otherwise be a Pricing Date from what it would have been without that imposition, change or removal;

**"Trade Date"** means the date specified as such in the relevant Final Terms;

**"Trading Disruption"** means the material suspension of, or the material limitation imposed on, trading in the relevant Futures Contract or the Commodity or, in the case of a Commodity Index, Component on the Exchange or in any additional futures contract, options contract or commodity on any Exchange as specified in the relevant Final Terms. For these purposes:

- (i) a suspension of the trading in the Futures Contract, Commodity or Component, as the case may be, on any Commodity Business Day shall be deemed to be material only if:
  - (A) all trading in the Futures Contract, Commodity or Component, as the case may be, is suspended for the entire Pricing Date; or
  - (B) all trading in the Futures Contract, Commodity or Component, as the case may be, is suspended subsequent to the opening of trading on the Pricing Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract, Commodity or Component, as the case may be, on such Pricing Date and such suspension is announced less than one hour preceding its commencement; and
- (ii) a limitation of trading in the relevant Futures Contract, Commodity or Component, as the case may be, on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the relevant Futures Contract, Commodity or Component, as the case may be, may fluctuate and the closing or settlement price of the relevant Futures Contract, Commodity or Component, as the case may be, on such day is at the upper or lower limit of that range;

**"Valuation Time"** means, in relation to each Commodity or Commodity Index to be valued on any date, the time on such date specified as such in the relevant Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on such date in relation to such Commodity or Commodity Index, as applicable. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; and

**"Weighting"** has the meaning specified in the relevant Final Terms.

(b) ***Market Disruption***

**"Market Disruption Event"** means, in respect of a relevant Commodity or Commodity Index and as determined by the Calculation Agent, the occurrence or existence of:

- (i) in the case of all Commodities and each Commodity Index, a Price Source Disruption, Trading Disruption, Disappearance of Commodity Reference Price and/or a Price Fixation Event and in addition;
- (ii) in the case of each Commodity Index and all Commodities other than Gold, Silver, Platinum or Palladium, Material Change in Formula, Material Change in Content and/or Tax Disruption, and;
- (iii) in the case of a Commodity Index, an Index Component Disruption Event.

The Calculation Agent shall give notice as soon as practicable to Noteholders in accordance with Condition 13 of the occurrence of a Market Disruption Event and the action proposed to be taken in relation thereto.

(c) ***Consequences of a Market Disruption Event and Disruption Fallbacks***

Upon a Market Disruption Event occurring or continuing on any Pricing Date (or, if different, the day on which prices/or that Pricing Date would, in the ordinary course, be published by the Price Source), the Calculation Agent shall apply the applicable Disruption Fallback in respect of the relevant Market Disruption Event in determining the consequence of the Market Disruption Event, or, if in the sole and absolute discretion of the Calculation Agent, it is not possible to apply the specified Disruption Fallback, the Calculation Agent shall apply the next applicable Disruption Fallback as specified in the relevant Final Terms. A Disruption Fallback is applicable if it is specified in the relevant Final Terms and shall apply in the order so specified. If no Disruption Fallback is specified, the Calculation Agent shall take the relevant actions specified below:



(i) *Disappearance of Commodity Reference Price, a Material Change in Formula, or a Material Change in Content*

If, with respect to the relevant Pricing Date, the Calculation Agent considers that there is in existence (i) a Disappearance of Commodity Reference Price, or (ii) a Material Change in Formula, or (iii) a Material Change in Content, then:

- (A) the Calculation Agent shall determine if such event has a material effect on the Notes and, if so, shall calculate the relevant Interest Amount and/or make another relevant calculation using, in lieu of a published price for that Commodity or Component, as the case may be, the price for that Commodity or Component, as the case may be, as at the time specified on that Pricing Date as determined by the Calculation Agent taking into consideration the latest available quotation for such Commodity or Component, as the case may be, and any other information that in good faith it deems relevant; or
- (B) unless Delayed Redemption on Occurrence of Market Disruption Event is specified as being applicable in the relevant Final Terms, on giving notice to Noteholders in accordance with Condition 13, the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of such Note, less any Associated Hedging Costs, all as determined by the Calculation Agent in its sole and absolute discretion. Payment shall be made in such manner as shall be notified to the Noteholders in accordance with Condition 13; or
- (C) if Delayed Redemption on Occurrence of Market Disruption Event is specified as being applicable in the relevant Final Terms, the Calculation Agent shall calculate the fair market value of each Note, taking into account the Market Disruption Event, less any Associated Hedging Costs (the "**Calculated Market Disruption Amount**") as soon as practicable following the occurrence of the Market Disruption Event (the "**Calculated Market Disruption Amount Determination Date**") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to the Calculated Market Disruption Amount plus interest accrued from and including the Calculated Market Disruption Amount Determination Date to but excluding the Maturity Date at a rate equal to Issuer's funding cost at such time.

(ii) *Consequences of a Tax Disruption*

If the Calculation Agent determines in good faith that a Tax Disruption has occurred or exists in respect of a Pricing Date, the Calculation Agent shall determine if such Tax Disruption has a material effect on the Notes and if so (i) shall effect any adjustments that it deems in good faith necessary to the terms and conditions of the Notes or, (ii) if it determines that such adjustments cannot be made on giving notice to Noteholders in accordance with Condition 13, the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of a Note, less any Associated Hedging Costs, all as determined by the Calculation Agent in its sole and absolute discretion.

(iii) *Consequences of a Price Source Disruption, Trading Disruption and Price Fixation Event*

If, with respect to the relevant Pricing Date, a Price Source Disruption, Trading Disruption or a Price Fixation Event has been in existence in excess of the Specified Maximum Days of Disruption, then the Calculation Agent shall apply the Commodity Fallback Value in order to determine the Relevant Price for that Pricing Date and each subsequent Pricing Date (if any).

(iv) *Consequences of an Index Component Disruption*

If the Calculation Agent determines that, on a Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the Price Source) an Index Component Disruption Event has occurred or exists then the Calculation Agent shall determine the Relevant Price (or a method for determining the Relevant Price) for that Pricing Date and each subsequent Pricing Date (if any).

(d) *Consequences of an Additional Disruption Event*

Following the occurrence of any Additional Disruption Event, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Notes shall continue, it may make such adjustment(s) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the formula for the Final Redemption Amount set out in the relevant Final Terms and any other variable relevant to the payment terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion. If the Calculation Agent determines in its sole and absolute discretion that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Noteholders to receive the relevant Final Redemption Amount (or any other payment to be made by the Issuer), as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount, less any Associated Hedging Costs, as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Notes.

(e) *Correction of Commodity Reference Price*

With the exception of any corrections published after the day which is three Commodity Business Days prior to the due date for any payment under the Notes, if the Commodity Reference Price published on a given day and used or to be used by the Calculation Agent to make any determination under the Notes is subsequently corrected and the correction published by the relevant Exchange or any other person responsible for the publication or announcement of the Commodity Reference Price within 30 calendar days of the original publication, the price to be used shall be the price of the relevant Commodity as so corrected. Corrections published after the day which is three Commodity Business Days prior to a due date for payment under the Notes will be disregarded by the Calculation Agent for the purposes of determining the relevant amount.

(f) *Knock-in-Event and Knock-out Event*

- (i) If "Knock-in Event" is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, any payment under the relevant Notes which is expressed in the relevant Final Terms to be subject to a Knock-in Event, shall be conditional upon the occurrence of such Knock-in Event.
- (ii) If "Knock-out Event" is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, any payment under the relevant Notes which is expressed in the relevant Final Terms to be subject to a Knock-out Event, shall be conditional upon the occurrence of such Knock-out Event.
- (iii) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the relevant Final Terms is any time or period of time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one-hour period that begins or ends at the time on which the Commodity Reference Price triggers the Knock-in Level or the Knock-out Level, a Market Disruption Event occurs or exists, then, unless otherwise specified in the relevant Final Terms, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred.

- (iv) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is the Valuation Time and if any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day, then, unless otherwise specified in the applicable Final Terms, such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.

(g) ***Definitions relating to Knock-in Event/Knock-out Event***

Unless otherwise specified in the relevant Final Terms:

**"Knock-in Determination Day"** means the date(s) specified as such in the relevant Final Terms;

**"Knock-in Determination Period"** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date;

**"Knock-in Event"** means (i) in the case of a single Commodity, that the Commodity Reference Price determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is and (ii) in the case of a Basket of Commodities, that the amount determined by the Calculation Agent equal to the sum of the values calculated for each Commodity as the product of (x) the Relevant Price as of the Knock-in Valuation Time on any Knock-in Determination Day and (y) the relevant Weighting is (A) "greater than", "greater than or equal to", "less than" or "less than or equal to" the Knock-in Price, as specified in the relevant Final Terms;

**"Knock-in Price"** means (i) in the case of a single Commodity, the Relevant Price or (ii) in case of a Basket of Commodities, the price, in each case specified as such or otherwise determined in the relevant Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Condition 21(c) (*Consequences of a Market Disruption Event and Disruption Fallbacks*);

**"Knock-in Period Beginning Date"** means the date specified as such in the relevant Final Terms or, if the Knock-in Period Beginning Date Commodity Business Day Convention is specified as applicable in the relevant Final Terms and such date is not a Commodity Business Day, the next following Commodity Business Day;

**"Knock-in Period Ending Date"** means the date specified as such in the relevant Final Terms or, if the Knock-in Period Ending Date Commodity Business Day Convention is specified as applicable in the relevant Final Terms and such date is not a Commodity Business Day, the next following Commodity Business Day;

**"Knock-in Valuation Time"** means the time or period of time on any Knock-in Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time;

**"Knock-out Determination Day"** means the date(s) specified as such in the relevant Final Terms;

**"Knock-out Determination Period"** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date;

**"Knock-out Event"** means (i) in the case of a single Commodity, that the Relevant Price determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is and (ii) in the case of a Basket of Commodities, that the amount determined by the Calculation Agent equal to the sum of the values for each Commodity as the product of (x) the Commodity Reference Price as of the Knock-out Valuation Time on any Knock-out Determination Day and (y) the relevant Weighting is (A) "greater than", (B) "greater than or equal to", (C) "less than" or (D) "less than or equal to" the Knock-out Level as specified in the relevant Final Terms;

**"Knock-out Price"** means (i) in the case of a single Commodity, the Relevant Price or (ii) in the case of a Basket of Commodities, the price, in each case specified as such or otherwise determined in the relevant Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Condition 21(c) (*Consequences of a Market Disruption Event and Disruption Fallbacks*);

**"Knock-out Period Beginning Date"** means the date specified as such in the relevant Final Terms or, if the Knock-out Period Beginning Date Commodity Business Day Convention is specified as applicable in the relevant Final Terms and such date is not a Commodity Business Day, the next following Commodity Business Day;

**"Knock-out Period Ending Date"** means the date specified as such in the relevant Final Terms or, if the Knock-out Period Ending Date Commodity Business Day Convention is specified as applicable in the relevant Final Terms and such date is not a Commodity Business Day, the next following Commodity Business Day; and

**"Knock-out Valuation Time"** means the time or period of time on any Knock-out Determination Day specified as such in the relevant Final Terms or in the event that the applicable Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

## PRO FORMA FINAL TERMS FOR COMMODITY/COMMODITY INDEX-LINKED NOTES

*Set out below is the form of Final Terms which will be completed for each Tranche of Commodity/Commodity Index-Linked Notes issued under the Programme.*

*(When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.)*

[Notes issued pursuant to these Final Terms are securities to be listed under Listing Rule [17/19]<sup>1</sup>.]

### FINAL TERMS

Final Terms dated [•]  
Series No.: [•]  
Tranche No.: [•]

### HSBC Bank plc

### Programme for the Issuance of Notes and Warrants

### Issue of

[Aggregate Principal Amount of Tranche]

[(to be consolidated and form a single series with the existing *Insert details of existing Tranche(s)*) issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]

[Title of Notes]

### PART A - CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme which [together with the supplemental prospectus[es] dated [•]] constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>2</sup>.

[If these Final Terms indicate that they relate to an issue of Certificates, then all references herein and in the Prospectus to Notes shall be deemed to be references to "Certificates" for the purposes of this Issue.]

[This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus.]<sup>3</sup> Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus is available for viewing at [address] [and] [website]<sup>4</sup> and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

---

<sup>1</sup> To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securitised derivatives. Notes which include an element of principle protection will generally be eligible for listing under Listing Rule 17 but in some circumstances will be eligible for listing under Listing Rule 19.

<sup>2</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>3</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>4</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions (the "**Conditions**"), which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Notes. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>5</sup> and must be read in conjunction with the Base Prospectus dated 19 June 2012 which [together with the supplemental prospectus[(es)] dated [•]], constitute[s] a [base] prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive]<sup>6</sup>. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus. The Prospectus and the Conditions are available for viewing during normal business hours at [address] [and] [website]<sup>7</sup> and copies may be obtained from [address].

**It is advisable that prospective investors considering acquiring any Notes understand the risks of transactions involving the Notes and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "Risk Factors" in the Prospectus.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.)*

- |    |       |   |  |
|----|-------|---|--|
| 1. | (i)   | Issuer:   | HSBC Bank plc  |
|    | (ii)  | Arranger(s):  | HSBC Bank plc  |
| 2. | (i)   | Series number:  | [   ]  |
|    | (ii)  | [Tranche number:  | [   ]  |
|    |       | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]</i> |  |
|    | (iii) | Whether issue is of Notes or Certificates:  | [Notes/Certificates] (if the issue is of Certificates, all references in these Final Terms and in the Prospectus to Notes shall be deemed to be "Certificates" for the purposes of this issue) |
| 3. |       | Specified Currency or Currencies:   |  |
|    | (i)   | of denomination:  | [   ]  |
|    | (ii)  | of payment:   | [   ]  |

<sup>5</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>6</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>7</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

4. Aggregate Principal Amount [of Notes admitted to trading]<sup>8</sup>:
- [(i) Series:] [ ]
- [(ii) Tranche:] [ ]
5. (i) Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (*in the case of fungible interest-bearing issues only, if applicable*)]
- (ii) Commission payable: [[ ] per cent./None/ Information not provided]
- (iii) Selling concession: [[ ] per cent./None/Information not provided]
6. (i) Denomination(s) [ ]<sup>9</sup>
- (*Condition 1(b)*):
- (ii) Calculation Amount<sup>10</sup>: [ ]
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [ ]
8. Maturity Date: (*Condition 6(a)*) (*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year. In case of undated Notes, specify undated.*) [*If Index Linked provisions apply please add: or, if later, the [fifth/ specify] Business Day following the [Valuation Date/ specify.] [adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "Business Day".*]
9. Interest basis: [[ ] per cent. Fixed Rate]
- (*Conditions 3 to 5*) [[*specify reference rate*]+/- [ ] per cent. Floating Rate Notes]
- [Variable Coupon Amount]
- [Zero Coupon Notes]
- [Index-Linked Interest Notes]
- [*Other (specify)*]
- (further particulars specified below)

<sup>8</sup> Delete for debt securities with a denomination per unit of less than EUR 100,000.

<sup>9</sup> If denominations in excess of and smaller than the minimum specified denomination are to be permitted then the Issuer should normally waive its right to elect to exchange the Permanent Global Note for definitive Notes in paragraph (d) of the Permanent Global Note - see item 29(iii) below.

<sup>10</sup> The applicable Calculation Amount (which is used for the calculation of redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.

10. Redemption basis:
- (Condition 6)
- [Redemption at par]
- [Index-Linked Redemption]
- [Dual Currency]
- [Partly Paid]
- [Instalment]
- [Other (specify)]
11. Change of interest or redemption basis: (Specify details of any provision for convertibility of Notes to another interest or redemption/payment basis)
12. Put/Call options: [Condition 6[(c)][(d)] will apply as specified below][Not applicable]
13. (i) Status of the Notes: (Condition 2) Unsubordinated, unsecured
- (ii) Date [Board] approval for issuance of Notes obtained: [ ] [and [ ]], respectively]] (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)] [Not applicable]
14. Method of distribution: [Syndicated/Non-syndicated]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

15. Fixed Rate Note provisions: (Condition 3) [Applicable/Not applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph.)
- (i) Rate of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/ monthly] in arrear]
- (ii) Interest Payment Date(s): [dd/mm, dd/mm, dd/mm and dd/mm] in each year
- [adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "**Business Day**" / [not adjusted]]
- (iii) Fixed Coupon Amounts(s): [[ ] per Calculation Amount] [Not applicable]
- (iv) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / Not applicable / other (specify)]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ Not applicable / other (give details)]
- (vi) Business Centre(s): [Not applicable/give details]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not applicable/give details] (Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis)



16. Floating Rate Note provisions: ☐ [Applicable/Not applicable]
- (Condition 4) *(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- (i) ☐ [Interest Period(s)] / ☐ [Specified Period]<sup>11</sup>: ☐ [ ] (specify)
- (ii) Interest Payment Dates: ☐ [ ] (specify dates)  
*(If Business Day Convention embedded in Condition 4(b) is not to apply, specify alternative convention)*
- (iii) First Interest Payment Date: ☐ [ ]
- (iv) Business Day Convention: ☐ [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (v) Business Centre(s): ☐ [Not applicable/give details]
- (vi) Screen Rate Determination: ☐ [Applicable / Not applicable]
- (1) Reference Rate: ☐ (specify LIBOR or other)
- (2) Interest Determination Date: ☐ [ ]
- (3) Relevant Screen Page: ☐ [ ]
- (4) Relevant Financial Centre: ☐ [ ]
- (vii) ISDA Determination: ☐ [Applicable / Not applicable]
- (5) Floating Rate Option: ☐ [ ]
- (6) Designated Maturity: ☐ [ ]
- (7) Reset Date: ☐ [ ]
- (viii) Margin: ☐ [[+/-][ ] per cent. per annum] ☐ [Not applicable]
- (ix) Day Count Fraction: ☐ [ ]
- (x) Relevant time: ☐ [ ]
- (xi) Minimum Interest Rate: ☐ [[ ] per cent. per annum] ☐ [Not applicable]
- (xii) Maximum Interest Rate: ☐ [[ ] per cent. per annum] ☐ [Not applicable]
- (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on ☐ [ ]

<sup>11</sup> Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

Floating Rate Notes, if  
different from those set out  
in the Conditions:

- |     |  |   |
|-----|--|---|
| 17. | Variable Coupon Amount Note provisions:<br>(Condition 5)   | [Applicable/Not applicable]<br><br><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>  |
|     | (i) Interest Payment Dates:  | [ ]   |
|     | (ii) Method of calculating interest:   | [ ]   |
|     | (iii) Business Centre(s):  | [Not applicable/give details]   |
| 18. | Zero Coupon Note provisions:<br>(Condition 5)  | [Applicable/Not applicable]<br><br><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>  |
|     | (i) Rate of interest on overdue amounts:   | [ ]   |
|     | (ii) Redemption formula:   | [ ]   |
| 19. | Index-Linked Interest Note/other variable-linked interest Note Provisions:   | [Applicable/Not applicable]<br><br><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>  |
|     | (i) Index/Formula/other variable:  | <i>(give or annex details – if appropriate, cross-refer to Valuation Date definition in paragraph 34 below)</i>   |
|     | (ii) Calculation Agent responsible for calculating the interest due:   | [ ]   |
|     | (iii) Provisions for determining interest where calculated by reference to Index and/or Formula and/or other variable:   | [ ]   |
|     | (iv) Provisions for determining interest where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: | [ ] <i>[Need to include a description of market disruption or settlement disruption events and adjustment provisions]</i> [See Condition 21 and paragraph 34 below] |
|     | (v) Interest or calculation period(s):   | [ ]   |
|     | (vi) Interest Payment Dates:   | [ ]   |

- (vii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other (*give details*)]
- (viii) Business Centre(s): [ ]
- (ix) Minimum Rate/Amount of Interest: [ ] per cent. per annum
- (x) Maximum Rate/Amount of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [ ]
20. Dual Currency Note provisions/Multi-currency Note provisions: [Applicable/Not applicable]  
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Currencies: [ ]
- (ii) Exchange Rate(s): [*give details*]<sup>12</sup>
- (iii) Provisions applicable where calculation by reference to rate of exchange impossible or impracticable: [*Need to include a description of Market disruption or settlement disruption events and adjustment provisions.*]

#### PROVISIONS RELATING TO REDEMPTION

21. Issuer's optional redemption (Call): [Applicable/Not applicable]  
(*Condition 6(c)*)
- (i) Redemption Amount (Call): [[ ] per Calculation Amount (*specify — if not par, also specify details of any formula*)]
- (ii) Series redeemable in part: [[ ] per Calculation Amount (*specify — otherwise redemption will only be permitted of entire Series*)]
- (iii) Call option date(s)/Call option period: (*specify*)
22. Noteholder's optional redemption (Put): [Applicable/Not applicable]  
(*Condition 6(d)*)
- (i) Redemption Amount (Put): [[ ] per Calculation Amount (*specify — if not par, also specify details of any formula*)]
- (ii) Put Option date(s)/Put Option Period: [*specify*]
23. Final Redemption Amount of each Note: [[ ] per Calculation Amount / Not applicable / (*specify — if not par, also specify details of any formula*)]  
(*Condition 6(a)*)

<sup>12</sup> If denomination per unit is less than EUR100,000,, include details of where past and future performance and volatility of the relevant rate(s) can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying.

24. Final Redemption Amount of each Note in cases where the Final Redemption Amount is Commodity/Commodity Index-Linked or other variable-linked: ☐ per Calculation Amount] [Not applicable]
- (i) Index/Formula/ other variable: *(give or annex details)*
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: ☐
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Commodity/Index and/or Formula and/or other variable: ☐ *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)* [See Condition 21 and paragraph 34 below]
- (iv) Business Centre(s): ☐
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Equity/Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: ☐
- (vi) Minimum Final Redemption Amount: ☐
- (vii) Maximum Final Redemption Amount: ☐
25. Instalment Notes: *[specify/Not applicable]*
- (Condition 6(a))* *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Instalment Amounts: ☐
- (ii) Dates for payment of Instalments: ☐
26. Early Redemption Amount: Yes
- (i) Early Redemption Amount (upon redemption for taxation reasons, illegality or following an Event of Default: *(Conditions 6(b), 6(h) or 10)*) ☐ [[100] per cent. of the Calculation Amount/Fair Market Value/other *(specify details)*]
- (ii) Other redemption provisions: *(Condition 6(i))* ☐ [[100] per cent. of the Calculation Amount/Fair Market Value/ Not applicable other *(specify details)*]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. Form of Notes:  
(Condition 1(a))
- |      |   |   |
|------|---|---|
| (i)  | Form of Notes:                                  | [Bearer Notes/Registered Notes/Registered Notes] Notes/Uncertificated |
| (ii) | Bearer Notes exchangeable for Registered Notes: | [Yes/No] (Answer will be no where no Registered Notes)                |
28. [New Global Note [(delete if Registered Note)]]/ Issued under the new safekeeping structure [(delete if Bearer Note)]: [Yes/No]
29. If issued in bearer form:
- |       |   |  |
|-------|---|--|
| (i)   | Initially represented by a Temporary Global Note or Permanent Global Note:  | [specify] [Notes may only be represented initially by a Permanent Global Note if these Final Terms specifies that TEFRA C Rules apply]   |
| (ii)  | Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes:<br>(Condition 1(a)) | Yes [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive notes only in limited circumstances specified in the Permanent Global Note / (specify)]   |
| (iii) | Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or Registered Notes:                      | [Yes/No] [If yes, specify: the Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.]  |
| (iv)  | Coupons to be attached to Definitive Notes <sup>13</sup> :  | [Yes/No/Not applicable]<br><br>(N.B. This will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems - see provisions contained in Permanent Global Note) |
| (v)   | Talons for future Coupons to be attached to Definitive Notes <sup>14</sup> :  | [Yes/No/Not applicable]<br><br>(N.B. The above comment also applies here)  |
| (vi)  | (a) Definitive Notes to be security printed:  | [Yes/No]<br>(N.B. The above comment also applies here)   |
|       | (b) if the answer to (a) is yes, whether steel engraved plates will be used <sup>15</sup> :                                       | [Yes/No/Not applicable]  |

<sup>13</sup> Definitive Notes will typically have coupons attached to them if interest bearing.

<sup>14</sup> Talons will be needed if there are 27 or more coupons.

<sup>15</sup> Answer to (a) and (b) should generally be 'yes' in all cases where Definitive Notes are to be printed.

- (vii) Definitive Notes to be in ICMA or successor's format: [Yes/No]  
(*N.B. The above comment also applies here*)
- (viii) Issuer or Noteholder to pay costs of security printing: [Issuer/Noteholder/Not applicable]
30. Exchange Date for exchange of Temporary Global Note: Not earlier than 40 days after the Issue Date */(specify)*
31. Payments:  
(*Condition 8*)
- (i) Method of payment: [Condition 8 applies / (*specify if other than by cheque or transfer to a designated account*)]
- (ii) Relevant Financial Centre Day: (*specify all places*)
- (iii) Local banking day specified for payments in respect of the Notes in global form: [Yes/ No]<sup>16</sup>
32. Partly Paid Notes: [Yes/No]  
(*Condition 1*)  
  
(*If yes, specify number, amounts and dates for, and method of, payment of instalments of subscription monies and any further additional provisions (including forfeiture dates in respect of late payments of partly paid instalments)*) (*specify*)
33. Redenomination:  
(*Condition 9*)
- (i) Redenomination: [Applicable/Not applicable]
- (ii) Exchange: [Applicable/Not applicable]
34. Valuation Date: [ ] [Not applicable]
35. Other final terms: [Not applicable/specify/See Annex]  
  
(*When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.*)

#### PROVISIONS APPLICABLE TO COMMODITY/COMMODITY INDEX-LINKED NOTES

36. (i) Commodity/ Commodities/ Commodity Index/Commodity Indices: (*specify Commodity/Commodities/Commodity Index/ Commodity Indices*)

<sup>16</sup> This should specify "No" unless, exceptionally, location of Principal Paying Agent is to be included as a business day for the purposes of payments whilst Notes are in global form in the clearing systems.

- [The Sponsor[s] of the Commodity Index/Indices is/are *[specify]*]
- (ii) Pricing Date(s): *[specify]*
- (iii) Trade Date: *[specify]*
- (iv) Barrier Price *[specify]*
- (v) Strike Price *[specify]*
- (vi) Commodity Reference Price: *[specify]*
- The Price Source is/are *[specify]*
- (vii) Commodity Price *[specify]*
- (viii) Delivery Date: *[specify]*
- (ix) Nearby Month: *[specify]*
- (x) Specified Price: *[high price]*  
*[low price]*  
*[average of the high price and the low price]*  
*[closing price]*  
*[opening price]*  
*[bid price]*  
*[asked price]*  
*[average of the bid price and the asked price]*  
*[settlement price]*  
*[official settlement price]*  
*[official price]*  
*[morning fixing]*  
*[afternoon fixing]*  
*[spot price]*  
*[other]*
- (xi) Exchange: *[specify]*
- (xii) Disruption Fallback(s): *[As per Condition 21]/[specify]*
- (xiii) Valuation Time: *[Continuous monitoring [specify other] and the relevant time on [insert relevant date(s)].] [[specify]]*
- (xiv) Specified Maximum Days of Disruption: *[specify]* *[Commodity Business Days]*
- (xv) Knock-in-Event: *[Not applicable/specify/ ["greater than"/"greater than or equal to"/"less than"/"less than or equal to"/"within"]]*
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Knock-in Price: *[specify]*
- (b) Knock-in Period Beginning Date: *[specify]*

- |       |  |   |
|-------|--|---|
| (c)   | Knock-in Period<br>Beginning Date<br>Commodity<br>Business Day<br>Convention:  | [Not applicable/Applicable]   |
| (d)   | Knock in<br>Determination<br>Period:   | [specify]   |
| (e)   | Knock in<br>Determination<br>Day(s):   | [specify]   |
| (f)   | Knock-in Period<br>Ending Date:  | [specify]   |
| (g)   | Knock-in Period<br>Ending Date<br>Commodity<br>Business Day<br>Convention:     | [Not applicable/Applicable]   |
| (h)   | Knock-in Valuation<br>Time:  | [specify/See definition in Condition 21][Valuation Time.]   |
| (xvi) | Knock-out Event:   | [Not applicable/specify/ ["greater than"/"greater than or equal to"/"less than"/"less than or equal to"]<br><br><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| (a)   | Knock-out Price:   | [specify]   |
| (b)   | Knock-out Period<br>Beginning Date:  | [specify]   |
| (c)   | Knock-out Period<br>Beginning Date<br>Commodity<br>Business Day<br>Convention: | [Not applicable/Applicable]   |
| (d)   | Knock out<br>Determination<br>Period:  | [specify]   |
| (e)   | Knock out<br>Determination<br>Day(s):  | [specify]   |
| (f)   | Knock-out Period<br>Ending Date:   | [specify]   |
| (g)   | Knock-out Period<br>Ending Date<br>Commodity<br>Business Day<br>Convention:    | [Not applicable/Applicable]   |



- |         |  |   |
|---------|--|---|
| (h)     | Knock-out Valuation Time:  | [specify/See definition in Condition 21][Valuation Time]                              |
| (xvii)  | Delayed Redemption on the occurrence of a Market Disruption Event: | [Applicable/Not applicable]   |
| (xviii) | Weighting:   | The Weighting to be applied to each item comprising the Commodity Basket is [specify] |
| (xix)   | Other terms or special conditions:                                 | [Not applicable]/[specify]  |

## DISTRIBUTION

- |     |       |  |  |
|-----|-------|--|--|
| 37. | (i)   | If syndicated, names [, addresses and underwriting commitments] <sup>17</sup> of Relevant Dealer(s)/Lead Manager(s): | [Not applicable/HSBC Bank plc/other - give name]<br>(Give addresses and underwriting commitments) <sup>17</sup>  |
|     | (ii)  | If syndicated, names [, addresses and underwriting commitments] <sup>17</sup> of other Dealers/Managers (if any):    | [Not applicable/other - give name]<br>(Give addresses and underwriting commitments) <sup>17</sup><br><br>(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)                                 |
|     | (iii) | Date of Subscription Agreement <sup>17</sup> :   | [   ]  |
|     | (iv)  | Stabilising Manager (if any):  | [Not applicable/give name]   |
| 38. |       | If non-syndicated, name [and address] <sup>17</sup> of Relevant Dealer:  | [Not applicable/give name [and address]] <sup>17</sup>   |
| 39. |       | Total commission and concession:   | [[   ] per cent. of the Aggregate Principal Amount / Information not provided ]  |
| 40. |       | Selling restrictions:  | [For Bearer Notes: TEFRA C Rules/ TEFRA D Rules/TEFRA Not Applicable]  |
|     |       | United States of America:  | Notes may not be offered or sold within the United States of America or, to or for the account or the benefit of, a US person (as defined in Regulation S)   |
|     |       | Non-exempt Offer:  | [Not applicable] [An offer of the Notes may be made by the Managers [and [specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive in (specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported) ("Public Offer Jurisdictions") during the period from (specify date) until (specify date) ("Offer Period"). See further |

<sup>17</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

paragraphs 25 - 36 of Part B below.

Other: *(specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement)*

41. Stabilisation: [Not applicable / **In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.]**

#### [LISTING AND ADMISSION TO TRADING APPLICATION]

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

#### [RESPONSIBILITY]

The Issuer accepts responsibility for the information contained in these Final Terms. *[(Commodities/Commodities Index information) has been extracted from (insert name of source of information). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by (insert name of source of information), no facts have been omitted which would render the reproduced inaccurate or misleading.]]*

#### CONFIRMED

#### HSBC BANK PLC

By: .....  
*Authorised Signatory*

Date: .....

## PART B - OTHER INFORMATION

### 1. LISTING

- (i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of the Financial Services Authority pursuant to Listing Rule [17/19<sup>18</sup>]. No assurance can be given as to whether or not, or when, such application will be granted/other (specify)]
- [Not applicable]
- (ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading [on the Regulated Market/other (specify)] with effect from [ ]. No assurance can be given as to whether or not, or when, such application will be granted.] [Not applicable]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)<sup>19</sup>*
- (NB: Notes admitted to trading to the UK Regulated Market will also be admitted to the Official List as a matter of course.)*
- [(iii) Estimated total expenses of admission to trading:] [Information not provided / Not applicable / (specify amount)]<sup>20</sup>

### 2. RATINGS

- Ratings: [The long term senior debt of HSBC Bank plc has been rated:]
- [S&P: [•]]
- [Moody's: [•]]
- [Fitch: [•]]
- [[other]: [•]]
- (Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider\_*
- [The Notes have not specifically been rated.]/ [The Notes have been assigned a rating of [ ] by [ ].]<sup>21</sup>

<sup>18</sup> To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securitised derivatives.

<sup>19</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>20</sup> Only required for debt securities with a denomination per unit of at least EUR100,000.

<sup>21</sup> Select only if the Notes are rated.

[Each of [Fitch, S&P and Moody's] are established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended).]

[For these purposes, ["S&P" means Standard and Poor's Credit Market Services Europe Limited,] ["Moody's" means Moody's Investor Services Limited] [and] ["Fitch" means Fitch Ratings Limited].]

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]

### 3. NOTIFICATION

[The Financial Services Authority ("FSA") [has been requested to provide/has provided - *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the Financial Market Association (Austria), the Financial Services and Markets Authority (Belgium), the Autorité des marchés financiers (France), the Federal Financial Supervisory Authority (Germany), the Central Bank of Ireland (Ireland), the Commissione Nazionale per le Società e la Borsa (Italy), the Commission de Surveillance du Secteur Financier (Luxembourg), the Malta Financial Services Authority (Malta), the Comisión Nacional del Mercado de Valores (Spain) and the Netherlands Authority for the Financial Markets (Netherlands) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.] [Not applicable]

### 4. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:)*

["Save as discussed in ["*Subscription and Sale of Notes*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."] [Not applicable]

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown*

*prospectus or a new base prospectus would be required in respect of such final terms.)*

5. **[REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

- [(i) Reasons for the offer: [ ]  
*(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*
- (ii) Estimated net proceeds: [ ]<sup>22</sup> *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- (iii) Estimated total expenses: *(Include breakdown of expenses)*<sup>23</sup>  
*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)*

6. **[Fixed Rate Notes only - YIELD]**

- Indication of yield: [Calculated as *(include details of method of calculation in summary form)* on the Issue Date]<sup>24</sup>  
  
[As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.] ]

7. **[Floating Rate Notes only - HISTORIC INTEREST RATES]**

[Details of historic [LIBOR/EURIBOR/other (specify)] rates can be obtained from [Reuters].]<sup>25</sup>

8. **[Index-Linked, Equity-Linked or other variable-linked Interest Notes only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]**<sup>26</sup>

*(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained (and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident)<sup>27</sup>. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Also include appropriate index disclaimers. Where the underlying is not an index, need to include*

<sup>22</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>23</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>24</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>25</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>26</sup> Refer to Prospectus Rules, Annex XII, paragraph 4.2.2 for disclosure requirements.

<sup>27</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

equivalent information.)<sup>28</sup>

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)]*

The Issuer [intends to provide post-issuance information (specify what information will be reported and where it can be obtained)] [does not intend to provide post-issuance information].]

9. **[Dual Currency/Multi-currency Notes only - PERFORMANCE OF RATE OF EXCHANGE(S) [AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS]**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident].*<sup>29</sup>

*[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)]*

**OPERATIONAL INFORMATION**

10. ISIN Code: [[ ]/Not applicable]

11. Common Code: [[ ]/Not applicable]

12. SEDOL: [[ ]/Not applicable]

13. Intended to be held in a manner [Yes] [No]  
which would allow Eurosystem  
eligibility<sup>30</sup>:

(Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg[, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [include this text if "yes" selected in which case the bearer Notes must be issued in NGN form])

<sup>28</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount is less than 100 per cent. of the nominal value of the Notes).

<sup>29</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>30</sup> Under current ECB requirements, in order to be eligible as collateral a security must, amongst other things, be denominated in Euros and listed on a regulated market or certain non-regulated markets such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the ECB's February 2011 "The Implementation of Monetary Policy in the Euro Area - General Documentation on Eurosystem monetary policy instruments and procedures" brochure.

14. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [CREST/ None/specify other]
15. Delivery: Delivery [against/free of] payment
16. Settlement procedures: [Eurobond/Medium Term Note/other (specify)]
17. (i) Principal Paying Agent<sup>31</sup> / Registrar:<sup>32</sup> [HSBC Bank plc] [other/specify]  
[None/ specify]
- (ii) Additional Paying Agent(s) (if any):
18. Common Depositary: [HSBC Bank plc/Not applicable/specify]
19. Agent Bank/Calculation Agent: [HSBC Bank plc] [HSBC France] [specify]
- is Calculation Agent to make calculations? [Yes/No]
  - if not, identify calculation agent: (N.B. Calculation agent appointment letter required)
20. Notices: (Condition 13) [Condition 13 applies / specify any other means of effecting communication]
21. City in which specified office of Registrar to be maintained: (Condition 14) [London / Not applicable (specify)]
22. ERISA Considerations: [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Base Prospectus for further information./give details]  
[Not applicable]

**TERMS AND CONDITIONS OF THE OFFER** (this section applies only to public offers – to be deleted if no public offer)

23. Offer Price: [Issue Price][other (specify)]
24. Conditions to which the offer is subject: [Not applicable/give details]
25. Description of the application process: [Not applicable/give details]
26. Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not applicable/give details]
27. Details of the minimum and/or maximum amount of application: [Not applicable/give details]
28. Details of the method and time limits for paying up and delivering [Not applicable/give details]

<sup>31</sup> Delete if Notes are Registered Notes.

<sup>32</sup> Delete if Notes are Bearer Notes.

the Notes:

29. Manner in and date on which results of the offer are to be made public: [Not applicable/*give details*]
30. Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not applicable/*give details*]
31. Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [Not applicable/*give details*]
32. Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not applicable/*give details*]
33. Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not applicable/*give details*]
34. Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [None/*give details*]



## ADDITIONAL PROVISIONS RELATING TO COMMODITY/COMMODITY INDEX-LINKED WARRANTS

The following additional conditions shall be deemed to be added as Condition 17 to the terms and conditions set out in the section headed "*Terms and Conditions of the Warrants*" appearing in "Part C - Warrants" of the Base Prospectus in respect of any issue of Commodity/Commodity Index-Linked Warrants.

The terms and conditions of the Commodity/Commodity Index-Linked Warrants shall consist of Condition 17, and in each case, the terms and conditions set out in the section headed "*Terms and Conditions of the Warrants*" appearing in "Part C - Warrants" of the Base Prospectus, such information being incorporated by reference in this Prospectus, as amended or supplemented by the terms of each Tranche of Warrants set out in the Final Terms (the "**Final Terms**"), examples of which are set out below.

### 17 Provisions relating to Commodity/Commodity Index-Linked Warrants

#### (a) *Definitions*

As used in this Condition 17, and unless otherwise provided in the relevant Final Terms, the following expressions shall have the following meanings:

**"Additional Disruption Event"** means the occurrence of either (i) Hedging Disruption or (ii) Increased Cost of Hedging;

**"Associated Hedging Costs"** means any loss, or mark to market adjustment, which would be incurred by the Issuer and/or its affiliates as a result of terminating, liquidating, transferring, obtaining or re-establishing any swap agreement, financing arrangement or other hedging transaction entered into by or on behalf of the Issuer and/or its affiliates in relation to, as a result of or in connection with the issuance of the Warrants (if any), subject to a minimum of zero;

**"Barrier Price"** shall have the meaning specified in the relevant Final Terms;

**"Basket of Commodities"** means a basket comprising two or more Commodities or Commodity Indices;

**"Calculation Agent Determination"** means that the Calculation Agent will determine the Relevant Price (or a method for determining a Relevant Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information it deems relevant;

**"Cancellation"** means that all but not some only of the Warrants shall be cancelled, each Warrant being cancelled by payment of an amount equal to the fair market value of such Warrant, less any Associated Hedging Costs, all as determined by the Calculation Agent in its sole and absolute discretion;

**"Commodity"** means, the commodity (or commodities) or futures contract on a commodity (or commodities) specified in the relevant Final Terms, and related expressions shall be construed accordingly;

**"Commodity Business Day"** means:

- (i) where the Commodity Reference Price is announced or published by an Exchange, any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which that Exchange is open for trading during its regular trading sessions and notwithstanding any such Exchange closing prior to its Scheduled Closing Time; or
- (ii) in any other case, a day in respect of which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published), a price;

**"Commodity Fallback Value"** means the arithmetic mean of the quotations provided to the Calculation Agent by each of the Reference Dealers as its Commodity Reference Price for the relevant Pricing Date of the relevant Commodity, **provided that** if only three such quotations are

so provided, the Commodity Fallback Value shall be the Commodity Reference Price remaining after disregarding the Commodity Reference Prices having the highest and lowest values (or if more than one such highest or lowest, one only of them). If fewer than three such quotations are so provided, it will be deemed that such value cannot be determined and the relevant value shall be the good faith estimate of the Calculation Agent;

**"Commodity Index"** means each index specified as such in the relevant Final Terms or an index comprising one or more commodities or contracts for the future delivery of a commodity (each a **"Component"**);

**"Commodity Price"** means, in respect of a Commodity or a Component as applicable, the price or other unit of quotation for such Commodity or Component specified in the relevant Final Terms;

**"Commodity Reference Price"** means, (i) in respect of any Commodity, the Commodity Reference Price specified in the relevant Final Terms and (ii) in respect of any Commodity Index, the Commodity Reference Price specified in the relevant Final Terms or, if not so specified, the official closing price of such Commodity Index;

**"Delayed Publication and Announcement"** means that the Relevant Price for a Pricing Date will be determined based on the Specified Price in respect of the original day scheduled as such Pricing Date that is published or announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Pricing Date) or the Relevant Price continues to be unavailable for consecutive Commodity Business Days equal in number to the Specified Maximum Days of Disruption. In that case, the next Disruption Fallback specified in the relevant Final Terms will apply.

**"Delivery Date"** means, in respect of a Commodity Reference Price, the relevant date or month for delivery of the underlying Commodity (which must be a date or month reported or capable of being determined from information reported in or by the relevant Price Source) as follows:

- (i) if a date is, or a month and year are, specified in the relevant Final Terms, that date or that month and year;
- (ii) if a Nearby Month is specified in the relevant Final Terms, the month of expiration of the relevant Futures Contract; and
- (iii) if a method is specified in the relevant Final Terms for the purpose of determining the Delivery Date, the date or the month and year determined pursuant to that method;

**"Disappearance of Commodity Reference Price"** means (i) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange or (ii) the disappearance of, or of trading in, the relevant Commodity or Component or (iii) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract, Commodity or Component;

**"Disrupted Day"** means any Commodity Business Day on which a relevant Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;

**"Disruption Fallback"** means each of Calculation Agent Determination, Cancellation, Delayed Publication and Announcement, Commodity Fallback Value, Fallback Commodity Price, and Postponement, which are specified as applicable in the relevant Final Terms;

**"Exchange"** means, in respect of a Commodity, the exchange or principal trading market for such Commodity specified in the relevant Final Terms or in the Commodity Reference Price and in the case of a Commodity Index, the exchange or principal trading market for each Component comprising such Commodity Index;

**"Fallback Commodity Price"** means that the Calculation Agent shall determine the Relevant Price of the relevant Commodity using the Commodity Price specified in the relevant Final Terms as an alternative Commodity Price;

**"Futures Contract"** means, in respect of a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity or Commodity Index referred to in that Commodity Reference Price;

**"Hedging Disruption"** means that the Issuer and/or its affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer and/or its affiliates deem necessary to hedge the risk of issuing and performing any obligations with respect to the Warrants or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s);

**"Increased Cost of Hedging"** means that the Issuer and/or its affiliates would incur a materially increased cost (as compared with circumstances existing on the Issue Date), amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer and/or its affiliates deem necessary to hedge the risk of entering into and performing its obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging;

**"Index Component Disruption Event"** means:

- (i) the Commodity Reference Price published by the Price Source on any Pricing Date includes, or is derived from, a price for one or more Components published on any date between the Issue Date and such Pricing Date that is not a price published by the usual exchange or price source, but is a price determined by the Price Source; or
- (ii) the Commodity Reference Price published by the Price Source on any Pricing Date includes, or is derived from, a price for one or more Components published by the usual exchange or price source on any date between the Issue Date and such Pricing Date that, in the opinion of the Calculation Agent, has been calculated or published subject to the occurrence of market disruption or similar, or otherwise not in accordance with the usual, then-current, method used by such exchange or price source;

**"Material Change in Content"** means the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Commodity or Futures Contract or, in the case of a Commodity Index, Component;

**"Material Change in Formula"** means the occurrence since the Trade Date of a material change in the formula for or the method of calculating the relevant Commodity Reference Price;

**"Nearby Month"**, when preceded by a numerical adjective, means, in respect of a Delivery Date and a Pricing Date, the month of expiration of the Futures Contract identified by that numerical adjective, so that, for example, (A) **"First Nearby Month"** means the month of expiration of the first Futures Contract to expire following that Pricing Date; (B) **"Second Nearby Month"** means the month of expiration of the second Futures Contract to expire following that Pricing Date; and (C) **"Sixth Nearby Month"** means the month of expiration of the sixth Futures Contract to expire following that Pricing Date;

**"Postponement"** means that the Pricing Date will be deemed, for purposes of the application of this Disruption Fallback only, to be the first succeeding Commodity Business Day or on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Pricing Date) for consecutive Commodity Business Days equal in number to the Specified Maximum Days of Disruption. In that case, the next Disruption Fallback specified in the relevant Final Terms will apply;

**"Price Fixation Event"** means the enactment, promulgation, execution or notification of, or any change in or amendment to, any law (or the application or interpretation of any law, as determined by a court or regulatory authority of competent jurisdiction or as determined by the opinion of independent legal counsel nominated by the Issuer) that occurs after the Issue Date which would result in the fixing of the prices at which any relevant Commodity may be bought and sold which does not reflect normal market response to supply and demand *vis a vis* that which would exist if prices were not so fixed;

**"Price Source"** means the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the relevant Commodity Reference Price;

**"Price Source Disruption"** means (i) the failure of the Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) for the relevant Commodity Reference Price, or (ii) the temporary or permanent discontinuance or unavailability of the Price Source;

**"Pricing Date"** means each date specified in the relevant Final Terms or if that is not a Commodity Business Day the immediately succeeding Commodity Business Day;

**"Reference Dealers"** means four leading dealers in the relevant Commodities market selected by the Calculation Agent;

**"Relevant Price"** means, for any Pricing Date, the price, expressed as a price per unit of the Commodity or the price of the Commodity Index, determined with respect to that day for the specified Commodity Reference Price calculated as provided in this Condition 17 and the relevant Final Terms;

**"Scheduled Closing Time"** means, in respect of an Exchange, the scheduled weekday closing time of such Exchange on such Commodity Business Day, without regard to after hours or any other trading outside of the regular trading session hours;

**"Specified Maximum Days of Disruption"** means two (2) Commodity Business Days or such other number of Specified Maximum Days of Disruption specified in the relevant Final Terms;

**"Specified Price"** means, in respect of a Commodity Reference Price any of the following prices (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source), as specified in the relevant Final Terms (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the spot price; or (O) any other price specified in the relevant Final Terms on the Pricing Date;

**"Strike Price"** shall have the meaning specified in the relevant Final Terms;

**"Tax Disruption"** means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the relevant Commodity, or in the case of a Commodity Index, Component (other than a tax on, or measured by reference to overall gross or net income) by any government or taxation authority after the Trade Date, if the direct effect of such imposition, change or removal is to raise or lower the Relevant Price on the day that would otherwise be a Pricing Date from what it would have been without that imposition, change or removal;

**"Trade Date"** means the date specified as such in the relevant Final Terms;

**"Trading Disruption"** means the material suspension of, or the material limitation imposed on, trading in the relevant Futures Contract or the Commodity or, in the case of a Commodity Index, Component on the Exchange or in any additional futures contract, options contract or commodity on any Exchange as specified in the relevant Final Terms. For these purposes:

- (i) a suspension of the trading in the Futures Contract, Commodity or Component, as the case may be, on any Commodity Business Day shall be deemed to be material only if:
  - (A) all trading in the Futures Contract, Commodity or Component, as the case may be, is suspended for the entire Pricing Date; or
  - (B) all trading in the Futures Contract, Commodity or Component, as the case may be, is suspended subsequent to the opening of trading on the Pricing Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract, Commodity or Component, as the case may be, on such Pricing Date and such suspension is announced less than one hour preceding its commencement; and
- (ii) a limitation of trading in the relevant Futures Contract, Commodity or Component, as the case may be, on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the relevant Futures Contract, Commodity or Component, as the case may be, may fluctuate and the closing or settlement price of the relevant Futures Contract, Commodity or Component, as the case may be, on such day is at the upper or lower limit of that range;

**"Valuation Time"** means, in relation to each Commodity or Commodity Index to be valued on any date, the time on such date specified as such in the relevant Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on such date in relation to such Commodity or Commodity Index, as applicable. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; and

**"Weighting"** has the meaning specified in the relevant Final Terms.

(b) ***Market Disruption***

**"Market Disruption Event"** means, in respect of a relevant Commodity or Commodity Index and as determined by the Calculation Agent, the occurrence or existence of:

- (i) in the case of all Commodities and each Commodity Index, a Price Source Disruption, Trading Disruption, Disappearance of Commodity Reference Price and/or a Price Fixation Event and in addition;
- (ii) in the case of each Commodity Index and all Commodities other than Gold, Silver, Platinum or Palladium, Material Change in Formula, Material Change in Content and/or Tax Disruption, and;
- (iii) in the case of a Commodity Index, an Index Component Disruption Event.

The Calculation Agent shall give notice as soon as practicable to Warrantholders in accordance with Condition 10 of the occurrence of a Market Disruption Event and the action proposed to be taken in relation thereto.

(c) ***Consequences of a Market Disruption Event and Disruption Fallbacks***

Upon a Market Disruption Event occurring or continuing on any Pricing Date (or, if different, the day on which prices/or that Pricing Date would, in the ordinary course, be published by the Price Source), the Calculation Agent shall apply the applicable Disruption Fallback in respect of the relevant Market Disruption Event in determining the consequence of the Market Disruption Event, or, if in the sole and absolute discretion of the Calculation Agent, it is not possible to apply the specified Disruption Fallback, the Calculation Agent shall apply the next applicable Disruption Fallback as specified in the relevant Final Terms. A Disruption Fallback is applicable if it is specified in the relevant Final Terms and shall apply in the order so specified. If no Disruption Fallback is specified, the Calculation Agent shall take the relevant actions specified below:

(i) *Disappearance of Commodity Reference Price, a Material Change in Formula, or a Material Change in Content*

If, with respect to the relevant Pricing Date, the Calculation Agent considers that there is in existence (i) a Disappearance of Commodity Reference Price, or (ii) a Material Change in Formula, or (iii) a Material Change in Content, then:

- (A) the Calculation Agent shall determine if such event has a material effect on the Warrants and, if so, shall calculate the Cash Settlement Amount and/or make another relevant calculation using, in lieu of a published price for that Commodity or Component, as the case may be, the price for that Commodity or Component, as the case may be, as at the time specified on that Pricing Date as determined by the Calculation Agent taking into consideration the latest available quotation for such Commodity or Component, as the case may be, and any other information that in good faith it deems relevant; or
- (B) unless Delayed Cancellation on the occurrence of a Market Disruption Event is specified as being applicable in the relevant Final Terms, on giving notice to Warrantholders in accordance with Condition 10, the Issuer shall terminate and cancel all but not some only of the Warrants, each Warrant being terminated and cancelled by payment of an amount equal to the fair market value of such Warrant, less any Associated Hedging Costs, all as determined by the Calculation Agent in its sole and absolute discretion. Payment shall be made in such manner as shall be notified to the Warrantholders in accordance with Condition 10; or
- (C) if Delayed Cancellation on the occurrence of a Market Disruption Event is specified as being applicable in the relevant Final Terms, the Calculation Agent shall calculate the fair market value of each Warrant, taking into account the Market Disruption Event, less any Associated Hedging Costs (the "**Calculated Market Disruption Amount**") as soon as practicable following the occurrence of the Market Disruption Event (the "**Calculated Market Disruption Amount Determination Date**") and on the date selected by the Calculation Agent in its sole and absolute discretion (the "**Termination and Cancellation Date**") shall terminate and cancel each Warrant at an amount calculated by the Calculation Agent equal to the Calculated Market Disruption Amount plus interest accrued from and including the Calculated Market Disruption Amount Determination Date to but excluding the Termination and Cancellation Date at a rate equal to Issuer's funding cost at such time.

(ii) *Consequences of a Tax Disruption*

If the Calculation Agent determines in good faith that a Tax Disruption has occurred or exists in respect of a Pricing Date, the Calculation Agent shall determine if such Tax Disruption has a material effect on the Warrants and if so (i) shall effect any adjustments that it deems in good faith necessary to the terms and conditions of the Warrants or, (ii) if it determines that such adjustments cannot be made on giving notice to Warrantholders in accordance with Condition 10, the Issuer shall cancel all but not some only of the Warrants, each Warrant being cancelled by payment of an amount equal to the fair market value of a Warrant, less any Associated Hedging Costs, all as determined by the Calculation Agent in its sole and absolute discretion.

(iii) *Consequences of a Price Source Disruption, Trading Disruption and Price Fixation Event*

If, with respect to the relevant Pricing Date, a Price Source Disruption, Trading Disruption or a Price Fixation Event has been in existence in excess of the Specified Maximum Days of Disruption, then the Calculation Agent shall apply the Commodity Fallback Value in order to determine the Relevant Price for that Pricing Date and each subsequent Pricing Date (if any).

(iv) *Consequences of an Index Component Disruption Event*

If the Calculation Agent determines that, on a Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the Price Source) an Index Component Disruption Event has occurred or exists then the Calculation Agent shall determine the Relevant Price (or a method for determining the Relevant Price) for that Pricing Date and each subsequent Pricing Date (if any).

(d) *Consequences of an Additional Disruption Event*

Following the occurrence of any Additional Disruption Event, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the relevant Warrants shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Warrants shall continue, it may make such adjustment(s) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the formula for the Cash Settlement Amount set out in the relevant Final Terms and any other variable relevant to the payment terms of the relevant Warrants and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion. If the Calculation Agent determines in its sole and absolute discretion that the relevant Warrants shall be terminated, then the Warrants shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Warrantholders to receive the relevant Cash Settlement Amount (or any other payment to be made by the Issuer), as the case may be, shall cease and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of such amount, less any Associated Hedging Costs, as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

(e) *Correction of Commodity Reference Price*

With the exception of any corrections published after the day which is three Commodity Business Days prior to the due date for any payment under the Warrants, if the Commodity Reference Price published on a given day and used or to be used by the Calculation Agent to make any determination under the Warrants is subsequently corrected and the correction published by the relevant Exchange or any other person responsible for the publication or announcement of the Commodity Reference Price within 30 calendar days of the original publication, the price to be used shall be the price of the relevant Commodity as so corrected. Corrections published after the day which is three Commodity Business Days prior to a due date for payment under the Warrants will be disregarded by the Calculation Agent for the purposes of determining the relevant amount.

(f) *Knock-in-Event and Knock-out Event*

- (i) If "Knock-in Event" is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, any payment under the relevant Warrants which is expressed in the relevant Final Terms to be subject to a Knock-in Event, shall be conditional upon the occurrence of such Knock-in Event.
- (ii) If "Knock-out Event" is specified as applicable in the Final Terms, then, unless otherwise specified in such Final Terms, any payment under the relevant Warrants which is expressed in the relevant Final Terms to be subject to a Knock-out Event, shall be conditional upon the occurrence of such Knock-out Event.
- (iii) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the relevant Final Terms is any time or period of time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one-hour period that begins or ends at the time on which the Commodity Reference Price triggers the Knock-in Level or the Knock-out Level, a Market Disruption Event occurs or exists, then, unless otherwise

specified in the relevant Final Terms, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred.

- (iv) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the relevant Final Terms is the Valuation Time and if any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day, then, unless otherwise specified in the applicable Final Terms, such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.

(g) ***Definitions relating to Knock-in Event/Knock-out Event***

Unless otherwise specified in the relevant Final Terms:

**"Knock-in Determination Day"** means the date(s) specified as such in the relevant Final Terms;

**"Knock-in Determination Period"** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date;

**"Knock-in Event"** means (i) in the case of a single Commodity, that the Commodity Reference Price determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is and (ii) in the case of a Basket of Commodities, that the amount determined by the Calculation Agent equal to the sum of the values calculated for each Commodity as the product of (x) the Relevant Price as of the Knock-in Valuation Time on any Knock-in Determination Day and (y) the relevant Weighting is (A) "greater than", "greater than or equal to", "less than" or "less than or equal to" the Knock-in Price, as specified in the relevant Final Terms;

**"Knock-in Price"** means (i) in the case of a single Commodity, the Relevant Price or (ii) in case of a Basket of Commodities, the price, in each case specified as such or otherwise determined in the relevant Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Condition 17(c) (*Consequences of a Market Disruption Event and Disruption Fallbacks*);

**"Knock-in Period Beginning Date"** means the date specified as such in the relevant Final Terms or, if the Knock-in Period Beginning Date Commodity Business Day Convention is specified as applicable in the relevant Final Terms and such date is not a Commodity Business Day, the next following Commodity Business Day;

**"Knock-in Period Ending Date"** means the date specified as such in the relevant Final Terms or, if the Knock-in Period Ending Date Commodity Business Day Convention is specified as applicable in the relevant Final Terms and such date is not a Commodity Business Day, the next following Commodity Business Day;

**"Knock-in Valuation Time"** means the time or period of time on any Knock-in Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time;

**"Knock-out Determination Day"** means the date(s) specified as such in the relevant Final Terms;

**"Knock-out Determination Period"** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date;

**"Knock-out Event"** means (i) in the case of a single Commodity, that the Relevant Price determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is and (ii) in the case of a Basket of Commodities, that the amount determined by the Calculation Agent equal to the sum of the values for each Commodity as the product of (x) the Commodity Reference Price as of the Knock-out Valuation Time on any Knock-out Determination Day and (y) the relevant Weighting is (A) "greater than", (B) "greater



than or equal to", (C) "less than" or (D) "less than or equal to" the Knock-out Level as specified in the relevant Final Terms;

**"Knock-out Price"** means (i) in the case of a single Commodity, the Relevant Price or (ii) in the case of a Basket of Commodities, the price, in each case specified as such or otherwise determined in the relevant Final Terms, subject to adjustment from time to time in accordance with the provisions set forth in Condition 17(c) (*Consequences of a Market Disruption Event and Disruption Fallbacks*);

**"Knock-out Period Beginning Date"** means the date specified as such in the relevant Final Terms or, if the Knock-out Period Beginning Date Commodity Business Day Convention is specified as applicable in the relevant Final Terms and such date is not a Commodity Business Day, the next following Commodity Business Day;

**"Knock-out Period Ending Date"** means the date specified as such in the relevant Final Terms or, if the Knock-out Period Ending Date Commodity Business Day Convention is specified as applicable in the relevant Final Terms and such date is not a Commodity Business Day, the next following Commodity Business Day; and

**"Knock-out Valuation Time"** means the time or period of time on any Knock-out Determination Day specified as such in the relevant Final Terms or in the event that the applicable Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

## PRO FORMA FINAL TERMS FOR COMMODITY/COMMODITY INDEX-LINKED WARRANTS

*Set out below is the form of Final Terms which will be completed for each Tranche of Commodity/Commodity Index-Linked Warrants issued under the Programme.*

*(When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.)*

[Warrants issued pursuant to these Final Terms are securities to be listed under Listing Rule 19.<sup>33</sup>]

Final Terms dated [ ]  
Series No.: [ ]  
Tranche No.: [ ]

**HSBC Bank plc**

**Programme for the Issuance of Notes and Warrants**

**Issue of**

**[Number of Warrants]**

**[Title of Warrants]**

**[(to be consolidated and form a single series with the existing *[Insert details of existing Tranche(s)]* issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants)]**

### PART A - CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of the Tranche of Warrants described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Warrants (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme which [together with the supplemental prospectus[es] dated [•]] constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")].<sup>34</sup>

[This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented].]<sup>35</sup> Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus is available for viewing at [address] [and] [website]<sup>36</sup> and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions (the "**Conditions**"), which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Warrants. This document constitutes the Final Terms of the Warrants described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>37</sup> and must be read in conjunction with the Base Prospectus dated 19 June 2012 which [together with the

<sup>33</sup> To be included in respect of all Warrants which are to be admitted to listing.

<sup>34</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>35</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>36</sup> Only for Warrants which are publicly offered and admitted to trading on a regulated market.

<sup>37</sup> Only for Warrants which are publicly offered and admitted to trading on a regulated market.

supplemental prospectus[(es)] dated [•]], constitute[s] a [base] prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive<sup>38</sup>]. Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus. The Prospectus and the Conditions are available for viewing during normal business hours at [address] [and] [website]<sup>39</sup> and copies may be obtained from [address].

**It is advisable that prospective investors considering acquiring any Warrants understand the risks of transactions involving the Warrants and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Warrants in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Warrants will have on their overall investment portfolio) and the information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "*Risk Factors*" in the Prospectus.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.)*

1. Issuer: HSBC Bank plc
2. Principal Warrant Agent: HSBC Bank plc
3. Calculation Agent: [HSBC Bank plc] [HSBC France]
4. Warrant Agent: HSBC Bank plc
5. (i) Series number: [ ]  
(ii) [Tranche number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Warrants become fungible).]*
6. Currency or currencies: [ ]
7. Aggregate Number of Warrants in the:  
[ (i) Series: [ ]  
[ (ii) Tranche: ] [ ]
8. Issue Date: [ ]
9. Issue Price: [currency] [amount] per Warrant
10. Strike Price: [currency] [amount]
11. Listing of Warrants: [Application has been made for the Warrants to be admitted to the Official List of the UK Listing Authority and admitted to trading on the Regulated Market of the London Stock Exchange/other (specify)/ [on or around the Issue Date/ insert date/ None]

<sup>38</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>39</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

12. Date [Board] approval for the issuance of Warrants obtained: [ ] [and [ ], respectively]] [Not applicable] [Not applicable]  
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Warrants)
13. Type of Warrants: [Commodity-Linked]
14. Series represented by: [Global Warrant<sup>40</sup>]/[N/A]. Warrants in definitive form [will/will not] be issued.] [other (specify)]
- 14A. Form of Warrant: [Book-Entry Form Warrants/Registered Warrants/Uncertificated Registered Warrants]
15. Style of Warrants: The Warrants are [American/European/ Bermudan/ other (specify)] Style [Call/Put] Warrants. Condition [3(a)/3(b)/3(c)] is applicable.
16. (i) Expiry Date: [Time] [City] time [specify fallback if Expiry Date is not a business day, if not the Following Business Day Convention]
- (ii) Exercise Procedure: [Condition 4 is applicable/other (specify)]
- (iii) Automatic Exercise: [Applicable/Not applicable]<sup>41</sup>
- (iv) Exercise Period: [American Style Warrants only]. [The period beginning from (and including) [ ] and ending on (and including) the Expiry Date] [Not applicable]
- (v) Potential Exercise Date(s): [Bermudan Style Warrants only] [insert date] [Not applicable]
17. (i) Minimum Exercise Number: [ ] Warrants
- (ii) Permitted Multiple: [ ] Warrants
18. Cash Settlement: [Applicable. The Warrants are Cash Settlement Warrants. Condition 3(d) (Cash Settlement) [and Condition 3(f) (Optional Physical Settlement)] [applies/apply]]/[Not applicable].
- (i) Settlement Currency: [ ]
- (ii) Cash Settlement Amount: [ ]
- (iii) Cash Settlement Payment Date: [ ]
19. Physical Settlement: [Applicable. The Warrants are Physical Settlement Warrants. Condition 3(e) (Physical Settlement) [and Condition 3(g) (Optional Cash Settlement)] [applies/apply]]/[Not applicable].
- (i) Strike Price Payment Date: [ ]

<sup>40</sup> Warrants will generally be in book-entry form represented by a Global Warrant.

<sup>41</sup> Refer to Listing Rule 19.2.6 If the Warrants are Retail Securitised Derivatives as defined in Listing Rule 19, then automatic exercise is required.

- (ii) Settlement Date: [ ]  
*[Consider treatment of dividends]*  
Stamp duty [is/ is not] currently payable by the Warrantholder on Security delivery. There [are/are no] restrictions on the transferability of the Securities.
20. Business Day: [As in the Conditions/other (specify)]
21. Expiry Business Day: [ ] [Not applicable]
22. Determination Date: [ ]<sup>42</sup>
23. Selling Restrictions: In addition to selling restrictions listed in "Purchase and Sale of the Warrants" contained in the Base Prospectus:  
*(Specify any selling restrictions applicable to the Warrants which are additional to, or in substitution for, those contained in the Base Prospectus)*
24. Other Final Terms: [ ]<sup>43</sup>

**PROVISIONS APPLICABLE TO COMMODITY/COMMODITY INDEX-LINKED WARRANTS**

25. (i) Commodity/ Commodities/ Commodity Index/Commodity Indices: *(specify Commodity/Commodities/Commodity Index/Commodity Indices)* [The Sponsor[s] of the Commodity Index/Indices is/are *(specify)*]
- (ii) Pricing Date(s): *(specify)*
- (iii) Trade Date: *(specify)*
- (iv) Barrier Price *(specify)*
- (v) Strike Price *(specify)*
- (vi) Commodity Reference Price: *(specify)*  
The Price Source is/are *(specify)*
- (vii) Commodity Price *(specify)*
- (viii) Delivery Date: *(specify)*
- (ix) Nearby Month: *(specify)*
- (x) Specified Price: [high price]  
[low price]  
[average of the high price and the low price]

<sup>42</sup> Only applicable if Condition 3(f) (Optional Physical Settlement or 3(g) (Optional Cash Settlement is applicable.

<sup>43</sup> If new term constitutes a "significant new factor", consider whether a drawdown prospectus or a new base prospectus is required.

		[closing price]
		[opening price]
		[bid price]
		[asked price]
		[average of the bid price and the asked price]
		[settlement price]
		[official settlement price]
		[official price]
		[morning fixing]
		[afternoon fixing]
		[spot price]
		[other]
(xi)	Exchange:	[specify]
(xii)	Disruption Fallback(s):	[As per Condition 17]/[specify]
(xiii)	Valuation Time:	[Continuous monitoring [specify other] and the relevant time on [insert relevant date(s)].] [[specify]]
(xiv)	Specified Maximum Days of Disruption:	[specify] [Commodity Business Days]
(xv)	Knock-in-Event:	[Not applicable/specify/ ["greater than"/"greater than or equal to"/"less than"/"less than or equal to"/"within"]]  <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(a)	Knock-in Price:	[specify]
(b)	Knock-in Period Beginning Date:	[specify]
(c)	Knock-in Period Beginning Date Commodity Business Day Convention:	[Not applicable/Applicable]
(d)	Knock in Determination Period:	[specify]
(e)	Knock in Determination Day(s):	[specify]
(f)	Knock-in Period Ending Date:	[specify]

- |         |  |  |
|---------|--|--|
| (g)     | Knock-in Period<br>Ending Date<br>Commodity<br>Business Day<br>Convention: | [Not applicable/Applicable]  |
| (h)     | Knock-in Valuation<br>Time:  | [specify/See definition in Condition 17][Valuation<br>Time.]   |
| (xvi)   | Knock-out Event:   | [Not applicable/specify/ ["greater than"/"greater than<br>or equal to"/"less than"/"less than or equal to"]]<br><br><i>(If not applicable, delete the remaining sub-<br/>paragraphs of this paragraph)</i> |
| (i)     | Knock-out Price:   | [specify]  |
| (j)     | Knock-out Period Beginning<br>Date:  | [specify]  |
| (k)     | Knock-out Period Beginning<br>Date Commodity Business<br>Day Convention:   | [Not applicable/Applicable]  |
| (l)     | Knock out Determination<br>Period:   | [specify]  |
| (m)     | Knock out Determination<br>Day(s):   | [specify]  |
| (n)     | Knock-out Period Ending<br>Date:   | [specify]  |
| (o)     | Knock-out Period Ending<br>Date Commodity Business<br>Day Convention:      | [Not applicable/Applicable]  |
| (p)     | Knock-out Valuation Time:  | [specify/See definition in Condition 17][Valuation<br>Time]  |
| (xvii)  | Delayed Cancellation on the<br>occurrence of a Market<br>Disruption Event: | [Applicable/Not applicable]  |
| (xviii) | Weighting:   | The Weighting to be applied to each item comprising<br>the Commodity Basket is [specify]   |
| (xix)   | Other terms or special<br>conditions:                                      | [Not applicable]/[specify]   |

#### [LISTING AND ADMISSION TO TRADING APPLICATION]

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Warrants described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

#### [RESPONSIBILITY]

The Issuer accepts responsibility for the information contained in these Final Terms. [(Commodities/Commodities Index information) has been extracted from (insert name of source of information)]. [The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by (insert name of source of information), no facts have been omitted which would render the reproduced inaccurate or misleading.]]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....



## PART B - OTHER INFORMATION

### 1. LISTING

- (i) Listing: [Application [will be/has been] made to admit the Warrants to listing on the Official List of the Financial Services Authority pursuant to Listing Rule 19. No assurance can be given as to whether or not, or when, such application will be granted.]
- (ii) Admission to trading: [Application has been made for the Warrants to be admitted to trading [on the Regulated Market/*other (specify)*] with effect from [the Issue Date/ *[insert date]* ]. No assurance can be given as to whether or not, or when, such application will be granted.]/[Not applicable]
- (Where documenting a fungible issue need to indicate that original warrants are already admitted to trading.)*

### 2. NOTIFICATION

[The Financial Services Authority ("FSA") [has been requested to provide/has provided - *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the Financial Market Association (Austria), the Financial Services and Markets Authority (Belgium), the Autorité des marchés financiers (France), the Federal Financial Supervisory Authority (Germany), the Central Bank of Ireland (Ireland), the Commissione Nazionale per le Società e la Borsa (Italy), the Commission de Surveillance du Secteur Financier (Luxembourg), the Malta Financial Services Authority (Malta), the Comisión Nacional del Mercado de Valores (Spain) and the Netherlands Authority for the Financial Markets (Netherlands) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.] [Not applicable]

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:)*

["Save as discussed in ["*Purchase and Sale of Warrants*"], so far as the Issuer is aware, no person involved in the offer of the Warrants has an interest material to the offer."] [Not applicable]]

### 4. [REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]

- (i) Reasons for the offer: [•]
- (Specify reasons only if reasons are different from making profit/hedging purposes, otherwise: Not applicable)*
- (ii) Estimated net proceeds: *(Specify if reasons for the offer are specified above under (i), otherwise: Not applicable. (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

- (iii) Estimated total expenses: *(Specify if reasons for the offer are specified above under (i), otherwise: Not applicable) (Include breakdown of expenses)*

5. ***[Index-Linked, Equity-Linked or other variable-linked Interest Warrants only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING<sup>44</sup>***

*(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained (and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident). Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Also include appropriate index disclaimers. Where the underlying is not an index, need to include equivalent information.)*

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].[Not applicable]]

**OPERATIONAL INFORMATION**

- |     |   |   |
|-----|---|---|
| 6.  | ISIN Code:  | [[ ]/Not applicable]  |
| 7.  | Common Code:  | [[ ]/Not applicable]  |
| 8.  | CUSIP:  | [[ ]/Not applicable]  |
| 9.  | Valoren Number:   | [[ ]/Not applicable]  |
| 10. | SEDOL:  | [[ ]/Not applicable ]   |
| 11. | Any clearing system(s) other than Euroclear, and Clearstream, Luxembourg and the relevant identification number(s): | [None/specify]  |
| 12. | Delivery:   | Delivery [against/free of] payment  |
| 13. | Additional Warrant Agent(s) (if any):   | [None/specify]  |
| 14. | Common Depositary:  | [HSBC Bank plc/Not applicable/specify]  |
| 15. | Notices:<br><br>(Condition 10)  | [Condition 10 applies / specify any other means of effecting communication]   |
| 16. | City in which specified office of Warrant Registrar to be maintained:   | [London / Not applicable (specify)]   |
| 17. | ERISA Considerations:   | [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Base Prospectus for further information./give details] |

<sup>44</sup> Refer to Prospectus Rules, Annex XII, paragraph 4.2.2 for disclosure requirements.

[Not applicable]

**TERMS AND CONDITIONS OF THE OFFER** (*this section applies only to public offers*)

- |     |  |   |
|-----|--|---|
| 18. | Offer Price:   | [Issue Price][ <i>other (specify)</i> ] |
| 19. | Conditions to which the offer is subject:  | [Not applicable/ <i>give details</i> ]  |
| 20. | Description of the application process:  | [Not applicable/ <i>give details</i> ]  |
| 21. | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:                                | [Not applicable/ <i>give details</i> ]  |
| 22. | Details of the minimum and/or maximum amount of application:   | [Not applicable/ <i>give details</i> ]  |
| 23. | Details of the method and time limits for paying up and delivering the Warrants:   | [Not applicable/ <i>give details</i> ]  |
| 24. | Manner in and date on which results of the offer are to be made public:  | [Not applicable/ <i>give details</i> ]  |
| 25. | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not applicable/ <i>give details</i> ]  |
| 26. | Categories of potential investors to which the Warrants are offered and whether tranche(s) have been reserved for certain countries:         | [Not applicable/ <i>give details</i> ]  |
| 27. | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:      | [Not applicable/ <i>give details</i> ]  |
| 28. | Amount of any expenses and taxes specifically charged to the subscriber or purchaser:  | [Not applicable/ <i>give details</i> ]  |
| 29. | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:             | [Not applicable/ <i>give details</i> ]  |

**REGISTERED AND HEAD OFFICE OF THE ISSUER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
UK

**PRINCIPAL PAYING AGENT,  
PRINCIPAL WARRANT AGENT,  
ISSUE AGENT, REGISTRAR,  
TRANSFER AGENT AND  
AUTHENTICATION AGENT**

**DEALER**

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London E14 5HQ  
UK

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
UK

**CALCULATION AGENT**

**HSBC Bank plc**  
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**HSBC France**  
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France

**REGISTRAR**

**HSBC Bank USA,**  
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USA

**LEGAL ADVISERS TO THE ISSUER AND THE DEALER**

*as to English law*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
UK

PART G - PRODUCT SUPPLEMENT FOR INTEREST RATE-LINKED NOTES AND WARRANTS AND INFLATION RATE-LINKED NOTES AND WARRANTS



HSBC Bank plc

(A company incorporated with limited liability in England with registered number 14259)

as Issuer

PROGRAMME FOR THE ISSUANCE OF NOTES AND WARRANTS

Interest Rate-Linked Notes and Warrants and Inflation Rate-Linked Notes and Warrants

This Product Supplement in relation to the Interest-Rate Linked Notes and Warrants and Inflation Rate-Linked Notes and Warrants constitutes Part G ("**Part G**") of the base prospectus dated 19 June 2012 (the "**Base Prospectus**") prepared by HSBC Bank plc (the "**Bank**" or the "**Issuer**") in relation to the Programme for the Issuance of Notes and Warrants (the "**Programme**") described therein in connection with the application made for Notes or Warrants to be admitted to listing on the Official List of the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the "**FSA**")), and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**").

To the extent that there is any inconsistency between any statement in this Part G and any other statement in, or incorporated by reference in, other parts of the Base Prospectus, the statements in this Part G will prevail for the purposes of Part G.

Notes issued pursuant to the Programme may include (a) "**Interest Rate-Linked Notes**" being Notes in relation to which the interest payable thereon (if any) and/or the redemption amount thereof is determined by reference to levels of, or movements in, specified interest rates or other interest rate-dependent variables, as applicable (each, an "**Interest-Related Variable**"); and (b) "**Inflation Rate-Linked Notes**" being Notes in relation to which the interest payable thereon (if any) and/or the redemption amount thereof is determined by reference to levels of, or movements in, specified inflation rates or other inflation rate-dependent variables, as applicable (each, an "**Inflation-Related Variable**"). The purpose of this Part G is to provide information in relation to Interest Rate-Linked Notes and Inflation Rate-Linked Notes.

The Bank may also issue warrants, (a) "**Interest Rate-Linked Warrants**" being Warrants having substantially the same features of the Interest Rate-Linked Notes and references herein to Interest Rate-Linked Notes shall be deemed to refer to Interest Rate-Linked Warrants when the context so permits and (b) "**Inflation Rate-Linked Warrants**" being Warrants having substantially the same features of the Inflation Rate-Linked Notes and references herein to Inflation Rate-Linked Notes shall be to Inflation Rate-Linked Warrants when the context so permits. To the extent any Interest Rate-Linked Warrant requires interest rate setting terms in its Conditions, the Final Terms relating to such Interest Rate-Linked Warrant may contain additional terms similar to the interest rate setting terms in the section titled "*Terms and Conditions of the Notes*" of "*Part B – Information Relating To The Notes Generally*" of the Base Prospectus. In addition, the Bank may issue Warrants that represent a series of warrants, which may provide for multiple exercise dates and/or multiple settlement dates and/or such other terms required to represent a series of Warrants, as if each such expiry date or settlement date or other term related to an individual Warrant.

This Part G should be read together with Parts A, B and D of the Base Prospectus (in the case of an issue of Interest Rate-Linked Notes or Inflation Rate-Linked Notes) and Parts A, D and C of the Base Prospectus (in the case of an issue of Interest Rate-Linked Warrants or Inflation Rate-Linked Warrants).

**An investment in Interest Rate-Linked Notes and/or Inflation Rate-Linked Notes involves risks. See Part A of the Base Prospectus under the heading "Risk Factors" (beginning on page A-12).**

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Part G or any other information supplied in connection with the Interest Rate-Linked Notes and/or Inflation Rate-Linked Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Part G nor any further information supplied in connection with the Interest Rate-Linked Notes or Inflation Rate-Linked Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or as constituting an invitation or offer by the Issuer that any recipient of this Part G or any other information supplied in connection with the Interest Rate-Linked Notes or Inflation Rate-Linked Notes should subscribe for or purchase the Interest Rate-Linked Notes or Inflation Rate-Linked Notes. Each investor contemplating subscribing for or purchasing the Interest Rate-Linked Notes or Inflation Rate-Linked Notes should make its own independent investigation of the affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Part G nor any other information supplied in connection with the Interest Rate-Linked Notes or Inflation Rate-Linked Notes constitutes an offer by or on behalf of the Issuer to subscribe for or purchase the Interest Rate-Linked Notes or Inflation Rate-Linked Notes.

The distribution of this Part G and the offer, distribution or sale of Interest Rate-Linked Notes or Inflation Rate-Linked Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this document may be lawfully distributed, or that the Interest Rate-Linked Notes or Inflation Rate-Linked Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, action may be required to be taken to permit a public offering of the Interest Rate-Linked Notes or Inflation Rate-Linked Notes or a distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Interest Rate-Linked Notes or Inflation Rate-Linked Notes may be offered or sold, directly or indirectly, and neither this Part G nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Part G or the Interest Rate-Linked Notes or Inflation Rate-Linked Notes come must inform themselves about, and observe, any such restrictions.

Interest Rate-Linked Notes and Warrants and Inflation Rate-Linked Notes and Warrants have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), the state securities laws of any state of the United States or the securities laws of any other jurisdiction, and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Arranger and Dealer

HSBC

19 June 2012

## CONTENTS

	<b>Page</b>
PRODUCT DESCRIPTION – INTEREST RATE-LINKED NOTES .....	G-3
PRODUCT DESCRIPTION – INFLATION RATE-LINKED NOTES.....	G-10
AMENDMENT TO CONDITION 21(F) IN RESPECT OF INFLATION RATE-LINKED NOTES AND CONDITION 18(C) IN RESPECT OF INFLATION RATE-LINKED WARRANTS .....	G-11
PRO FORMA FINAL TERMS FOR INTEREST RATE-LINKED AND INFLATION RATE-LINKED NOTES.....	G-14
PRO FORMA FINAL TERMS FOR INTEREST RATE-LINKED AND INFLATION RATE-LINKED WARRANTS .....	G-36

## PRODUCT DESCRIPTION – INTEREST RATE-LINKED NOTES

Notes issued pursuant to the Programme may include Interest Rate-Linked Notes, being Notes in relation to which the interest payable thereon (if any) and/or the redemption amount thereof is determined by reference to an Interest-Related Variable. Such Notes may be Fixed Rate Notes, Floating Rate Notes, Variable Coupon Amount Notes or Zero Coupon Notes, as specified in the relevant Final Terms. In the case of Variable Coupon Amount Notes, details of the dates on which interest shall be payable and the method of calculation of the interest payable on each such date will be set out in the relevant Final Terms.

Interest-Related Variables may consist of interest rates for specified periods, such as London inter-bank offered rates "**LIBOR**" for deposits in specified currencies or EURIBOR for deposits in euro, or constant maturity swap ("**CMS**") or remaining maturity swap ("**RMS**") rates, or other interest-based factors, as specified in the relevant Final Terms. Details of the Interest-Related Variable(s) applicable to any particular Series or Tranche of Notes and an indication of where information about the past and the future performance of the Interest-Related Variable and other information relating thereto will be specified in the relevant Final Terms.

The Conditions in Parts B and C of the Base Prospectus apply to the Interest Rate-Linked Notes and Warrants, respectively.

There follows a description of certain types of Interest Rate-Linked Notes that may be issued under the Programme. In addition to these types of Notes, the Issuer may issue Interest Rate-Linked Notes and Interest Rate-Linked Warrants under the Programme which combine elements of any of the Interest Rate-Linked Notes described below or are linked to Interest-Related Variables in a manner other than described below, details of which will be provided in the relevant Final Terms. In case of Interest Rate-Linked Warrants, any element that relates to the redemption amount of Interest Rate-Linked Notes in the following description shall relate to the cash settlement amount of such Warrants, as if references in such description to Notes were to Warrants, and references to redemption amount were to cash settlement amount.

### **Early Redemption features for Interest Rate-linked Notes:**

**Callable Notes:** Notes which may be redeemed prior to their specified maturity date at the option of the Issuer, which option may be exercised periodically or on dates specified in the Final Terms.

**Puttable Notes:** Notes which may be redeemed at the option of the Noteholder prior to the maturity date if a specified trigger event relating to an Interest-Related Variable occurs during a specified period or on a specified date, as specified in the Final Terms.

**Auto-puttable Notes:** Notes which may be automatically redeemed prior to the maturity date if a specified trigger event relating to an Interest-Related Variable occurs during a specified period or on a specified date, as specified in the Final Terms.

**Target Redemption Notes:** Notes, the terms of which provide as follows: (i) the minimum and maximum interest payable to a Noteholder over the term of the Notes are set on the issue date and expressed as pre-determined percentages of the notional amount of the Notes ("**Lifetime Floor**" and "**Lifetime Cap**", respectively), (ii) the final interest payment is increased so that, if the cumulative total interest payments (taking into account the amount of such final interest payment) would not otherwise reach the Lifetime Floor, Noteholders receive over the life of the Notes cumulative interest payments equal to the Lifetime Floor and (iii) the Notes will be mandatorily redeemed at par on the first interest payment date on which the cumulative total interest payments up to and including such payment date would exceed the Lifetime Cap taking into account the interest payments scheduled to be made on such date, which interest payments will then be reduced so that Noteholders receive over the life of the Notes aggregate interest payments equal to the Lifetime Cap.

**Trigger Redemption Notes:** Notes which are not Callable Notes and which are to be mandatorily redeemed prior to their maturity date if a specified trigger event in relation to a Interest-Related Variable occurs during a specified period or on a specified date, as specified in the Final Terms.

**Payment features for Interest Rate-Linked Notes:**

**Coupon Notes:** Notes in relation to which the interest payable to the Noteholder is subject to the performance of the Interest-Related Variable.

**Zero Coupon Notes:** Notes in relation to which no interest is payable to the Noteholder until the earlier of the scheduled maturity or early redemption.

**Deferred Coupon Notes:** Notes in relation to which the interest in relation to a given payment date may be deferred until the earlier of the scheduled maturity or early redemption on conditions specified in the Final Terms.

**Interest-Related Variable discontinuity features for Interest Rate-Linked Notes:**

**Digital Notes:** Notes in relation to which, if the Interest-Related Variable at maturity reaches a predefined level or value, the interest payable is a fixed amount.

**Barrier Notes:** Notes under which the interest and/or the redemption amount payable to the Noteholder at maturity are determined by reference to the performance of the Interest-Related Variable depending on the level or value of the Interest-Related Variable attaining or falling below predefined levels or values. If the Final Terms so specify, the predefined level or value may be varied on a specified date or dates or during specified periods throughout the term of the Notes. The predefined levels or values may consist of any of the following:

*Up and Out:* If the level or value of the Interest-Related Variable is higher than a predefined level or value at a specified date or during a specified period the interest and/or redemption amount payable to the Noteholder ceases to be linked to the performance of the Interest-Related Variable as specified in the relevant Final Terms.

*Up and In:* If the level or value of the Interest-Related Variable is higher than a predefined level or value at a specified date or during a specified period the interest and/or redemption amount payable to the Noteholder become linked to the performance of the Interest-Related Variable as specified in the relevant Final Terms.

*Down and Out:* If the level or value of the Interest-Related Variable is lower than a predefined level or value at a specified date or during a specified period the interest and/or redemption amount payable to the Noteholder cease to be linked to the performance of the Interest-Related Variable as specified in the relevant Final Terms.

*Down and In:* If the level or value of the Interest-Related Variable is lower than a predefined level or value at a specified date or during a specified period the interest and/or redemption amount payable to the Noteholder become linked to the performance of the Interest-Related Variable as specified in the relevant Final Terms.

The specified date or dates, or specified periods, for the observation of the level or value of the Interest-Related Variable against the relevant predefined level or value may include any of the following or maybe as otherwise specified in the Final Terms:

*American:* the level or value of the Interest-Related Variable is observed continuously during a specified period.

*Bermudan:* the level or value of the Interest-Related Variable is observed during a period which consists of a number of specified dates.

*Discrete:* the level or value of the Interest-Related Variable is observed daily at a specified time on specified dates.

*European:* the level or value of the Interest-Related Variable is observed at maturity.

*Parisian:* the level or value of the Interest-Related Variable is observed on the occurrence of a specified event.



*Window:* the level or value of the Interest-Related Variable is only observed during a fixed period.

**Interest-Related Variable path dependent features for Interest Rate-Linked Notes:**

**Range Accrual Notes:** Notes in relation to which the interest only accrues for each day during a period that a specified Interest-Related Variable remains within a specified range (which may vary during the term of the Notes), as specified in the Final Terms.

**Average Growth Notes:** Notes under which the redemption amount payable to the Noteholder at maturity is calculated by reference to the average level or value of the Interest-Related Variable on a number of specified dates occurring on or after the issue date to but excluding the maturity date, as specified in the Final Terms.

**Snow Notes:** Notes in relation to which a fixed interest rate is set for the initial interest period and then leveraged thereafter whereby the interest rate for any given period is determined by reference to (i) the rate used to calculate the interest for the preceding period and applying to it a pre-specified rate and (ii) a Interest-Related Variable, as set out in the Final Terms (subject to minimum interest rate of 0 per cent.).

**Ratchet Notes:** Notes in relation to which a fixed rate is used to calculate the interest for the initial period (the "**initial rate**") and leveraged thereafter whereby the subsequent rate for any given period used to calculate the interest is determined by reference to (A) the rate applicable for the preceding period and applying to it a pre-specified rate and (B) an Interest-Related Variable (subject to a minimum interest rate of 0 per cent.), until a specified date on which the rate used to calculate the interest is reset to the initial rate and the rate leverage process recommences.

**Serial Notes:** Notes in relation to which rate used to calculate the interest is determined by reference to (i) any one of the minimum, the maximum or the average level or value of the specified Interest-Related Variable over a certain period of time and (ii) a rate specified in the Final Terms.

**Snowball:** Callable Notes in relation to which the fixed rate used to calculate the interest is set for the initial period and then leveraged thereafter whereby the rate for any given period is calculated using the rate for the preceding period and applying to it a pre-specified rate which increases each year and subtracting the level or value of the specified Interest-Related Variable (subject to minimum interest rate of 0 per cent.).

**Bearish Snowball:** Callable Notes in relation to which the rate used to calculate the fixed interest is set for the initial period and then leveraged thereafter whereby the rate for any given period is calculated using the rate for the preceding period and adding to it the product of a multiple of the Interest-Related Variable minus a pre-specified rate (which increases each year) (subject to a minimum interest rate of 0 per cent. and a pre-specified maximum interest rate).

**Resettable Snowball:** Callable Notes in relation to which (i) the rate used to calculate the fixed interest payment is set for the initial period (the "**initial interest rate**") and leveraged thereafter whereby the subsequent interest rate for any given interest period is calculated using the interest rate for the preceding period and applying to it a pre-specified rate which increases each year and subtracting the specified Interest-Related Variable (subject to a minimum rate of 0 per cent.) until a specified date on which the interest is reset to the initial rate and the rate leverage process recommences, and (ii) the Issuer has a right to redeem the Notes earlier than the maturity date if a trigger event relating to a specified Interest-Related Variable occurs and is existing on a specified early redemption date during the term of the Notes.

**Recovery Note:** Callable Notes in relation to which the fixed rate used to calculate the interest is set for the initial period and then leveraged thereafter whereby the rate for any given period is calculated using the rate for the preceding period and adding to it the product of a multiple of the specified Interest-Related Variable minus a pre-specified rate (which increases each year) (subject to a minimum interest rate of 0 per cent. and a pre-specified rate maximum).

**Seesaw Note:** Callable Notes in relation to which the method of calculating interest changes during the life of the Notes as follows. The fixed rate used to calculate the interest is set for the initial period and is then leveraged thereafter whereby the rate for any given period is calculated using the rate for the preceding period and applying to it a multiple of a pre-specified rate or rates less the specified Interest-Related Variable. The rate used to calculate the interest will then revert to the original rate or

another fixed rate for a specified number of periods. Thereafter, the rate used to calculate the interest for any given period is calculated using the rate for the preceding period and applying to it a multiple of the specified Interest-Related Variable less a pre-specified rate or rates. The rate applicable to any period may be subject to minimum and maximum rate limits.

***SnowBlade Note:*** Target Accrual Redemption Notes which are not Callable Notes in relation to which a fixed rate is set for the initial period and then leveraged thereafter whereby the rate for any given subsequent period is calculated using the rate for the preceding period and applying to it a pre-specified rate which increases each year and subtracting the specified Interest-Related Variable (subject to a minimum interest rate of 0 per cent.).

#### **Coupon features for Interest Rate-Linked Notes:**

***Capped Fixed Coupon:*** Notes in relation to which the rate used to calculate the interest is less than or equal to a specified fixed rate.

***Floored Fixed Coupon:*** Notes in relation to which the rate used to calculate the interest is greater than or equal to a specified fixed rate.

***Capped Spread Coupon:*** Notes in relation to which the rate used to calculate the interest is (i) determined by reference to a Interest-Related Variable being the difference between two specified interest rates and (ii) is less than or equal to a specified rate.

***Floored Spread Coupon:*** Notes in relation to which the rate used to calculate the interest is (i) determined by reference to the difference between two interest rates and (ii) is greater than or equal to a specified rate.

***Capped Global Coupon:*** Notes in relation to which (i) the interest payable is determined by reference to an Interest-Related Variable, and (ii) the cumulative interest paid up to a given payment date (including the interest payable in respect of such payment date) is less than or equal to an amount specified in the Final Terms for such payment date. If such cumulative amount is greater than the amount specified in the Final Terms the interest payable on the relevant payment date shall be reduced to ensure such cumulative amount is equal to the amount specified in the Final Terms for such payment date.

***Floored Global Coupon:*** Notes in relation to which (i) the interest payable is determined by reference to an Interest-Related Variable, and (ii) the cumulative interest paid up to a given payment dates (including the interest payable in respect of such payment date) is greater than or equal to an amount specified in the Final Terms for such payment date. If such cumulative amount is less than the amount specified in the Final Terms the interest payable on the relevant payment date shall be increased to ensure such cumulative amount is equal to the amount specified in the Final Terms for such payment date.

#### **Interest Rate Reset features relating to Interest Rate-Linked Notes**

***Interest-in-arrears:*** Notes in relation to which the interest is determined by reference to an Interest-Related Variable which is determined at the end of a given period.

***Interest-in-advance:*** Notes in relation to which the interest is determined by reference to an Interest-Related Variable which is determined prior to the commencement of a given period.

#### **Underlyings relating to Interest Rate-Linked Notes**

***Callable step-down Floaters:*** Callable Notes which are Floating Rate Notes and in relation to which (i) the rate used to calculate the interest is set at a fixed margin above the specified Interest-Related Variable but the total of which is capped at a specified fixed rate and (ii) the interest is only payable if the specified Interest-Related Variable remains below a certain pre-specified level.

***Callable Inverse Floaters:*** Callable Notes in relation to which a fixed rate used to calculate the interest is set for an initial period, after which the rate for any given period is calculated by subtracting from a pre-specified fixed rate a multiple of the specified Interest-Related Variable (subject to a minimum interest rate of 0 per cent.).

**Constant Maturity Swap ("CMS") Fixed Spread Callable Range Accrual Notes:** Notes in relation to which the interest is greater than or equal to a specified fixed rate Callable Notes in relation to which a fixed rate is set for the initial period and then for subsequent periods the fixed rate only accrues for each day during that period if specified constant maturity swap spread (a "**CMS Spread**") remains above a pre-specified trigger level or lower barrier

**VariCap Note:** Notes which are not Callable Notes, in relation to which the interest rate calculated in relation to any period is a CMS rate plus a spread, but subject to a minimum rate and a variable maximum interest rate (the "**Cap**"). The Cap is calculated by reference to a multiple of the specified CMS Spread, which multiple may or may not increase over time, as specified in the relevant Final Terms.

**Callable Range Accrual Notes:** Range Accrual Notes which are Callable Notes.

**Trigger Redemption Range Accrual Notes:** Range Accrual Notes which are Trigger Redemption Notes.

**Auto-puttable Callable Range Accrual Notes:** Range Accrual Notes which are Callable Notes and Auto-puttable Notes.

**Fixed Callable Range Accrual Notes:** Range Accrual Notes which are Callable Notes and which bear interest at a fixed rate.

**Floating Callable Range Accrual Notes:** Range Accrual Notes which are Callable Notes and which accrue interest at a floating interest rate.

#### **Forms of Target Accrual Redemption Notes**

**Target Accrual Redemption Notes (TARNs) (Bullish):** Target Accrual Redemption Notes under which a fixed interest rate is set for the initial interest period and then for subsequent interest periods the interest rate is calculated using a fixed rate and subtracting therefrom a multiplier of the level of a specified Interest-Related Variable (subject to a minimum interest rate of 0 per cent.).

**Bearish TARN:** Target Accrual Redemption Notes in relation to which the interest rate is calculated by applying a fixed multiplier to the level of a specified Interest-Related Variable and subtracting a specified fixed rate which increases each year (subject to a minimum interest rate of 0 per cent.).

**BONUS TARN:** Target Accrual Redemption Notes in relation to which the interest rate is calculated using an initial fixed rate during the first interest period, then a higher fixed rate minus a multiplier time a specified Interest-Related Variable during subsequent periods and an additional bonus payment (expressed as a percentage of the notional amount of the Notes and increasing annually throughout the term of the Notes) is made to Noteholders on the redemption date.

**SnowRange Notes:** Notes which are Callable Notes and in relation to which (i) interest only accrues for each day (a "**Qualifying Day**") during a period that a specified Interest-Related Variable remains within a specified range (which may vary during the term of the Notes), as specified in the Final Terms, (ii) the interest rate is set for the initial interest period and then leveraged thereafter whereby the interest rate for any given interest period is calculated using the interest rate for the preceding period and applying to it a multiplier (calculated from the number of Qualifying Days in the current period divided by the actual number of days in the current period). (The SnowRange Note is a variation of the CRAN.)

**CRAN:** Notes which are Callable Range Accrual Notes paying periodic fixed coupons with coupons, accruing on a daily basis, linked to a floating rate.

**Accumulator Leverage Inverse Floater Note:** Floating Rate Notes in relation to which (i) the amount of interest payable to the Noteholder over the term of the Notes is known from the issue date and expressed as a Lifetime Cap but the timing of interest payments and the maturity date is not known, (ii) the final interest payment is adjusted at maturity so that the sum of all interest payments (including such adjusted payment) equals the Lifetime Cap (iii) the Notes are automatically redeemed at part on an interest payment date if the sum of the interest payments (prior to the adjustment of such interest payment) would otherwise exceed the Lifetime Cap.

**BladeRanger Notes:** Target Accrual Redemption Notes under which interest only accrues for each Qualifying Day during a period that a specified Interest-Related Variable remains within a specified range

(which may vary during the term of the Notes), as specified in the Final Terms, (ii) the interest rate is set for the initial interest period and then leveraged thereafter whereby the interest rate for any given interest period is calculated using the interest rate for the preceding period and applying to it a multiplier (calculated from the number of Qualifying Days in the current period divided by the actual number of days in the current period).

**Resettable SnowRange:** SnowRange Notes which are Callable Notes and in relation to which, on a specified date, the interest payable is reset to the initial interest rate applicable to the first interest period and the interest rate leverage process recommences.

**Bearish SnowRange:** Callable Notes in relation to which (i) the interest only accrues for each Qualifying Day over a period that a specified Interest-Related Variable remains above a pre-specified level which may be increased annually, as specified in the Final Terms and (ii) the interest rate is set for the initial interest period and then leveraged thereafter whereby the interest rate for any given interest period is calculated using the interest rate for the preceding period and applying to it a multiplier (calculated from the number of Qualifying Days in the current period divided by the actual number of days in the current period).

**Front-End SnowRange:** SnowRange Notes which are Callable Notes in relation to which the Issuer is entitled to exercise its right to redeem early if the specified Interest-Related Variable remains within the pre-specified range during the first year of the term of the Notes.

**Range Accrual Notes:** Notes in relation to which the interest is a variable amount (calculated by reference to a formula in the Final Terms) and only accrues for each day during a period that a specified Interest-Related Variable remains within a specified range (which may vary during the term of the Notes), as specified in the Final Terms.

#### **Constant Maturity Swap ("CMS") linked Notes and Remaining Maturity Swap ("RMS") linked Notes**

**Deferred digital:** Notes which are not Callable Notes and in relation to which (i) the timing of the interest rate payment is conditional on the specified Interest-Related Variable and (ii) if the specified Interest-Related Variable remains below a certain trigger level or barrier, the interest rate payable is a fixed amount and if the specified Interest-Related Variable reaches the trigger level or barrier, the interest rate payable is compounded over the term of the Notes and payment is deferred until maturity.

**Remaining-Maturity-Swap CRAN:** Callable Notes in relation to which interest only accrues for each day over a certain period of time that the specified underlying Remaining-Maturity-Swap (RMS) rate remains below a certain pre-specified trigger level or upper barrier.

**RMS Wings Note:** Callable Notes in relation to which there is a certain fixed minimum interest rate which only accrues for each day over a certain period of time that the specified Interest-Related Variable is either (i) below a certain pre-specified trigger level or (ii) above a certain higher pre-specified trigger level.

**CMS SnowRange:** Callable Notes in relation to which (i) interest only accrues for each Qualifying Day over a certain period of time that a specified CMS rate remains within a pre-specified range which may increase annually and (ii) the interest rate is set for the initial interest period and then leveraged thereafter whereby the interest rate for any given interest period is calculated using the interest rate for the preceding period and applying to it a multiplier (calculated from the number of Qualifying Days in the current period divided by the actual number of days in the current period).

**Bearish CMS:** Target Accrual Redemption Notes in relation to which a fixed interest rate is set for the initial interest period and then for subsequent interest periods it is calculated by subtracting a fixed multiplier which increases each year from a specified CMS rate (subject to a minimum interest rate of 0 per cent.).

**CMS Recovery Note:** Callable Notes in relation to which a fixed interest rate is set for the initial interest period and then leveraged thereafter whereby the interest rate for any given interest period is calculated using the interest rate for the preceding period and adding to it the product of a multiple of a specified CMS rate minus a pre-specified interest rate (which increases each year) (subject to minimum interest rate of 0 per cent. and a pre-specified maximum interest rate).

**CMS TARN Note:** Target Accrual Redemption Notes in relation to which a fixed interest rate is set for the initial interest period and then for subsequent interest periods the interest rate is calculated using a fixed rate and subtracting the level of a specified CMS rate (subject to a minimum interest rate of 0 per cent.).

#### **CMS Spread-linked Notes**

**(CMS) Fixed SCRAN:** Callable Notes in relation to which a fixed interest rate is set for the initial interest period and then for subsequent interest periods the fixed interest rate only accrues for each day over a certain period of time that a CMS Spread remains above a pre-specified trigger level or lower barrier.

**(CMS) Floating SCRAN:** Callable Notes in relation to which a fixed interest rate is set for the initial interest period and then for subsequent interest periods a floating rate of interest only accrues for each day over a certain period of time that a specified CMS-Spread remains above a pre-specified trigger level or lower barrier.

**Wedding Cake Note:** Notes which are not Callable Notes, in relation to which the floating interest rate is comprised of three different tiers of calculation and only accrues for each day that a specified CMS Spread remains (a) above a pre-specified trigger level, (b) remains within a pre-specified range and (c) remains below a pre-specified trigger level, over a certain period of time.

**Floating SCRAN:** Callable Notes in relation to which a fixed interest rate is set for the initial interest period and then for subsequent interest periods the interest only accrues for each day over a certain period of time that the specified Interest-Related Variable remains above a pre-specified trigger level or lower barrier.

**VariCap Note:** Notes which are not Callable Notes, in relation to which the interest calculated in relation to any period is a CMS rate plus a spread, but subject to a minimum interest rate and a variable maximum interest rate (the "**Cap**"). The Cap is calculated by reference to a multiple of the specified CMS Spread, which multiple may or may not increase over time, as specified in the relevant Final Terms.

**CMS Steepener (Bearish):** Callable Notes in relation to which the interest rate is set at a fixed margin above a specified CMS rate and is payable if such CMS rate remains above a pre-specified trigger level (which increases throughout the term of the Notes) but if the CMS rate falls below the trigger level, then the interest rate payable is capped at a specified fixed amount.

#### **Volatility-linked Notes**

**Serial Notes:** Notes which are not Callable Notes and in relation to which the interest rate is determined by any one of the minimum, the maximum or the average level of the Specified Interest- Related Variable over a certain period of time plus a pre-specified rate.

**Sliding Volatility Note:** Notes which are not Callable Notes and in relation to which the rate used to calculate the interest is set at a multiple of the value of the change in a specified Interest-Related Variable over a specified period.

**Terminal Volatility Note:** Notes which are Callable Notes and in relation to which the rate used to calculate the interest rate for any interest period is calculated by multiplying a specified fixed rate by the absolute value of the difference between the specified Interest-Related Variable at the start of one period and such Interest-Related Variable at the end of the period.

## PRODUCT DESCRIPTION – INFLATION RATE-LINKED NOTES

Notes issued pursuant to the Programme may include Inflation Rate-Linked Notes, being Notes in relation to which the interest payable thereon (if any) and/or the redemption amount thereof is linked to the performance of one or more inflation indices, by way of a specified formula or in such other manner as shall be specified in the relevant Final Terms. Such inflation indices may include (without limitation) the U.S. City Average All Items Consumer Price Index for All Urban Consumers (Bloomberg Code: CPURNSA), the United Kingdom Retail Price Index (Bloomberg Code: UKRPI), the Euro-zone Harmonised Index of Consumer Prices, excluding tobacco (Bloomberg Code: CPTFEMU), the Euro-zone Harmonised Index of Consumer Prices, including tobacco (Bloomberg Code: CPTFIEU), the France Harmonised Index of Consumer Prices excluding tobacco (Bloomberg Code: FRCPXTOB), the France Harmonised Index of Consumer Prices including tobacco (Bloomberg Code: FRCPI), the Indice Nazionale dei Prezzi al Consumo per le Famiglie di Operai e Impiegati (FOI) Senza Tabacchi (Bloomberg Code: ITCPI), the Indice Nazionale dei Prezzi al Consumo per le Famiglie di Operai e Impiegati (FOI) Con Tabacchi (Bloomberg Code: ITCPFOI), the Spain Index of Consumer Prices (Bloomberg Code: SPIPC), the Belgium Index of Consumer Prices (Bloomberg Code: BECPI) and the Netherlands Index of Consumer Prices (Bloomberg Code: NECPIND), or a combination of these or any other published inflation indices. The name of the relevant (or each relevant) inflation index and source where information about such inflation index may be obtained will be specified in the relevant Final Terms.

Similar instruments may be issued as Inflation-Linked Warrants, but without interest or coupon payments. In that case, references in any of the descriptions of Inflation-Linked Notes contained herein to the redemption amount of Inflation-Linked Notes shall relate to the cash settlement amount of such Warrants, as if references in such descriptions to Notes were to Warrants and references to redemption amount were to cash settlement amount.

In addition, any of the features described on pages G-5 to G-12 of this Part G may apply to Inflation Rate-Linked Notes and Inflation Rate-Linked Warrants.

The terms and conditions of Inflation Rate-Linked Notes shall consist of the terms and conditions set out in the section headed "*Terms and Condition of the Notes*" appearing in Part B of the Base Prospectus and Condition 21 (*Provisions relating to Equity-Linked Notes, Cash Equity Notes and Index-Linked Notes*) appearing in Part D of the Base Prospectus, subject to the modifications specified below and the relevant Final Terms. The terms and conditions of Inflation Rate-Linked Warrants shall consist of the terms and conditions set out in the section headed "*Terms and Conditions of the Warrants*" appearing in Part C of the Base Prospectus and Conditions 17 (*Provisions relating to Equity-Linked Warrants and Index-Linked Warrants*) and 18 (*Valuation, Adjustments and Extraordinary Events affecting Securities*) appearing in Part D of the Base Prospectus, subject to the modifications specified below and the relevant Final Terms.

**AMENDMENT TO CONDITION 21(F) IN RESPECT OF INFLATION RATE-LINKED NOTES  
AND CONDITION 18(C) IN RESPECT OF INFLATION RATE-LINKED WARRANTS**

With respect to Inflation Rate-Linked Notes and Inflation Rate-Linked Warrants, the following provisions shall apply in lieu of Condition 21(f) (*Adjustments to Indices*) and Condition 18(c) (*Adjustments to Indices*) respectively.

21(f) *Adjustments to Indices for Inflation Rate-Linked Notes* / 18(c) *Adjustments to Indices for Inflation Rate-Linked Warrants*

**(A) Definitions**

In this Condition:

"**Affected Payment Date**" has the meaning given in (B) below;

"**Fallback Bond**" means a bond selected by the Calculation Agent and issued by the government or one of the governments (but not any government agency) of the country (or countries) to whose level of inflation the relevant Index relates and which pays a coupon and/or redemption amount which is calculated by reference to the level of inflation in such country (or countries), with a maturity date which falls on the same day as the Maturity Date or the Settlement Date, as the case may be, or such other date as the Calculation Agent shall select if there is no such bond maturing on the Maturity Date or Settlement Date, as the case may be. If any bond so selected is redeemed, the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond is redeemed (including any bond for which the redeemed bond is exchanged);

"**Index**" means each inflation index specified as such in the applicable Final Terms;

"**Index Sponsor**" means the entity specified as such in the applicable Final Terms and any successor entity that publishes or announces (directly or through an agent) the level of the Index;

"**Reference Month**" means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced. If the period for which level of the Index was reported is a period other than a month, the Reference Month is the period for which the level of the Index was reported;

"**Related Bond**" means, if specified as applicable in the relevant Final Terms, means the bond specified as such in the relevant Final Terms or, if specified as applicable in the relevant Final Terms and no bond is specified therein, the Fallback Bond, and the Calculation Agent shall use the Fallback Bond for any Related Bond determination;

"**Substitute Index Level**" means the level of the Index, determined by the Calculation Agent pursuant to (C) below, in respect of an Affected Payment Date; and

"**Successor Index**" has the meaning specified in (C) below.

**(B) Delay of Publication**

If any level of the Index for a Reference Month relevant to the calculation of a payment of interest has not been published or announced by the day that is five Business Days prior to the relevant [Interest Payment Date or [Maturity Date]<sup>1</sup>/[Cash Settlement Payment Date]<sup>2</sup>, as the case may be (the "**Affected Payment Date**"), the Calculation Agent shall determine the relevant level of the Index using the following methodology:

- (i) If Related Bond is specified as applicable in the relevant Final Terms, the Calculation Agent will take the same action to determine the Substitute Index Level for the Affected Payment Date as that taken by the calculation agent pursuant to the terms and conditions of the Related Bond;

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<sup>1</sup> Wording applies to Notes and Condition 21(f).

<sup>2</sup> Wording applies to Warrants and Condition 18(c).

- (ii) If (A) Related Bond is specified as not applicable in the relevant Final Terms; or (B) the Calculation Agent is unable to determine the Substitute Index Level under (i) above for any reason, then the Calculation Agent shall determine the Substitute Index Level as follows:

$$\text{Substitute Index Level} = \text{Base Level} \times (\text{Latest Level} / \text{Reference Level})$$

where:

**"Base Level"** means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined;

**"Latest Level"** means the latest level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor prior to the month in respect of which the Substitute Index Level is being calculated; and

**"Reference Level"** means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in "Latest Level" above. For the avoidance of doubt, any Reference Level published or announced at any time after the day that is five Business Days prior to the next [Interest Payment Date and/or the Maturity Date, as the case may be]<sup>3</sup>/[Cash Settlement Payment Date]<sup>4</sup>, will not be used in any calculations and the Substitute Index Level so determined pursuant to this sub-paragraph (B) will be the definitive level.

(C) **Cessation of Publication**

If a level for the Index has not been published or announced for two consecutive months or the Index Sponsor announces that it will no longer continue to publish or announce the Index, then the Calculation Agent shall determine a Successor Index (in lieu of any previously applicable Index) for the purposes of the Notes by using the following methodology:

- (i) If at any time a successor index has been designated by the calculation agent pursuant to the terms and conditions of the Related Bond, such successor index shall be designated a **"Successor Index"** for the purposes of all subsequent determinations of [interest payable and of the Final Redemption Amount]<sup>5</sup>[the Cash Settlement Amount]<sup>6</sup>, notwithstanding that any other Successor Index may previously have been determined.
- (ii) If a Successor Index has not been determined under (i) above, and a notice has been given or an announcement has been made by the Index Sponsor, specifying that the Index will be superseded by a replacement index specified by the Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be the Successor Index from the date that such replacement Index comes into effect.
- (iii) If a Successor Index has not been determined under (i) or (ii) above, the Calculation Agent (acting in its sole and absolute discretion) will determine an appropriate alternative index for such Affected Payment Date, and such index will be deemed a "Successor Index".
- (iv) [If the Calculation Agent determines that there is no appropriate alternative index, then the Notes shall be redeemed on the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Noteholders to receive any remaining payments of interest and the Final Redemption Amount shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as in the opinion of the

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<sup>3</sup> Wording applies to Notes and Condition 21(f).

<sup>4</sup> Wording applies to Warrants and Condition 18(c).

<sup>5</sup> Wording applies to Notes and Condition 21(f).

<sup>6</sup> Wording applies to Warrants and Condition 18(c).



Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the early redemption of the Notes.]<sup>7</sup>

[If the Calculation Agent determines that there is no appropriate alternative index, then the Warrants shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Warrantholders to receive the relevant Cash Settlement Amount (or any other payment to be made by the Issuer), as the case may be, shall cease and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the early termination of the Warrants.]<sup>8</sup>

(D) **Rebasing of the Index**

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the level of an Index from the date of such rebasing; **provided, however, that** the Calculation Agent shall make such adjustments as are made by the calculation agent pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. If there is no Related Bond, the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. Any such rebasing shall not affect any prior payments made under the Notes.

(E) **Material Modification**

If, on or prior to the day that is five Business Days before the next date which is an Interest Payment Date, the Maturity Date or Cash Settlement Payment Date (as the case may be), an Index Sponsor announces that it will make a material change to an Index, then the Calculation Agent shall make any such adjustments to the Index consistent with adjustments made to the Related Bond, or, if there is no Related Bond, only those adjustments necessary for the modified Index to continue as the Index.

(F) **Manifest Error in Publication**

If, within thirty days of publication and prior to the Maturity Date or Cash Settlement Payment Date, as the case may be, the Calculation Agent determines that the Index Sponsor has corrected the level of the Index to remedy a manifest error in its original publication, the Calculation Agent will take such action as it may deem necessary and practicable to give effect to such correction.

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<sup>7</sup> Wording applies to Notes and Condition 21(f).

<sup>8</sup> Wording applies to Warrants and Condition 18(c).

**PRO FORMA FINAL TERMS FOR INTEREST RATE-LINKED AND INFLATION  
RATE-LINKED NOTES**

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.*

*(When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.)*

[Notes issued pursuant to these Final Terms are securities to be listed under Listing Rule [17/19]<sup>9</sup>.]

Final Terms dated [ ]

Series No.: [ ]

Tranche No.: [ ]

**HSBC Bank plc**

**Programme for the Issuance of Notes and Warrants**

**Issue of**

**[Aggregate Principal Amount of Tranche]**

**[(to be consolidated and form a single series with the existing *[Insert details of existing Tranche(s)]* issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

**[Title of Notes]**

**PART A - CONTRACTUAL TERMS**

This document constitutes the Final Terms relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme which [together with the supplemental prospectus[es] dated [•]] constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**").]<sup>10</sup>

[If these Final Terms indicate that they relate to an issue of Certificates, then all references herein and in the Prospectus to Notes shall be deemed to be references to "Certificates" for the purposes of this Issue.]

[This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus.]<sup>11</sup> Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus is available for viewing at [address] [and] [website]<sup>12</sup> and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

<sup>9</sup> *To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securitised derivatives. Notes which include an element of principle protection will generally be eligible for listing under Listing Rule 17 but in some circumstances will be eligible for listing under Listing Rule 19.*

<sup>10</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*

<sup>11</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*

<sup>12</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions (the "**Conditions**"), which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Notes. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>13</sup> and must be read in conjunction with the Base Prospectus dated 19 June 2012 which [together with the supplemental prospectus[es] dated [ ]], constitute[s] a [base] prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive]<sup>14</sup>. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus. The Prospectus and the Conditions are available for viewing during normal business hours at [address] [and] [website]<sup>15</sup> and copies may be obtained from [address].

*[For Notes offered and sold in the United States of America include:*

#### **IMPORTANT NOTICES**

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

#### **AVAILABLE INFORMATION**

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

<sup>13</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>14</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>15</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

**It is advisable that prospective investors considering acquiring any Notes understand the risks of transactions involving the Notes and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "Risk Factors" in the Prospectus.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

1. (i) Issuer: HSBC Bank plc
- (ii) Arranger(s): HSBC Bank plc
2. (i) Series number: [ ]
- (ii) [Tranche number: [ ]
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]
- (iii) Whether issue is of Notes or Certificates: [Notes/Certificates] (if the issue is of Certificates, all references in these Final Terms and in the Prospectus to Notes shall be deemed to be "Certificates" for the purposes of this issue)
3. Specified Currency or Currencies:
  - (i) of denomination: [ ]
  - (ii) of payment: [ ]
4. Aggregate Principal Amount [of Notes admitted to trading]<sup>16</sup>:
  - [(i) Series:] [ ]
  - [(ii) Tranche:] [ ]
5. (i) Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from [insert date] (in the case of fungible interest-bearing issues only, if applicable)]
- (ii) Commission payable: [[ ] per cent./None/ Information not provided]
- (iii) Selling concession: [[ ] per cent./None/Information not provided]
6. (i) Denomination(s) [ ]<sup>17</sup>  
(Condition 1(b)):

<sup>16</sup> Delete for debt securities with a denomination per unit of less than EUR 100,000.

<sup>17</sup> If denominations in excess of and smaller than the minimum specified denomination are to be permitted then the Issuer should normally waive its right to elect to exchange the Permanent Global Note for definitive Notes in paragraph (d) of the Permanent Global Note - see item 29(iii) below.

- (ii) Calculation Amount<sup>18</sup>: [ ]
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [specify/ Issue Date/ Not Applicable ]
8. Maturity Date: (Condition 6(a)) *(Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year. In case of undated Notes, specify undated.) [If Index Linked provisions apply please add: or, if later, the [fifth/ specify] Business Day following the [Valuation Date/ specify.] [adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "Business Day" ].*
9. Interest basis: (Conditions 3 to 5) [[ ] per cent. Fixed Rate]
- [[specify reference rate]
- [+/- [ ] per cent. Floating Rate]
- [Variable Coupon Amount]
- [Zero Coupon Notes]
- [Index-Linked Notes]
- [Other (specify)]
- (further particulars specified below)
10. Redemption basis: (Condition 6) [Redemption at par]
- [Index-Linked Redemption]
- [Dual Currency]
- [Partly Paid]
- [Instalment]
- [Other (specify)]
11. Change of interest or redemption basis: *(Specify details of any provision for convertibility of Notes to another interest or redemption/payment basis)*
12. Put/Call options: [Condition 6[(c)][(d)] will apply as specified below]
- [Not applicable]
13. (i) Status of the Notes: (Condition 2) Unsubordinated, unsecured
- (ii) Date [Board] approval for [ ] [and [ ], respectively]] (N.B. Only relevant where Board (or similar) authorisation is required

<sup>18</sup> The applicable Calculation Amount (which is used for the calculation of redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.

issuance of Notes obtained: *for the particular tranche of Notes)]* [Not applicable]

14. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. Fixed Rate Note provisions: [Applicable/Not applicable]  
(Condition 3)  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*

(i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/ monthly] in arrears]

(ii) Interest Payment Date(s): [dd/mm, dd/mm, dd/mm and dd/mm] in each year  
[adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "**Business Day**"] / [not adjusted]

(iii) Fixed Coupon Amount(s): [[ ] per Calculation Amount] [Not applicable]

(iv) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / Not applicable / other (specify)]

(v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ Not applicable / other (give details)]

(vi) Business Centre(s): [Not applicable/give details]

(v) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not applicable/give details] *(Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis)*

16. Floating Rate Note provisions: [Applicable/Not applicable]  
(Condition 4)  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*

(i) [Interest Period(s)] / [Specified Period]<sup>19</sup>: [ ] (specify)

(ii) Interest Payment Dates: [ ] (specify dates)

(iii) First Interest Payment Date: [ ]

(iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]

(v) Business Centre(s): [Not applicable/give details]

<sup>19</sup> Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

- (vi) Screen Rate Determination: [Applicable / Not applicable]
- (1) Reference Rate: [*specify LIBOR or other*]
- (2) Interest Determination Date(s): [ ]
- (3) Relevant Screen Page: [ ]
- (4) Relevant Financial Centre: [ ]
- (vii) ISDA Determination: [Applicable / Not applicable]
- (1) Floating Rate Option: [ ]
- (2) Designated Maturity: [ ]
- (3) Reset Date: [ ]
- (viii) Margin(s): [[+/-][ ] per cent. per annum] [Not applicable]
- (ix) Day Count Fraction: [ ]
- (x) Relevant time: [ ]
- (xi) Minimum Rate of Interest: [[ ] per cent. per annum] [Not applicable]
- (xii) Maximum Rate of Interest: [[ ] per cent. per annum] [Not applicable]
- (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
17. Variable Coupon Amount Note provisions: [Applicable/Not applicable]  
(Condition 5)
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Payment Dates: [ ]
- (ii) Method of calculating interest: [ ]
- (iii) Business Centre(s): [Not applicable/give details]
18. Zero Coupon Note provisions: [Applicable/Not applicable]  
(Condition 5)
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of interest on overdue amounts: [ ]
- (ii) Redemption formula: [ ]
19. Index-Linked Interest Note/other variable-linked interest Note Provisions: [Applicable/Not applicable]  
*(If not applicable, delete the remaining*

*sub-paragraphs of this paragraph)*

- (i) Index/Formula/other variable: *(Give or annex details – if appropriate, cross refer to Valuation Date definition in paragraph 40 below)*
  - (ii) Calculation Agent responsible for calculating the interest due: [ ]
  - (iii) Provisions for determining interest where calculated by reference to Index and/or Formula and/or other variable: [ ]
  - (iv) Provisions for determining interest where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ] *(Need to include a description of market disruption or settlement disruption events and adjustment provisions)[See Condition 21 and paragraph 40 below]*
  - (v) Interest or calculation period(s): [ ]
  - (vi) Interest Payment Dates: [ ]
  - (vii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other *(give details)*]
  - (viii) Business Centre(s): [ ]
  - (viii) Minimum Rate/Amount of Interest: [[ ] per cent. per annum] [Not applicable]
  - (ix) Maximum Rate/Amount of Interest: [[ ] per cent. per annum] [Not applicable]
  - (x) Day Count Fraction: [ ]
20. Dual Currency Note provisions/Multi-currency Note provisions: [Applicable/Not applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Currencies: [ ]
  - (ii) Rate of exchange/ method of calculating rate of exchange *(give details)*<sup>20</sup>
  - (iii) Provisions applicable where calculation by reference to rate of exchange impossible or impracticable: *(Need to include a description of Market disruption or settlement disruption events and adjustment provisions.)*

## PROVISIONS RELATING TO REDEMPTION

21. Issuer's optional redemption (Call): [Applicable/Not applicable]

<sup>20</sup> *If denomination per unit is less than EUR100,000, include details of where past and future performance and volatility of the relevant rate(s) can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying.*



- (Condition 6(c))
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Redemption Amount (Call): [[ ] per Calculation Amount (specify — if not par, also specify details of any formula)]
- (ii) Series redeemable in part: [[ ] per Calculation Amount (specify — otherwise redemption will only be permitted of entire Series)]
- (iii) Call option date(s)/Call option period: (specify)
22. Noteholder's optional redemption (Put): [Applicable/Not applicable]  
(Condition 6(d))
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Redemption Amount (Put): [[ ] per Calculation Amount (specify — if not par, also specify details of any formula)]
- (ii) Put Option date(s)/Put Option Period: (specify)
23. Final Redemption Amount of each Note: [[ ] per Calculation Amount / Not applicable / (specify — if not par, also specify details of any formula)]  
(Condition 6(a))
24. Final Redemption Amount of each Note in cases where the Final Redemption Amount is Index-Linked or other variable-linked: [[ ] per Calculation Amount] [Not applicable]
- (i) Index/Formula/other variable: (give annex details)
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [ ]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [ ]
- (vi) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [See Condition 21 and paragraph 40 below]
- (vii) Minimum Final Redemption Amount: [ ]
- (viii) Maximum Final Redemption Amount: [ ]
25. Instalment Notes: [specify/Not applicable]  
(Condition 6(a))

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Instalment Amounts: [ ]
  - (ii) Dates for payment of Instalments: [ ]
26. Early Redemption Amount: Yes
- (i) Early Redemption Amount (upon redemption for taxation reasons, illegality or following an Event of Default): *(Conditions 6(b), 6(h) or 10)* [[100] per cent. of the Calculation Amount/Fair Market Value/other *(specify details)*]
  - (ii) Other redemption provisions: *(Condition 6(i))* [[100] per cent. of the Calculation Amount/Fair Market Value/ Not applicable /other *(specify details)*]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. Form of Notes: *(Condition 1(a))*
- (i) Form of Notes: [Bearer Notes/Registered Notes/ Uncertificated Registered Notes]
  - (ii) Bearer Notes exchangeable for Registered Notes: [Yes/No] *(Answer will be no where no Registered Notes or where the issue is wholly or partly a Rule 144A issue)*
28. [New Global Note *[(delete if Registered Note)]*/ Issued under the new safekeeping structure *[(delete if Bearer Note)]*: [Yes/No]
29. If issued in bearer form:
- (i) Initially represented by a Temporary Global Note or Permanent Global Note: *[specify] (Notes may only be represented initially by a Permanent Global Note if these Final Terms specifies that TEFRA C Rules apply)*
  - (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes: *(Condition 1(a))* Yes [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive notes only in limited circumstances specified in the Permanent Global Note / (specify)]
  - (iii) Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or Registered Notes: [Yes/No] *[If yes, specify: the Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.]*
  - (iv) Coupons to be attached to Definitive Notes<sup>21</sup>: [Yes/No/Not applicable]  
  
*(N.B. This will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems - see provisions contained in Permanent*

<sup>21</sup> Definitive Notes will typically have coupons attached to them if interest bearing.

*Global Note)*

- (v) Talons for future Coupons to be attached to Definitive Notes<sup>22</sup>: [Yes/No/Not applicable]  
(*N.B. The above comment also applies here*)
- (vi) (a) Definitive Notes to be security printed: [Yes/No]  
(*N.B. The above comment also applies here*)
- (b) if the answer to (a) is yes, whether steel engraved plates will be used<sup>23</sup>: [Yes/No/Not applicable]
- (vii) Definitive Notes to be in ICMA or successor's format: [Yes/No]  
(*N.B. The above comment also applies here*)
- (viii) Issuer or Noteholder to pay costs of security printing: [Issuer/Noteholder/Not applicable]
30. Exchange Date for exchange of Temporary Global Note: Not earlier than 40 days after the Issue Date /(*specify*)
31. Payments:  
(*Condition 8*)
- (i) Method of payment: [Condition 8 applies / (*specify if other than by cheque or transfer to a designated account*)]
- (ii) Relevant Financial Centre Day: (*specify all places*)
- (iii) Local banking day specified for payments in respect of the Notes in global form: [Yes/ No]<sup>24</sup>
32. Partly Paid Notes: [Yes/No]  
(*Condition 1*)
- (*If yes, specify number, amounts and dates for, and method of, payment of instalments of subscription monies and any further additional provisions (including forfeiture dates in respect of late payments of partly paid instalments)*) (*specify*)
33. Redenomination:  
(*Condition 9*)
- (i) Redenomination: [Applicable/Not applicable]
- (ii) Exchange: [Applicable/Not applicable]
34. Other final terms: [Not applicable/specify/See Annex]

<sup>22</sup> Talons will be needed if there are 27 or more coupons.

<sup>23</sup> Answer to (a) and (b) should generally be 'yes' in all cases where Definitive Notes are to be printed.

<sup>24</sup> This should specify "No" unless, exceptionally, location of Principal Paying Agent is to be included as a business day for the purposes of payments whilst Notes are in global form in the clearing systems.

*(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)*

## DISTRIBUTION

35. (i) If syndicated, names [, addresses and underwriting commitments]<sup>25</sup> of Relevant Dealer(s)/Lead Manager(s): [Not applicable / HSBC Bank plc/other - give name]  
(Give addresses and underwriting commitments)<sup>25</sup>
- (ii) If syndicated, names [, addresses and underwriting commitments]<sup>25</sup> of other Dealers/Managers (if any): [Not applicable/other - give name]  
(Give addresses and underwriting commitments)<sup>25</sup>
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (iii) Date of Subscription Agreement:<sup>25</sup> [ ]
- (iv) Stabilising Manager(s) (if any): [Not applicable/give name]
36. If non-syndicated, name [and address]<sup>25</sup> of Relevant Dealer: [Not applicable/give name [and address]]<sup>25</sup>
37. Total commission and concession: [[ ] per cent. of the Aggregate Principal Amount / Information not provided]<sup>25</sup>
38. Selling restrictions: [For Bearer Notes: TEFRA C Rules/ TEFRA D Rules/TEFRA Not Applicable]
- United States of America: [Notes may not be offered or sold within the United States of America or, to or for the account or the benefit of, a US person (as defined in Regulation S)]
- [Notes may be offered or sold within the United States of America or, to or for the account or the benefit of, a US person (as defined in Regulation S) only in compliance with the provisions set forth under "Transfer Restrictions."]
- Non-exempt Offer: [Not applicable][An offer of the Notes may be made by the Managers [and (specify, if applicable)] other than pursuant to Article 3(2) of the Prospectus Directive in (specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported) ("Public Offer Jurisdictions") during the period from (specify date) until (specify date) ("Offer Period"). See further paragraphs 25 to 36

<sup>25</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

of Part B below.

Additional selling restrictions:

*(specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement)*

39. Stabilisation:

[Not applicable / **In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Managers) in accordance with all applicable laws and rules.**]

**[PROVISIONS APPLICABLE TO INFLATION RATE-LINKED NOTES ONLY]<sup>26</sup>**

40. (i) Index/Indices: [•]
- (ii) Index Sponsor: [•]
- (iii) Related Bond: [Applicable/Not Applicable] *(if applicable and nothing further is specified, then it will be the Fallback Bond)*
- (iv) Issuer of Related Bond: [Applicable/Not Applicable] *(if applicable, specify)*
- (v) Valuation Date: [ ]
41. Other terms or special conditions relating to Inflation Rate-Linked Notes: *(specify)*
- (i) Knock-in Event: [Applicable to *(specify relevant payment or delivery)*]
- Knock-in Event: [ ] is [greater than/greater than or equal to/less than/less than or equal to] the Knock-in Price/Knock-in Level
  - Knock-in Period Beginning Date (if other than as specified in the definition thereof) [ ]

<sup>26</sup> Delete if Interest Rate-Linked Notes.

in Condition 21(a)):

- Knock-in Period [ ]  
Ending Date (if other than as specified in the definition thereof in Condition 21(a)):
- Knock-in Price/ [ ]  
Knock-in Level:
- Knock-in Valuation [ ]  
Time (if other than as specified in the definition thereof in Condition 21(a)):

(ii) Knock-out Event: [Applicable to (specify relevant payment or delivery)]

- Knock-out Event: [ ] is [greater than/greater than or equal to/less than/less than or equal to] the Knock-out Price/Knock-out Level
- Knock-out Period [ ]  
Beginning Date (if other than as specified in the definition thereof in Condition 21(a)):
- Knock-out Period [ ]  
Ending Date (if other than as specified in the definition thereof in Condition 21(a)):
- Knock-out Price/ [ ]  
Knock-out Level:
- Knock-out Valuation [ ]  
Time (if other than as specified in the definition thereof in Condition 21(a));

(iii) Automatic Early Redemption: Condition 21(c) [applies/does not apply]

- Automatic Early Redemption Event: [ ] is [greater than/greater than or equal to/less than/less than or equal to] the Automatic Early Redemption [Price/Level/Rate] as of [the/any] Automatic Early Redemption Valuation Date]
- Automatic Early Redemption Valuation Date(s): [ ]
- Automatic Early Redemption [ ]  
[Level/Price/Rate]:
- Automatic Early [ ] [Subject to adjustment in accordance with

Redemption Date(s): (specify relevant Business Day Convention)]

- Automatic Early [ ]  
Redemption Amount:

#### [LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required for issue and admission to trading of the Notes described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

[In offers of Notes pursuant to Rule 144A insert:

#### TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of these Final Terms and the accompanying Prospectus, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that these Final Terms and the accompanying Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the accompanying Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Prospectus or any documents referred to herein.

Each purchaser of Notes in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (i) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (ii) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (iii) The purchaser understands that the Rule 144A Global Registered Notes, the Restricted Global Registered Notes and any US Definitive Registered Notes (as defined in "*Summary of Provisions relating to the Notes while in Global Form*" in the accompanying Base Prospectus) issued in exchange for interests therein will bear a legend (the "**Rule 144A Legend**") to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE

SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN A PROSPECTUS SUPPLEMENT OR APPLICABLE FINAL TERMS, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("**SIMILAR LAW**") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

In addition, each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Base Prospectus.]

#### [RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. (*Relevant third party information*) has been extracted from (*specify source*). [The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information



published by (*specify source*), no facts have been omitted which would render the reproduced inaccurate or misleading.]]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

## PART B - OTHER INFORMATION

### 1. LISTING

(i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of the Financial Services Authority [on or around the Issue Date/ [insert date]] pursuant to Listing Rule [17/19<sup>27</sup>]. No assurance can be given as to whether or not, or when, such application will be granted/other (specify)/Not applicable]

(ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading [on the Regulated Market/other (specify)] with effect from [the Issue Date/ [insert date]]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Notes admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)<sup>28</sup>*

*(NB: Notes admitted to trading to the UK Regulated Market will also be admitted to the Official List as a matter of course.)*

[(iii) Estimated total expenses of admission to trading:] [Information not provided / Not applicable / (specify amount)]<sup>29</sup>

### 2. RATINGS

Ratings: [The long term senior debt of HSBC Bank plc has been rated:]

[S&P: [•]]  
[Moody's: [•]]  
[Fitch: [ ]]  
[[Other]: [•]]

[The Notes have not specifically been rated.]/ [The Notes have been assigned a rating of [ ] by [ ].]<sup>30</sup>

[Each of [Fitch, S&P and Moody's] are established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended).]

<sup>27</sup> To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securitised derivatives.

<sup>28</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>29</sup> Only required for debt securities with a denomination per unit of at least EUR100,000.

<sup>30</sup> Select only if the Notes are rated.

[For these purposes, ["**S&P**"] means Standard and Poor's Credit Market Services Europe Limited,] ["**Moody's**"] means Moody's Investor Services Limited] [and] ["**Fitch**"] means Fitch Ratings Limited].]

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]

3. **NOTIFICATION**

[The Financial Services Authority ("**FS**A") [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the Financial Market Association (Austria), the Financial Services and Markets Authority (Belgium), the Autorité des marchés financiers (France), the Federal Financial Supervisory Authority (Germany), the Central Bank of Ireland (Ireland), the Commissione Nazionale per le Società e la Borsa (Italy), the Commission de Surveillance du Secteur Financier (Luxembourg), the Malta Financial Services Authority (Malta), the Comisión Nacional del Mercado de Valores (Spain) and the Netherlands Authority for the Financial Markets (Netherlands) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.] [Not applicable]

4. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement: )*

["Save as discussed in ["*Subscription and Sale of Notes*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."] [Not applicable]

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)*

5. **[REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer: [ ]

*(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*

(ii) Estimated net proceeds: [ ]<sup>31</sup>

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses: *(Include breakdown of expenses)*<sup>32</sup>

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, (i.e. if the Final Redemption Amount may be less than 100 per cent of the nominal value of the Notes), it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

6. **[Fixed Rate Notes only - YIELD]**

Indication of yield: [Calculated as [include details of method of calculation in summary form] on the Issue Date]<sup>33</sup>

[As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.] ]

7. **[Floating Interest Rate-Linked Notes only - HISTORIC INTEREST RATES]**

[Details of historic [LIBOR/EURIBOR/other (specify)] rates can be obtained from [Reuters].]<sup>34</sup>

8. **[Index-Linked, Equity-Linked or other variable linked Notes only - EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]**<sup>35</sup>

*(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained (and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident)<sup>36</sup>. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Also include appropriate index disclaimers. Where the underlying is not an index, need to include equivalent information.)<sup>37</sup>*

<sup>31</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>32</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>33</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>34</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>35</sup> Refer to Prospectus Rules, Annex XII, paragraph 4.2.2 for disclosure requirements.

<sup>36</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>37</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount is less than 100 per cent. of the nominal value of the Notes).

*(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)*

[The Issuer [intends to provide post-issuance information (*specify what information will be reported and where it can be obtained*)] [does not intend to provide post-issuance information].]  
[Not applicable]

9. **[Dual Currency / Multi-currency Notes only - PERFORMANCE OF RATE(S) OF EXCHANGE [AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS]<sup>38</sup>**

*(Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained (and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident))<sup>38</sup>.*

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)*

**OPERATIONAL INFORMATION**

- |     |   |   |
|-----|---|---|
| 10. | ISIN Code:  | [[ ]/Not applicable]  |
| 11. | Common Code:  | [[ ]/Not applicable]  |
| 12. | CUSIP:  | [[ ]/Not applicable]  |
| 13. | SEDOL:  | [[ ]/Not applicable]  |
| 14. | Intended to be held in a manner which would allow Eurosystem eligibility: <sup>39</sup> | <p>[Yes] [No]</p> <p><i>(Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg[, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][Include this text if "yes" selected, in which case bearer Notes must be issued in NGN form.)</i></p> |
| 15. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg                 | [CREST/ None/specify other]   |

<sup>38</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>39</sup> Under current ECB requirements, in order to be eligible as collateral a security must, amongst other things, be denominated in Euros and listed on a regulated market or certain non-regulated markets such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the ECB's February 2011 "The Implementation of Monetary Policy in the Euro Area - General Documentation on Eurosystem monetary policy instruments and procedures" brochure.

and the relevant identification number(s):

16. Delivery: Delivery [against/free of] payment
17. Settlement procedures: [Eurobond/Medium Term Note/ *other (specify)*]
18. (i) Principal Paying Agent<sup>40</sup>/Registrar<sup>41</sup>: [HSBC Bank plc] [*Other (specify)*]  
(ii) Additional Paying Agent(s) (if any): [None/ *specify*]
19. Common Depositary: [HSBC Bank plc/Not applicable/*specify*]
20. Agent Bank/Calculation Agent: [HSBC Bank plc] [HSBC France] [*other (specify)*]
  - is Calculation Agent to make calculations? [Yes/No]
  - if not, identify calculation agent: (*N.B. Calculation agent appointment letter required*)
21. Notices: [Condition 13 applies / *specify any other means of (Condition 13) effecting communication*]
22. City in which specified office of Registrar to be maintained: [London / Not applicable / (*specify*) (*Condition 14*)]
23. ERISA Considerations: [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Base Prospectus for further information./*give details*] [Not applicable]

**TERMS AND CONDITIONS OF THE OFFER** (this section applies only to public offers)

24. Offer Price: [Issue Price][*other (specify)*]
25. Conditions to which the offer is subject: [Not applicable/*give details*]
26. Description of the application process: [Not applicable/*give details*]
27. Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not applicable/*give details*]
28. Details of the minimum and/or maximum amount of application: [Not applicable/*give details*]
29. Details of the method and time limits for paying up and delivering the Notes: [Not applicable/*give details*]
30. Manner in and date on which results of the offer are to be made public: [Not applicable/*give details*]
31. Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights [Not applicable/*give details*]

<sup>40</sup> Delete if Notes are Registered Notes.

<sup>41</sup> Delete if Notes are Bearer Notes.

not exercised:

32. Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [Not applicable/*give details*]
33. Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not applicable/*give details*]
34. Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not applicable/*give details*]
35. Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [Not applicable/*give details*]

**PRO FORMA FINAL TERMS FOR INTEREST RATE-LINKED AND INFLATION  
RATE-LINKED WARRANTS**

*Set out below is the form of Final Terms which will be completed for each Tranche of Warrants issued under the Programme.*

*(When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.)*

[Warrants issued pursuant to these Final Terms are securities to be listed under Listing Rule 19.<sup>42</sup>]

Final Terms dated[ ]

Series No.: [ ]

Tranche No.: [ ]

**HSBC Bank plc**

**Programme for the Issuance of Notes and Warrants**

**Issue of**

**[Number of Warrants]**

**[Title of Warrants]**

**[(to be consolidated and form a single series with the existing *[Insert details of existing Tranche(s)]*) issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

**PART A - CONTRACTUAL TERMS**

This document constitutes the Final Terms relating to the issue of the Tranche of Warrants described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Warrants (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme which [together with the supplemental prospectus[es] dated [•]] constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>43</sup>.

[This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus.]<sup>44</sup> Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus is available for viewing at [address] [and] [website]<sup>45</sup> and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions (the "**Conditions**"), which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Warrants. This document constitutes the Final Terms of the Warrants described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>46</sup> and

<sup>42</sup> *To be included in respect of all Warrants which are to be admitted to listing.*

<sup>43</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*

<sup>44</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*

<sup>45</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*

<sup>46</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*



must be read in conjunction with the Base Prospectus dated 19 June 2012 which [together with the supplemental prospectus[(es)] dated [•]], constitute[s] a base prospectus for the purposes of the Prospectus Directive ("**Prospectus**"). Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus. The Prospectus and the Conditions are available for viewing during normal business hours at [address] and [and] [website]<sup>47</sup> copies may be obtained from [address].

*[For Warrants offered and sold in the United States of America include:*

#### **IMPORTANT NOTICES**

THE WARRANTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO US PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE WARRANTS ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF WARRANTS PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("**RSA 421-B**") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

#### **AVAILABLE INFORMATION**

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Warrants, the Issuer will promptly furnish, upon request of a holder of a Warrant, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

It is advisable that prospective investors considering acquiring any Warrants should understand the risks of transactions involving the Warrants and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Warrants in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Warrants will have on their overall investment portfolio) and the information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "*Risk Factors*" in the Prospectus.

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<sup>47</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

1. Issuer: HSBC Bank plc
2. Principal Warrant Agent: HSBC Bank plc
3. Calculation Agent: [HSBC Bank plc] [HSBC France]
4. Warrant Agent: HSBC Bank plc
5. (i) Series number: [ ]  
(ii) [Tranche number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Warrants become fungible).]*
6. Currency or currencies: [ ]
7. Aggregate Number of Warrants in the:  
[(i)] Series: [ ]  
[(ii) Tranche:] [ ]
8. Issue Date: [ ]
9. Issue Price: [currency] [amount] per Warrant
10. Strike Price: [currency] [amount]
11. Listing of Warrants: [Application has been made for the Warrants to be admitted to the Official List of the UK Listing Authority and admitted to trading on the Regulated Market of the London Stock Exchange/other (specify)/ [on or around the Issue Date/ insert date/ None]
12. Date [Board] approval for the issuance of Warrants obtained: [ ] [and [ ], respectively]] [Not applicable]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Warrants)*
13. Type of Warrants: [Not applicable]<sup>48</sup>/[Inflation Rate-Linked]
14. Series represented by: [Global Warrant <sup>49</sup> ]/[Global Registered Warrant]/[N/A]. Warrants in definitive form [will/will not] be issued.] [other (specify)]
- 14A. Form of Warrant: [Book-Entry Form Warrants/Registered

<sup>48</sup> Select "Not applicable" where Warrants are linked to interest but are not Inflation-Linked. The general Warrant Conditions set out in Part C will apply without additional provisions.

<sup>49</sup> Warrants will generally be in book-entry form represented by a Global Warrant. If, and only if Warrants are being sold in reliance on Rule 144A, will they be in registered form and represented by a Global Registered Warrant.

- Warrants/Uncertificated Registered Warrants]
15. Style of Warrants: The Warrants are [American/European/ Bermudan/  
*other (specify)*] Style [Call/Put] Warrants.  
Condition [3(a)/3(b)/3(c)] is applicable.
16. (i) Expiry Date: [Time] [City] time (*specify fallback if Expiry Date is  
not a business day, if not the Following Business  
Day Convention*)
- (ii) Exercise Procedure: [Condition 4 is applicable/*other (specify)*]
- (iii) Automatic Exercise: [Applicable/Not Applicable]<sup>50</sup>
- (iv) Exercise Period: (*American Style Warrants only*). [The period  
beginning from (and including) [ ] and ending on  
(and including) the Expiry Date]. [Not applicable]
- (v) Potential Exercise Date(s): (*Bermudan Style Warrants only [insert date]*) [Not  
applicable]
17. (i) Minimum Exercise Number: [ ] Warrants
- (ii) Permitted Multiple: [ ] Warrants
18. Cash Settlement: [Applicable. The Warrants are Cash Settlement  
Warrants. Condition 3(d) (*Cash Settlement*) [and  
Condition 3(f) (*Optional Physical Settlement*)]  
[applies/apply]]/[Not applicable].
- (i) Settlement Currency: [ ]
- (ii) Cash Settlement Amount: [ ]
- (iii) Cash Settlement Payment Date: [ ]
19. Physical Settlement: [Applicable. The Warrants are Physical Settlement  
Warrants. Condition 3(e) (*Physical Settlement*) [and  
Condition 3(g) (*Optional Cash Settlement*)]  
[applies/apply]]/[Not applicable].
- (i) Strike Price Payment Date: [ ]
- (ii) Settlement Date: [ ]
- (*Consider treatment of dividends*)
- Stamp duty [is/ is not] currently payable by the  
Warrantholder on Security delivery. There [are/are  
no] restrictions on the transferability of the  
Securities.
20. Business Day: [As in the Conditions/*other (specify)*]
21. Expiry Business Day [ ] [Not applicable]
22. [Determination Date:] [ ]<sup>51</sup> [Not applicable]

<sup>50</sup> Refer to Listing Rule 19.2.6. If the Warrants are Retail Securitised Derivatives as defined in Listing Rule 19, then automatic exercise is required.

<sup>51</sup> If Condition 3(f) (*Optional Physical Settlement*) or 3(g) (*Optional Cash Settlement*) is applicable.

23. Selling Restrictions: In addition to selling restrictions listed in "*Purchase and Sale of the Warrants*" contained in the Base Prospectus:

*(Specify any selling restrictions applicable to the Warrants which are additional to, or in substitution for, those contained in the Base Prospectus)*

24. Other Final Terms: [ ]<sup>52</sup>

**[PROVISIONS APPLICABLE TO INFLATION RATE-LINKED WARRANTS ONLY]<sup>53</sup>**

25. (i) Index/Indices: [•]
- (ii) Index Sponsor: [•]
- (iii) Related Bond: [Applicable/Not Applicable] *(if applicable and nothing further is specified, then it will be the Fallback Bond)*
- (iv) Issuer of Related Bond: [Applicable/Not Applicable] *[if applicable specify]*
- (v) Valuation Date: [ ]

**[LISTING AND ADMISSION TO TRADING APPLICATION]**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Warrants described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

*[In offer of Warrants pursuant to Rule 144A insert:*

**TRANSFER RESTRICTIONS**

Because of the following restrictions, purchasers of Warrants offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Warrants.

Each prospective purchaser of Warrants offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of these Final Terms and the accompanying Prospectus, will be deemed to have represented and agreed with respect to such Warrants as follows:

- (a) such 144A Offeree acknowledges that these Final Terms and the accompanying Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Warrants other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the accompanying Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Prospectus or any documents referred to herein.

<sup>52</sup> *If new term constitutes a "significant new factor", consider whether a drawdown prospectus or a new base prospectus is required.*

<sup>53</sup> *Delete if Interest Rate-Linked Warrants.*

Each purchaser of Warrants sold in reliance on Rule 144A ("**Restricted Warrants**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Warrants for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Warrants to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Warrants are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Warrants offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Warrants will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS WARRANT HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS WARRANT IS HEREBY NOTIFIED THAT THE SELLER OF THIS WARRANT MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS WARRANT, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS WARRANT MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS WARRANT FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN A PROSPECTUS SUPPLEMENT OR APPLICABLE FINAL TERMS, EACH PURCHASER OR TRANSFEREE OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS WARRANT TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS WARRANT THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

ANY EXERCISE OF THIS WARRANT WILL BE CONDITIONED ON (1) THE DELIVERY OF A DULY EXECUTED EXERCISE NOTICE BY THE HOLDER HEREOF AND (2) WITH RESPECT TO EXERCISE BY ANY US PERSON, THE UNDERLYING SECURITIES BEING (A) REGISTERED UNDER THE SECURITIES ACT OR (B) SUBJECT TO AN EXEMPTION FROM REGISTRATION THEREUNDER AT THE TIME OF SUCH EXERCISE."

- (4) Each purchaser of Restricted Warrants acknowledges that the Issuer, the Warrant Registrar, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Warrants for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Warrant represented by a Restricted Global Registered Warrant may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Warrant, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Warrants While in Global Form*" in the accompanying Base Prospectus.]

#### [RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [Relevant third party information has been extracted from (*specify source*). [The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced inaccurate or misleading.]

#### CONFIRMED

HSBC BANK PLC

By: .....  
Authorised Signatory

Date: .....

## PART B - OTHER INFORMATION

### 1. LISTING

- (i) Listing: [Application [will be/has been] made to admit the Warrants to listing on the Official List of the Financial Services Authority pursuant to Listing Rule 19. No assurance can be given as to whether or not, or when, such application will be granted.]
- (ii) Admission to trading: [Application has been made for the Warrants to be admitted to trading [on the Regulated Market/*other (specify)*] with effect from [the Issue Date/ (*insert date*)]. No assurance can be given as to whether or not, or when, such application will be granted.]  
[Application has been made to have the Warrants admitted to trading on the PORTAL System of the US National Association of Securities Dealers.]/[Not applicable]
- (Where documenting a fungible issue need to indicate that original warrants are already admitted to trading.)*

### 2. NOTIFICATION

[The Financial Services Authority ("FSA") [has been requested to provided/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the Financial Market Association (Austria), the Financial Services and Markets Authority (Belgium), the Autorité des marchés financiers (France), the Federal Financial Supervisory Authority (Germany), the Central Bank of Ireland (Ireland), the Commissione Nazionale per le Società e la Borsa (Italy), the Commission de Surveillance du Secteur Financier (Luxembourg), the Malta Financial Services Authority (Malta), the Comisión Nacional del Mercado de Valores (Spain) and the Netherlands Authority for the Financial Markets (Netherlands) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.] [Not applicable]

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest May be satisfied by the inclusion of the following statement:)*

"Save as discussed in ["Purchase and Sale of Warrants"], so far as the Issuer is aware, no person involved in the offer of the Warrants has an interest material to the offer."

### 4. [REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: [ ]

*(Specify reasons only if reasons are different from making profit/hedging purposes, otherwise: Not applicable)*

- (ii) Estimated net proceeds: *(Specify if reasons for the offer are specified above under (i), otherwise: Not applicable.) (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- (iii) Estimated total expenses: *(Specify if reasons for the offer are specified under (i) above, otherwise: Not applicable) (Include breakdown of expenses)*

5. **[Equity-Linked / Index-Linked Warrants only - EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]<sup>54</sup>**

*(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained (and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident). Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Also include appropriate index disclaimers. Where the underlying is not an index, need to include equivalent information.)*

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such final terms.)*

The Issuer [intends to provide post-issuance information (specify what information will be reported and where it can be obtained)] [does not intend to provide post-issuance information].

**OPERATIONAL INFORMATION**

6. ISIN Code: [[ ]/Not applicable]
7. Common Code: [[ ]/Not applicable]
8. CUSIP: [[ ]/Not applicable]
9. Valoren Number: [[ ]/Not applicable]
10. SEDOL: [[ ]/Not applicable ]
11. Any clearing system(s) other than Euroclear, and Clearstream, Luxembourg and the relevant identification number(s): [None/specify]
12. Delivery: Delivery [against/free of] payment
13. Additional Warrant Agent(s) (if any): [None/specify]
14. Common Depositary: [HSBC Bank plc/Not applicable/specify]
15. Notices: *(specify any other means of effecting communication)*  
(Condition 10)

<sup>54</sup> Refer to Prospectus Rules, Annex XII, paragraph 4.2.2 for disclosure requirements.



16. City in which specified office of Warrant Registrar to be maintained: [London / Not applicable (*specify*)]
17. ERISA Considerations: [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Base Prospectus for further information./give details] [Not applicable]

**TERMS AND CONDITIONS OF THE OFFER** (*this section applies only to public offers*)

18. Offer Price: [Issue Price][*other (specify)*]
19. Conditions to which the offer is subject: [Not applicable/give details]
20. Description of the application process: [Not applicable/give details]
21. Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not applicable/give details]
22. Details of the minimum and/or maximum amount of application: [Not applicable/give details]
23. Details of the method and time limits for paying up and delivering the Warrants: [Not applicable/give details]
24. Manner in and date on which results of the offer are to be made public: [Not applicable/give details]
25. Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not applicable/give details]
26. Categories of potential investors to which the Warrants are offered and whether tranche(s) have been reserved for certain countries: [Not applicable/give details]
27. Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not applicable/give details]
28. Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not applicable/give details]
29. Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [Not applicable/give details]

**REGISTERED AND HEAD  
OFFICE OF THE ISSUER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
UK

**PRINCIPAL PAYING  
AGENT, PRINCIPAL  
WARRANT AGENT, ISSUE  
AGENT, REGISTRAR,  
TRANSFER AGENT AND  
AUTHENTICATION AGENT**

**DEALER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
UK

**CALCULATION AGENT**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
UK

**HSBC France**  
15, rue Vernet  
75008 Paris  
France

**REGISTRAR**

**HSBC Bank USA, National Association  
Corporate Trust**  
452 Fifth Avenue  
New York, New York, 10018  
USA

**LEGAL ADVISERS TO  
THE ISSUER AND THE DEALER**

*as to English law*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
UK

PART H – PRODUCT SUPPLEMENT FOR CURRENCY-LINKED NOTES AND WARRANTS



HSBC Bank plc

*(A company incorporated with limited liability in England with registered number 14259)*

*as Issuer*

**PROGRAMME FOR THE ISSUANCE OF NOTES AND WARRANTS**

**Currency-Linked Notes and Warrants**

This product supplement in relation to Currency-Linked Notes and Warrants constitutes Part H of the base prospectus dated 19 June 2012 (the "**Base Prospectus**") prepared by HSBC Bank plc (the "**Bank**" or the "**Issuer**") in relation to the Programme for the Issuance of Notes and Warrants (the "**Programme**") described therein in connection with the application made for Notes or Warrants to be admitted to listing on the Official List of the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the "**FSA**")), and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**").

To the extent that there is any inconsistency between any statement in this Part H and any other statement in, or incorporated by reference in, other parts of the Base Prospectus, the statements in this Part H will prevail for the purposes of Part H.

Notes issued pursuant to the Programme may include "**Currency-Linked Notes**" being Notes in relation to which the interest rate and/or the Final Redemption Amount payable at maturity is dependent on the performance of a particular underlying currency or group of currencies. This Part H provides information in relation to such Currency-Linked Notes.

The Bank may also issue warrants, "**Currency-Linked Warrants**" being Warrants having substantially the same features of the Currency-Linked Notes and references herein to Currency-Linked Notes shall be deemed to refer to Currency-Linked Warrants when the context so permits.

This Part H should be read together with Parts A and B of the Base Prospectus (in the case of an issue of Currency-Linked Notes) and Parts A and C of the Base Prospectus (in the case of an issue of Currency-Linked Warrants).

**An investment in Currency-Linked Notes and Currency-Linked Warrants involves risks. See Part A of the Base Prospectus under the heading "Risk Factors" (beginning on page A-12).**

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Part H or any other information supplied in connection with the Currency-Linked Notes and Warrants and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Part H nor any further information supplied in connection with the Currency-Linked Notes and Warrants (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or as constituting an invitation or offer by the Issuer that any recipient of this Part H or any other information supplied in connection with the Currency-Linked Notes and Warrants should subscribe for or purchase the Currency-Linked Notes and Warrants. Each investor contemplating subscribing for or purchasing the Currency-Linked Notes and Warrants should make its own independent investigation of the affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Part H nor any other information supplied in connection with the Currency-Linked Notes and Warrants constitutes an offer by or on behalf of the Issuer to subscribe for or purchase the Currency-Linked Notes and Warrants.

The distribution of this Part H and the offer, distribution or sale of Currency-Linked Notes and Warrants may be restricted by law in certain jurisdictions. The Issuer does not represent that this document may be lawfully distributed, or that the Currency-Linked Notes and Warrants may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, action may be required to be taken to permit a public offering of the Currency-Linked Notes or a distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Currency-Linked Notes may be offered or sold, directly or indirectly, and neither this Part H nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Part H or the Currency-Linked Notes come must inform themselves about, and observe, any such restrictions.

Currency-Linked Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), the state securities laws of any state of the United States or the securities laws of any other jurisdiction, and may not be offered or sold within the United States or to, or for the account or benefit of, "**US persons**" (as defined in Regulation S under the Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Currency-Linked Notes may include Notes in bearer form that are subject to US tax law requirements.

**Arranger and Dealer**  
**HSBC**

19 June 2012

**CONTENTS**

	<b>Page</b>
PART H – PRODUCT SUPPLEMENT FOR CURRENCY-LINKED NOTES AND WARRANTS ....	H-1
PRODUCT DESCRIPTION.....	H-3
ADDITIONAL PROVISIONS RELATING TO CURRENCY-LINKED NOTES .....	H-5
PRO FORMA FINAL TERMS FOR CURRENCY-LINKED NOTES .....	H-7
ADDITIONAL PROVISIONS RELATING TO CURRENCY-LINKED WARRANTS .....	H-32
PRO FORMA FINAL TERMS FOR CURRENCY-LINKED WARRANTS.....	H-33

## PRODUCT DESCRIPTION

Notes and Warrants issued pursuant to the Programme may include Currency-Linked Notes and Currency-Linked Warrants, being Notes and Warrants in relation to which the interest rate and/or the Final Redemption Amount payable at maturity or, in the case of Currency-Linked Warrants, the Cash Settlement Amount is dependent on the performance of a particular underlying currency or group of currencies specified in the Final Terms (each a "**Currency Related Variable**"). Generally, if the underlying currency in question appreciates in relation to the currency to which it is being compared, the interest rate and/or redemption amount will increase accordingly.

Details of the underlying currency or group of currencies and the page(s) of Bloomberg, Reuters and/or other source where information about such underlying currency or group of currencies can be obtained will be specified in the relevant Final Terms.

There follows a description of certain types of Currency-Linked Notes that may be issued under the Programme. The Bank may issue Currency-Linked Notes and Currency-Linked Warrants under the Programme which combine elements of any of the Currency-Linked Notes described below or are linked to a currency in a manner other than described below, details of which will be provided in the relevant Final Terms. In the case of Currency-Linked Warrants, any element that relates to the redemption amount of Currency-Linked Notes in the following description shall relate to the cash settlement amount of such Warrants, as if references in such description to Notes were to Warrants, and references to redemption amount were to cash settlement amount.

### Capital protected Notes

**Growth Notes:** Notes under which the redemption amount payable to the Noteholder at maturity is calculated as the *sum* of the aggregate face amount of the Notes *plus* an amount equal to the *product* of the aggregate face amount of the Notes and a multiplier or participation rate specified in the Final Terms and any increase in the level or value of the Currency-Related Variable (such amount not being subject to a maximum amount payable to the Noteholder ("**No Fixed Cap**")).

**Capped Growth Notes:** Notes under which the redemption amount payable to the Noteholder at maturity is calculated as the *sum* of the aggregate face amount of the Notes *plus* an amount equal to the *product* of the aggregate face amount of the Notes and a multiplier or participation rate specified in the Final Terms and any increase in the level or value of the Currency-Related Variable (such amount being subject to a maximum amount payable to the Noteholder set on the issue date and expressed as a predefined percentage of the aggregate face amount of the Notes (a "**Fixed Cap**")).

**Average Growth Notes:** Notes under which the redemption amount payable to the Noteholder at maturity is calculated by reference to the average level of the Currency-Related Variable on a number of specified dates occurring on or after the issue date to but excluding the maturity date, as specified in the Final Terms.

**Basket Digital Notes:** Notes in relation to which, if there is an increase in the level or value of the Currency-Related Variable(s) relating to a basket of currencies, the interest payable is a fixed amount.

**Basket Digital Plus Notes:** Notes in relation to which, if there is an increase in the level or value of the Currency-Related Variable(s) relating to a basket of currencies, the interest payable is a fixed amount *plus* an amount equal to the *product* of the aggregate face amount of the Notes and a multiplier or participation rate specified in the Final Terms and the increase in the level or value of the Currency-Related Variable(s) relating to a basket of currencies.

**Barrier Growth Notes:** Notes under which the redemption amount payable to the Noteholder at maturity is calculated as the *sum* of the aggregate face amount of the Notes *plus* an amount equal to the *product* of the aggregate face amount of the Notes and a multiplier or participation rate specified in the Final Terms and any increase in the level or value of the Currency-Related Variable **provided, however, that** the level or value of the Currency-Related Variable is less than a predefined level or value at all times ("**Performance Cap**") at any time during the term of the Notes. If the level or value of the Currency-Related Variable is equal to or higher than a predefined level or value at any time, the redemption amount payable to the Noteholder at maturity will be an amount equal to the aggregate face amount of the Notes and, in such circumstances, if so specified in the relevant Final Terms, a fixed

amount of interest will be payable to the Noteholder. If the Final Terms so specify, the predefined level or value may be varied on a specified date or dates or during specified periods throughout the term of the Notes.

**Digital Notes:** Notes in relation to which, if the Currency-Related Variable at maturity reaches a predefined level or value, the interest payable is a fixed amount.

**Range Binary Notes:** Notes in relation to which, if the Currency-Related Variable remains within a specified range, the interest payable is a specified variable amount (calculated by reference to a formula in the Final Terms).

**Wedding Cake Range Binary Notes:** Notes in relation to which, if the Currency-Related Variable remains within one of a number of specified ranges specified in the Final Terms, the interest payable is a specified variable amount (calculated by reference to a formula in the Final Terms) relating to the relevant range.

**Cliquet Range Binary Notes:** Notes in relation to which, if the Currency-Related Variable remains within a specified range that resets on specified dates based on the level of the Currency-Related Variable on such dates, the interest payable is a specified variable amount (calculated by reference to a formula in the Final Terms).

#### **Non-capital protected Notes**

**Airbag:** Notes in relation to which the redemption amount payable to the Noteholder at maturity is calculated as either (i) the *product* of the aggregate face amount of the Notes and any increase or decrease in the level or value of the Currency-Related Variable during the term of the Note expressed as a percentage of the initial level or value of the Currency-Related Variable **provided that** the amount payable at maturity is no less than a specified amount, or (ii) the *product* of the aggregate face amount of the Notes and (A) if there is an increase in the level or value of the Currency-Related Variable during the term of the Notes, the *product* of a multiplier or participation rate specified in the Final Terms and such level or value expressed as a percentage of the initial level or value of the Currency-Related Variable, or (B) if there is a decrease in the level or value of the Currency-Related Variable during the term of the Notes, such level or value expressed as a percentage of the initial level or value of the Currency-Related Variable. No interest is payable in respect of such Notes.

**Reverse Convertible Notes:** Notes in relation to which the interest payable is a fixed amount. If the final level or value of Currency-Related Variable at maturity is higher than the initial level or value of the Currency-Related Variable, the redemption amount payable to the Noteholder at maturity is the aggregate principal amount of the Notes, whereas, if the final level or value of Currency-Related Variable is equal to or lower than the initial level or value of the Currency-Related Variable, the redemption amount payable to the Noteholder at maturity is calculated by reference to a formula specified in the Final Terms applied to the aggregate principal amount of the Notes (such amount being less than the aggregate principal amount of the Notes).

**Tracker Notes:** Notes in relation to which the redemption amount payable to the Noteholder at maturity is calculated as either (i) the *product* of the aggregate face amount of the Notes and, if there is an increase in the level or value of the Currency-Related Variable during the term of the Notes, such level or value expressed as a percentage of the initial level or value of the Currency-Related Variable, or (ii) the *product* of the aggregate face amount of the Notes and, if there is a decrease in the level or value of the Currency-Related Variable during the term of the Notes, such level or value expressed as a percentage of the initial level or value of the Currency-Related Variable. No interest is payable in respect of such Notes.

## ADDITIONAL PROVISIONS RELATING TO CURRENCY-LINKED NOTES

The following additional condition shall be deemed to be added as Condition 21 to the terms and conditions set out in the section headed "*Terms and Conditions of the Notes*" appearing in "Part B – Information relating to the Notes Generally" of the Base Prospectus in respect of any issue of Currency-Linked Notes.

Any references to "this document" in the Final Terms section of this Supplement shall be deemed to refer to the Final Terms.

### 21. Provisions relating to Currency-Linked Notes

Each of the following Conditions 21A, 21B and 21C shall apply to any Tranche of Notes which are Currency-Linked Notes, unless the Final Terms specify otherwise.

#### A. *FX Disruption*

Notwithstanding the provisions of Condition 6(a) (*Redemption and Purchase – At Maturity*), if an FX Disruption occurs at any time on or prior to the Maturity Date in relation to a Reference Currency:

- (a) the Calculation Agent shall notify the Issuer thereof and the Issuer shall as soon as practicable notify the Noteholders thereof in accordance with Condition 13 (*Notices*);
- (b) the Issuer shall redeem the Notes by payment in respect of each Note of the Early Redemption Amount (determined in accordance with paragraph 26 of the Final Terms);
- (c) such redemption will occur as soon as the Calculation Agent determines, acting in good faith and in a commercially reasonable manner, that it is practical to calculate the Early Redemption Amount and to effect payment of it (the date on which such payment is effected, the "**Final Maturity Date**"); and
- (d) to the extent that payment is made after the Maturity Date, the Early Redemption Amount shall be increased by an amount, determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, equal to the amount of interest the Calculation Agent determines could reasonably and practically have been earned at then current market rates by a non-resident of the related Reference Currency Jurisdiction on the early redemption amount from the Maturity Date to the day that is two Business Days prior to the Final Maturity Date.

For the purposes hereof:

"**FX Disruption**" means the occurrence of any event or condition (including any change in law or any government action) which in the determination of the Calculation Agent, acting in good faith and in a commercially reasonable manner, makes it impossible, illegal or impractical (i) to convert any Reference Currency into the Specified Currency through customary legal channels, (ii) for non-residents of any Reference Currency Jurisdiction to convert the related Reference Currency into the Specified Currency on terms as favourable as those generally available to residents of such Reference Currency Jurisdiction, or (iii) for residents or non-residents of such Reference Currency Jurisdiction to transfer funds, including any non-Reference Currency funds, from accounts inside such Reference Currency Jurisdiction to accounts outside such Reference Currency Jurisdiction or between accounts in such Reference Currency Jurisdiction or by or to non-residents of such Reference Currency Jurisdiction;

"**Reference Currency**" has the meaning given to it in the relevant Final Terms; and

"**Reference Currency Jurisdiction**" has the meaning given to it in the relevant Final Terms.

#### B. *Non-deliverability of Specified Currency*

If, at the time any payment of principal, premium, interest and/or additional or other amounts, if any, in respect of the Notes is due (each a "**Required Payment**"), the Specified Currency is no

longer (i) used by the government of the Specified Currency Jurisdiction for the payment of public and private debts or (ii) used for settlement of transactions by public institutions in the Specified Currency Jurisdiction or within the international banking community, or (iii) expected to be available, when any Required Payment is due as a result of circumstances beyond the control of the Issuer, the Issuer shall be entitled to satisfy its obligations in respect of such Required Payment by making such Required Payment in the Alternative Payment Currency, converted from the Specified Currency, on the basis of the Relevant Screen Rate (the "**Alternative Payment Amount**"). Any payment made under such circumstances in the Alternative Payment Currency will constitute valid payment and will not constitute a default in respect of the Notes. The Issuer's communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained by the Issuer hereunder shall be at its sole discretion and shall (in the absence of manifest error, wilful default or bad faith) be conclusive for all purposes and binding on the Issuer, the Paying Agents, and the holders of the Notes or Coupons. By acceptance thereof, purchasers of the Notes will be deemed to have acknowledged and agreed and to have waived any and all actual or potential conflicts of interest that may arise as a result of the calculation of the Alternative Payment Amount by the Issuer.

For the purposes hereof;

"**Alternative Payment Currency**" has the meaning given to it in the relevant Final Terms;

"**Relevant Screen Rate**" has the meaning given to it in the relevant Final Terms; and

"**Specified Currency Jurisdiction**" has the meaning given to it in the relevant Final Terms.

C. *Screen Rate Unavailability*

Where the Screen Rate is unavailable, for any reason, at the specified time on any date on which an exchange rate is required to be determined, the Calculation Agent will, if a Screen Rate Fall-Back is specified in the relevant Final Terms, determine the relevant exchange rate in accordance with the Screen Rate Fall-Back provisions specified in the Final Terms. If the Calculation Agent is unable to determine the exchange rate in accordance with such Fall-Back provisions or no such Screen Rate Fall-Back provisions are so specified, then the Calculation Agent shall determine the exchange rate in its sole and absolute discretion, acting in good faith.

For the purposes hereof;

"**Screen Rate**" has the meaning given to it in the relevant Final Terms; and

"**Screen Rate Fall-Back**" has the meaning given to it in the relevant Final Terms



## PRO FORMA FINAL TERMS FOR CURRENCY-LINKED NOTES

*Set out below is the form of Final Terms which will be completed for each Tranche of Currency-Linked Notes issued under the Programme.*

*(When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.)*

[Notes issued pursuant to these Final Terms are securities to be listed under Listing Rule [17/19]<sup>1</sup>.]

### FINAL TERMS

Final Terms dated [ ]  
Series No.: [ ]  
Tranche No.: [ ]

**HSBC Bank plc**

**Programme for the Issuance of Notes and Warrants**

**Issue of**

**[Aggregate Principal Amount of Tranche]**

**[(to be consolidated and form a single series with the existing *[Insert details of existing Tranche(s)]* issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

**[Title of Notes]**

### PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme which [together with the supplemental prospectus[es] dated [•]] constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>2</sup>.

[If these Final Terms indicate that they relate to an issue of Certificates, then all references herein and in the Prospectus to Notes shall be deemed to be references to "**Certificates**" for the purposes of this Issue.]

[This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus.]<sup>3</sup> Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus.]<sup>4</sup> [The Prospectus is available for viewing at [address] [and] [website]<sup>5</sup> and copies may be obtained from [address].]

<sup>1</sup> *To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities, and convertible securities. Listing Rule 19 applies to securitised derivatives. Notes which include an element of principle protection will generally be eligible for listing under Listing rule 17 but in some circumstances will be eligible for listing under Listing Rule 19.*

<sup>2</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*

<sup>3</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*

<sup>4</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*

<sup>5</sup> *Only for Notes which are publicly offered or admitted to trading on a regulated market.*

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions (the "**Conditions**"), which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Notes. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>6</sup> and must be read in conjunction with the Base Prospectus dated 19 June 2012 which [together with the supplemental prospectus(es)] dated [•], constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive]<sup>7</sup>. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus. The Prospectus and the Conditions are available for viewing during normal business hours at [address] [and] [website]<sup>8</sup> and copies may be obtained from [address].

*[For Currency-Linked Notes offered and sold in the United States of America include:*

### IMPORTANT NOTICES

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

### NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

### AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at

<sup>6</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>7</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

<sup>8</sup> Only for Notes which are publicly offered or admitted to trading on a regulated market.

the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

**It is advisable that prospective investors considering acquiring any Notes understand the risks of transactions involving the Notes and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "Risk Factors" in the Prospectus.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

1. (i) Issuer: HSBC Bank plc
- (ii) Arranger(s): HSBC Bank plc
2. (i) Series number: [ ]
- (ii) [Tranche number: [ ]
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]* [ ]
- (iii) Whether issue is of Notes or Certificates: [Notes/Certificates] (if the issue is of Certificates, all references in these Final Terms and in the Prospectus to Notes shall be deemed to be "**Certificates**" for the purposes of this issue)
3. Currency or currencies:
  - (i) of denomination: [ ] [(the "**Settlement Currency**")]
  - (ii) of payment: [ ]
4. Aggregate Principal Amount [of Notes admitted to trading]<sup>9</sup>:
  - [(i) Series:] [ ]
  - [(ii) Tranche:] [ ]
5. (i) Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (in the case of fungible interest-bearing issues only, if applicable)]
- (ii) Commission payable: [[ ] per cent./None / Information not provided]
- (iii) Selling concession: [[ ] per cent./None / Information not provided]

<sup>9</sup> Delete for debt securities with a denomination per unit of less than EUR 100,000.

6. (i) Denomination(s) [ ]<sup>10</sup>  
(Condition 1(b)):
- (ii) Calculation Amount<sup>11</sup>: [ ]
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [ ]
8. Maturity Date: (Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year. In case of undated Notes, specify undated. If Index-Linked provisions apply please add: or, if later, the [fifth/specify] Business Day following the [Valuation Date/specify]) [adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "Business Day"] [or, if later, five Settlement Business Days following the Fixing Date].
9. Interest basis: ([ ] per cent. Fixed Rate)  
(Conditions 3 to 5) [The Notes are Currency-Linked Notes:
- (i) Specified Currency: [ ]
- (ii) Specified Currency Jurisdiction: [ ]
- (iii) [First] Reference Currency: [ ]
- (iv) [First] Reference Currency Jurisdiction: [ ]
- (v) [Second] Reference Currency: [ ]
- (vi) [Second] Reference Currency Jurisdiction: [ ]
- [ ]<sup>12</sup>
- [[specify reference rate]+/- [ ] per cent. Floating Rate Notes]
- [Variable Coupon Amount]
- [Zero Coupon Notes]
- [Index-Linked Notes]

<sup>10</sup> If denominations in excess of and smaller than the minimum specified denomination are to be permitted then the Issuer should normally waive its right to elect to exchange the Permanent Global Note for definitive Notes in paragraph (d) of the Permanent Global Note – see item 29(iii) below.

<sup>11</sup> The applicable Calculation Amount (which is used for the calculation of redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.

<sup>12</sup> Insert and complete where the interest is currency-linked, otherwise delete.

- [other (specify)]
- (further particulars specified below)
10. Redemption basis:  
(Condition 6)
- [Redemption at par]  
[The Notes are Currency-Linked Notes:
- (i) Specified Currency: [ ]
- (ii) Specified Currency  
Jurisdiction: [ ]
- (iii) [First] Reference Currency: [ ]
- (iv) [First] Reference Currency  
Jurisdiction: [ ]
- (v) [Second] Reference Currency: [ ]
- (vi) [Second] Reference Currency  
Jurisdiction: [ ]<sup>13</sup>
- [Index-Linked Redemption]
- [Dual Currency]
- [Partly Paid]
- [Instalment]
- [other (specify)]
11. Change of interest or redemption  
basis:
- (Specify details of any provision for convertibility of  
Notes to another interest or redemption/payment basis)
12. Put/Call options:
- [Condition 6[(c)][(d)] will apply as specified below]  
[Not applicable]
13. (i) Status of the Notes:  
(Condition 2)
- Unsubordinated, unsecured
- (ii) Date [Board] approval for  
issuance of Notes obtained:
- [ ] [and [ ], respectively]] (N.B. Only relevant  
where Board (or similar) authorisation is required for  
the particular tranche of Notes)] [Not applicable]
14. Method of distribution:
- [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note provisions:  
(Condition 3)
- [Applicable/Not applicable]  
(If not applicable, delete the remaining  
sub-paragraphs of this paragraph.)
- (i) Rate of Interest:
- [ ] per cent. per annum [payable  
[annually/semi-annually/quarterly/ monthly] in arrears]
- (ii) Interest Payment Date(s):
- [dd/mm, dd/mm, dd/mm and dd/mm] in each year
- [adjusted in accordance with [specify] [Business Day  
Convention and any applicable Business Centre(s)] for

<sup>13</sup> Insert and complete where the redemption amount is currency-linked, otherwise delete.

- the definition of "Business Day" / [not adjusted]*
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount [Not applicable]
- (iv) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/ Not applicable / other (specify)]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ Not applicable / other (give details)]
- (vi) Business Centre(s): [Not applicable/give details]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not applicable/give details] (Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis)
16. Floating Rate Note provisions: [Applicable/Not applicable]  
(Condition 4) (If not applicable, delete the remaining sub-paragraphs of this paragraph.)
- (i) [Interest Period(s)] / [Specified Period]<sup>14</sup>: [] (specify)
- (ii) Interest Payment Date(s): [] (specify dates)
- (iii) First Interest Payment Date: []
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
- (v) Business Centre(s): [ Not applicable/give details]
- (vi) Screen Rate Determination: [Applicable / Not applicable]
- (1) Reference Rate: (Specify LIBOR or other)
- (2) Interest Determination Date: []
- (3) Relevant Screen Page: []
- (4) Relevant Financial Centre: []
- (vii) ISDA Determination: [Applicable / Not applicable]
- (1) Floating Rate Option: []
- (2) Designated Maturity: []
- (3) Reset Date: []
- (viii) Margin: [[+/-][] per cent. per annum] [Not applicable]

<sup>14</sup> Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

- (ix) Day Count Fraction: [ ]
- (x) Relevant time: [ ]
- (xi) Minimum Interest Rate: [[ ] per cent. per annum] [Not applicable]
- (xii) Maximum Interest Rate: [[ ] per cent. per annum] [Not applicable]
- (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
17. Variable Coupon Amount Note provisions: [Applicable/Not applicable]  
(Condition 5) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Payment Dates: [ ]
- (ii) Method of calculating interest: [ ]
- (iii) Business Centre(s) [Not applicable/give details]
18. Zero Coupon Note provisions: [Applicable/Not applicable]  
(Condition 5) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of interest on overdue amounts: [ ]
- (ii) Redemption formula: [ ]
19. Index-Linked Interest Note/other variable-linked interest Note Provisions: [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/other variable: *(Give or annex details and, if appropriate, cross-refer to Valuation Date definition below)*
- (ii) Calculation Agent responsible for calculating the interest due: [ ]
- (iii) Provisions for determining interest where calculated by reference to Index and/or Formula and/or other variable: [ ]
- (iv) Provisions for determining interest where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ]  
*(Need to include a description of market disruption or settlement disruption events and adjustment provisions and the definition of Valuation Date)*
- (v) Interest or calculation [ ]

- period(s):
- (vi) Interest Payment Date(s): [ ]
- (vii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other (give details)]
- (viii) Minimum Rate/Amount of Interest: [[ ] per cent. per annum] [Not applicable]
- (ix) Maximum Rate/Amount of Interest: [[ ] per cent. per annum] [Not applicable]
- (x) Day Count Fraction: [ ]
- Valuation Date: [Not applicable]/[specify]
20. Dual Currency Note provisions/Multi-currency Note provisions: [Applicable/Not applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Currencies: [ ]
- (ii) Rate(s) of exchange: (give details)<sup>15</sup>
- (iii) Provisions applicable where calculation by reference to rate of exchange impossible or impracticable: (Need to include a description of market disruption or settlement disruption events and adjustment provisions.)

#### PROVISIONS RELATING TO REDEMPTION

21. Issuer's optional redemption (Call): [Applicable / Not applicable] (if not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Redemption Amount (Call): [[ ] per Calculation Amount (specify — if not par, also specify details of any formula)]
- (ii) Series redeemable in part: [[ ] per Calculation Amount (specify — otherwise redemption will only be permitted of entire Series)]
- (iii) Call option date(s)/Call option period: (specify)
22. Noteholder's optional redemption (Put): [Applicable/Not applicable] (if not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Redemption Amount (Put): [[ ] per Calculation Amount (specify — if not par, also specify details of any formula)]
- (ii) Put Option date(s)/Put Option Period: (specify)

<sup>15</sup> If denomination per unit is less than EUR100,000, include details of where past and future performance and volatility of the relevant rate(s) can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying.



- |       |   |  |
|-------|---|--|
| 23.   | Final Redemption Amount of each Note:<br>(Condition 6(a))   | [[ ] per Calculation Amount/[See paragraph 24 below]]  |
| 24.   | Final Redemption Amount of each Note in cases where the Final Redemption Amount is Index-Linked or other variable-linked:       | [Applicable/Not applicable]  |
| (i)   | Index/Formula/other variable:   | The [ <i>Specified Currency/First Reference Currency</i> ] Exchange Rate and the [ <i>Specified Currency/Second Reference Currency</i> ] Exchange Rate |
| (ii)  | Calculation Agent responsible for calculating the Final Redemption Amount:  | HSBC Bank plc, 8 Canada Square, London E14 5HQ   |
| (iii) | Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: |  |

**[Option 1 where Notes linked to one exchange rate]**

[If, in the determination of the Calculation Agent, the final [*Specified Currency/Reference Currency*] Exchange Rate is less than or equal to [*specify rate*], then each Note will redeem on the Maturity Date at [par] [•]]

[If, in the determination of the Calculation Agent, the Final [*Specified Currency/Reference Currency*] Exchange Rate is greater than [*specify rate*], then each Note will redeem on the Maturity Date at an amount determined on the Fixing Date by the Calculation Agent in accordance with the following formula:

[Denomination x [*specify number*] – ([*specify number*] x (Final [*Specified Currency/Reference Currency*] Exchange Rate / [*specify number*]))],]

**provided, however, that** the Final Redemption Amount shall never be less than zero.

For the purposes hereof:

**"Fixing Date"** means [*specify date*], or, if the [Maturity Date] is not a Currency Business Day in [each Reference Currency Jurisdiction] [*specify*], the next following day which is a Currency Business Day in [each Reference Currency Jurisdiction] [*specify*], as determined by the Calculation Agent.

**"Final [*Specified Currency/Reference Currency*] Exchange Rate"** means the [*Specified Currency/Reference Currency*] exchange rate (expressed as a number of [*Reference Currency*] per [*Specified Currency*] 1.00) as observed by HSBC Bank plc as Calculation Agent on [*specify Page*] at [*specify time*] ([London] time) on the Fixing Date, as

determined by the Calculation Agent; and

**"[Specified Currency/Reference Currency] Exchange Rate"** means the *[Specified Currency/Reference Currency]* exchange rate (expressed as a number of *[Reference Currency]* per *[Specified Currency]* 1.00) as observed by HSBC Bank plc as Calculation Agent on *[specify page]* at *[specify time]* ([London] time) on the Fixing Date as determined by the Calculation Agent acting in good faith.]]

**[Option 2 for Notes linked to two exchange rates]**

[Unless previously redeemed, or purchased and cancelled in accordance with the Conditions, the Final Redemption Amount payable by the Issuer in respect of each Note on the Maturity Date shall be an amount in *[Specified Currency]* determined on the Fixing Date by the Calculation Agent in accordance with the following formula:

$$[\text{Denomination} + [\text{specify percentage}] \text{ per cent.} \times \text{Max}(0, [\text{Second Reference Currency Performance as defined below}], [\text{First Reference Currency Performance as defined below}])]$$

where:

**"Fixing Date"** means *[specify date]*, or, if the [Maturity Date] is not a Currency Business Day in [each Reference Currency Jurisdiction] *[specify]*, the next following day which is a Currency Business Day in [each Reference Currency Jurisdiction] *[specify]*, as determined by the Calculation Agent.

**"Final EUR/[Second Reference Currency] Exchange Rate"** means the EUR/*[Second Reference Currency]* exchange rate (expressed as a number of *[Second Reference Currency]* per EUR 1.00), as observed by HSBC Bank plc as Calculation Agent on *[specify page]* at *[specify time]* ([London] time) on the Fixing Date;

**"Final EUR/[First Reference Currency] Exchange Rate"** means the EUR/*[First Reference Currency]* exchange rate (expressed as a number of *[First Reference Currency]* per EUR 1.00), as observed by HSBC Bank plc as Calculation Agent on *[specify page]* at *[specify time]* ([London] time) on the Fixing Date;

**"Final EUR/USD Exchange Rate"** means the EUR/USD exchange rate (expressed as a number of USD per EUR 1.00), as observed by HSBC Bank plc as Calculation Agent on *[specify page]* at *[specify time]* ([London] time) on the Fixing Date;

**"Final USD/[Second Reference Currency] Exchange Rate"** means the USD/*[Second Reference Currency]* exchange rate (expressed as an amount of *[Second Reference Currency]* per USD 1.00) as determined by HSBC Bank plc as Calculation Agent by dividing the Final USD/*[Second Reference Currency]* Exchange

Rate by the Final EUR/USD Exchange Rate;

**"Final USD/[First Reference Currency] Exchange Rate"** means the USD/[First Reference Currency] exchange rate (expressed as an amount of [First Reference Currency] per USD 1.00) as determined by HSBC Bank plc as Calculation Agent by dividing the Final EUR/[First Reference Currency] Exchange Rate by the Final EUR/USD Exchange Rate;

**"Initial USD/[Second Reference Currency] Exchange Rate"** means [Second Reference Currency] [specify amount] per USD 1.00;

**"Initial USD/[First Reference Currency] Exchange Rate"** means [First Reference Currency] [specify amount] per USD 1.00;

**"[Second Reference Currency]"** means the lawful currency of [specify jurisdiction];

**"[Second Reference Currency Performance]"** means an amount determined by the Calculation Agent in accordance with the following formula:

$$\frac{[(\text{Initial USD}/[\text{Second Reference Currency}] \text{ Exchange Rate} - \text{Final USD}/[\text{Second Reference Currency}] \text{ Exchange Rate})/\text{Final USD}/[\text{Second Reference Currency}] \text{ Exchange Rate}]}{[\text{Second Reference Currency}] \text{ Exchange Rate}}]$$

**"[First Reference Currency]"** means the lawful currency of [specify jurisdiction]; and

**"[First Reference Currency Performance]"** means an amount determined by the Calculation Agent in accordance with the following formula:

$$\frac{[(\text{Initial USD}/[\text{First Reference Currency Performance}] \text{ Exchange Rate} - \text{Final USD}/[\text{First Reference Currency Performance}] \text{ Exchange Rate})/\text{Final USD}/[\text{First Reference Currency Performance}] \text{ Exchange Rate}]}{[\text{First Reference Currency Performance}] \text{ Exchange Rate}}]$$

[specify other]

- |      |  |  |
|------|--|--|
| (iv) | Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: | [See paragraph 38 below.]                              |
| (v)  | Minimum Final Redemption Amount  | [Redemption at par / Not applicable / (specify other)] |
| (vi) | Maximum Final Redemption Amount:   | [Redemption at par / Not applicable / (specify other)] |

## 25. Instalment Note Provisions

Instalment Notes: [Applicable/Not applicable]

(Condition 6(a))

(If not applicable please delete below paragraphs.)

(i) Instalment Amounts:

[The Notes shall be redeemed in (*specify number*) instalments, each payable on an Instalment Payment Date as defined in (ii) below. The Instalment Amount payable on an Instalment Payment Date in respect of each Note shall be the sum of:

(a) an amount in [*Reference Currency*] determined by the Calculation Agent in accordance with the following formula:

(Denomination/[*specify number equal to number of Observation Periods*] x Conversion Strike x (n/N); and

(b) an amount in USD determined by the Calculation Agent in accordance with the following formula:

Denomination/[*specify number*] x (1 – (n/N)).

For these purposes:

"**Conversion Strike**" means [*specify rate, as a number of Units of Reference Currency per 1 Unit of Specified Currency*];

"**Knock-Out Barrier**" means [*specify rate, as a number of Units of Reference Currency per 1 Unit of Specified Currency*];

"**n**" means, in respect of an Observation Period, the total number of Relevant Observation Windows during such Observation Period;

"**N**" means, in respect of an Observation Period, the total number of Observation Windows during such Observation Period;

"**Observation Period**" means (a) in respect of Instalment Payment Date 1 the period from and including [*specify time*] on [*specify date*] to but excluding [*specify time*] on [*specify date*] ("**Observation Period 1**"), (b) in respect of Instalment Payment Date 2 the period from and including [*specify time*] on [*specify date*] to but excluding [*specify time*] on [*specify date*] ("**Observation Period 2**"), (c) in respect of Instalment Payment Date 3 the period from and including [*specify time*] on [*specify date*] to but excluding [*specify time*] on [*specify date*] ("**Observation Period 3**"), and (d) in respect of Instalment Payment Date 4 the period from and including [*specify time*] on [*specify date*] to but excluding [*specify time*] on [*specify date*] ("**Observation Period 4**");

"**Observation Window**" means the following periods:  
[*specify*];

"**Relevant Observation Window**" means an Observation Window during which the [*Specified*

*Currency/Reference Currency*] Exchange Rate is greater than the Knock-Out Barrier at all times during such Observation Window, as determined by the Calculation Agent;

"**Spot Market**" means the global spot foreign exchange market which, for these purposes, shall be treated as being open continuously from [5.00 a.m. Sydney time] on a Monday in any week to [5.00 p.m. New York time] on the Friday of such week; and

"[*Specified Currency/Reference Currency*] **Exchange Rate**" means the spot exchange rate for [*Specified Currency/Reference Currency*] (expressed as a number of [*Reference Currency*] per [*Specified Currency*] 1.00) prevailing in the Spot Market as determined by the Calculation Agent.]

(ii) Dates for payment of Instalments: [(*Specify date*) ("**Instalment Payment Date 1**"), (*specify date*) ("**Instalment Payment Date 2**"), (*specify date*) ("**Instalment Payment Date 3**") and (*specify date*) ("**Instalment Payment Date 4**"), together with Instalment Payment Date 1, Instalment Payment Date 2 and Instalment Payment Date 3, the "**Instalment Payment Dates**" and each an "**Instalment Payment Date**".]

26. Early Redemption Amount: Yes

(i) Early Redemption Amount (upon redemption for taxation reasons, illegality or following an Event of Default): [(100] per cent. of the Calculation Amount/Fair Market Value/*other (specify details)*]  
(*Conditions 6(b), 6(h) or 10*)

(ii) Other redemption provisions: [(100] per cent. of the Calculation Amount/Fair Market Value/ Not applicable / *other (specify details)*]  
(*Condition 6(i)*)

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. Form of Notes:  
(*Condition 1(a)*)

(i) Form of Notes: [Bearer Notes/ Registered Notes/ Uncertificated Registered Notes]

(ii) Bearer Notes exchangeable for Registered Notes: [Yes/No] (*Answer will be no where no Registered Notes or where the issue is wholly or partly a Rule 144A issue*)

28. [New Global Note][(*delete if Registered Note*)]/ [Issued under the new safekeeping structure][(*delete if Bearer Note*)]  
[Yes/No]

29. If issued in bearer form:

(i) Initially represented by a Temporary Global Note or Permanent Global Note: (*specify*) (*Notes may only be represented initially by a Permanent Global Note if these Final Terms specify that TEFRA C Rules apply*)

- |        |   |  |
|--------|---|--|
| (ii)   | Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes:<br>(Condition 1(a)) | Yes [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive notes only in limited circumstances specified in the Permanent Global Note / (specify)]   |
| (iii)  | Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or Registered Notes:                      | [Yes/No] [If yes, specify: the Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.]  |
| (iv)   | Coupons to be attached to Definitive Notes <sup>16</sup> :  | [Yes/No/Not applicable]<br>(N.B. This will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems – see provisions contained in Permanent Global Note) |
| (v)    | Talons for future Coupons to be attached to Definitive Notes <sup>17</sup> :  | [Yes/No/Not applicable]<br>(N.B. The above comment also applies here)  |
| (vi)   | (a) Definitive Notes to be security printed:  | [Yes/No]<br>(N.B. The above comment also applies here)   |
|        | (b) if the answer to (a) is yes, whether steel engraved plates will be used <sup>18</sup> :                                       | [Yes/No/Not applicable]  |
| (vii)  | Definitive Notes to be in ICMA or successor's format:   | [Yes/No]<br>(N.B. The above comment also applies here)   |
| (viii) | Issuer or Noteholder to pay costs of security printing:   | [Issuer/Noteholder/Not applicable]   |
| 30.    | Exchange Date for exchange of Temporary Global Note:  | [Not earlier than 40 days after the Issue Date / (specify)]  |
| 31.    | Payments:<br>(Condition 8)  |  |
| (i)    | Method of payment:  | [Condition 8 applies / (specify if other than by cheque or transfer to a designated account)]  |
| (ii)   | Relevant Financial Centre Day:  | (specify all additional places)  |
| 32.    | Partly Paid Notes:<br>(Condition 1)   | [Yes/No]   |
|        | (If yes, specify number, amounts and dates for, and method of, payment of   | (specify)  |

<sup>16</sup> Definitive Notes will typically have coupons attached to them if interest bearing.

<sup>17</sup> Talons will be needed if there are 27 or more coupons.

<sup>18</sup> Answer to (a) and (b) should generally be 'yes' in all cases where Definitive Notes are to be printed.

- instalments of subscription monies and any further additional provisions (including forfeiture dates in respect of late payments of partly paid instalments)*
33. Redenomination:  
(Condition 9)
- (i) Redenomination: [Applicable/Not applicable]
- (ii) Exchange: [Applicable/Not applicable]
34. Currency Business Day: [means, in relation to any Reference Currency, a day on which commercial banks effect delivery of the relevant currency in the foreign exchange market in the related Reference Currency Jurisdiction. / (*specify other*)]
35. Settlement Business Day: [means a day on which commercial banks effect delivery of the Settlement Currency in the foreign exchange market. / (*specify other*)]
36. FX Disruption:  
(Condition 21A) [Applicable / Not applicable]
37. Non-deliverability of Specified Currency:  
(Condition 21B) [Applicable / Not applicable]
- (i) Alternative Payment Currency: [ ]
- (ii) Relevant Screen Rate: [ ]
38. Screen Rate Unavailability:  
(Condition 21C) [Applicable / Not applicable]
- (i) Screen Rate Fall-Back specified: [Yes/No]
- (ii) Screen Rate: (*Specify screen and page and cross-refer to relevant paragraph(s) of the Final Terms where these are referred to*)
- (iii) Details of Screen Rate Fall-Back: [Not applicable/ *specify details*]
39. Other final terms: [Not applicable/*specify*/See Annex]
- (*When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required.*)

## DISTRIBUTION

40. (i) If syndicated, names [, addresses and underwriting [Not applicable / HSBC Bank plc / *other – give name*]

- commitments]<sup>19</sup> of Relevant Dealer(s)/Lead Manager(s): (Give addresses and underwriting commitments)<sup>19</sup>
- (ii) If syndicated, names [, addresses and underwriting commitments]<sup>19</sup> of other Dealers/Managers (if any): [Not applicable/other – give name]
- (Give addresses and underwriting commitments)<sup>19</sup>
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)
- (iii) Date of Subscription Agreement<sup>19</sup>: [ ]
- (iv) Stabilising Manager (if any): [Not applicable/give name]
41. If non-syndicated, name [and address] <sup>19</sup> of Relevant Dealer: [Not applicable/give name [and address]]
42. Total commission and concession: [[ ] per cent. of the Aggregate Principal Amount / Information not provided]<sup>19</sup>
43. Selling restrictions: [For Bearer Notes: TEFRA C Rules/ TEFRA D Rules/TEFRA Not Applicable]
- United States of America: [Notes may not be offered or sold within the United States of America or to, or for the account or benefit of, a US person (as defined in Regulation S)]
- [Notes may be offered or sold within the United States of America or to, or for the account or benefit of, a US person (as defined in Regulation S) only in compliance with the provisions set forth under "Transfer Restrictions."]
- Non-exempt Offer: [Not applicable][An offer of the Notes may be made by the Managers [and (specify, if applicable)] other than pursuant to Article 3(2) of the Prospectus Directive in (specify relevant Member State(s) – which must be jurisdictions where the Prospectus and any supplements have been passported) ("Public Offer Jurisdictions") during the period from (specify date) until (specify date) ("Offer Period"). See further paragraphs 25 to 36 of Part B below.
- Other: (specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement)
44. Stabilisation: [Not applicable / **In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s)) in the relevant Final Terms may over-allot Notes or**

<sup>19</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.



effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant stabilisation manager(s) (or person(s) acting on behalf of any stabilisation managers) in accordance with all applicable laws and rules.]

#### [LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

*[In offers of Currency-Linked Notes pursuant to Rule 144A insert:*

#### TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of these Final Terms and the accompanying Prospectus, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that these Final Terms and the accompanying Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the accompanying Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Prospectus or any documents referred to herein.

Each purchaser of Notes in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and

the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.

- (3) The purchaser understands that the Rule 144A Global Registered Notes, the Restricted Global Registered Notes and any US Definitive Registered Notes (as defined in "*Summary of Provisions relating to the Notes while in Global Form*" in the accompanying Base Prospectus) issued in exchange for interests therein will bear a legend (the "**Rule 144A Legend**") to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN A PROSPECTUS SUPPLEMENT OR APPLICABLE FINAL TERMS, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("**SIMILAR LAW**") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

In addition, each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, it will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Base Prospectus.]

**[RESPONSIBILITY]**

The Issuer accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information*] has been extracted from [*specify source*].] [The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced inaccurate or misleading.]]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

## PART B – OTHER INFORMATION

### 1. LISTING

(i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of the Financial Services Authority [on or around the Issue Date/ *[insert date]*] pursuant to Listing Rule [17/19<sup>20</sup>]. No assurance can be given as to whether or not, or when, such application will be granted/*other (specify)*/Not applicable]

(ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading [on the Regulated Market/*other (specify)*] with effect from [the Issue Date/ *[insert date]*]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Notes admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)<sup>21</sup>*

*(NB: Notes admitted to trading to the UK Regulated Market will also be admitted to the Official List as a matter of course.)*

[(iii) Estimated total expenses of admission to trading:] [Information not provided / Not applicable / *(specify amount)*]<sup>22</sup>

### 2. RATINGS

Ratings: [The long-term senior debt of HSBC Bank plc has been rated:]

[S&P: [ ]]  
[Moody's: [ ]]  
[Fitch: [ ]]  
[[*other*]: [ ]]

[The Notes have not specifically been rated.]/ [The Notes have been assigned a rating of [ ] by [ ]]<sup>23</sup>

[Each of [Fitch, S&P and Moody's] are established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended).]

[For these purposes, ["**S&P**"] means Standard and Poor's Credit Market Services Europe Limited.] ["**Moody's**"] means Moody's Investor Services Limited]

<sup>20</sup> To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities, and convertible securities. Listing Rule 19 applies to securitised derivatives.

<sup>21</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>22</sup> Only required for debt securities with a denomination per unit of at least EUR100,000.

<sup>23</sup> Select only if the Notes are rated.

[and] [**"Fitch"** means Fitch Ratings Limited].]

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]

### 3. NOTIFICATION

[The Financial Services Authority ("**FSA**") [has been requested to provide/has provided – *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the Financial Market Association (Austria), the Financial Services and Markets Authority (Belgium), the Autorité des marchés financiers (France), the Federal Financial Supervisory Authority (Germany), the Central Bank of Ireland (Ireland), the Commissione Nazionale per le Società e la Borsa (Italy), the Commission de Surveillance du Secteur Financier (Luxembourg), the Malta Financial Services Authority (Malta), the Comisión Nacional del Mercado de Valores (Spain) and the Netherlands Authority for the Financial Markets (Netherlands) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.] [Not applicable]

### 4. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:)*

["Save as discussed in ["Subscription and Sale of Notes"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."] [Not applicable]

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required)*

### 5. [REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer: [ ]]

*(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons*

here.))]

(ii) Estimated net proceeds: [ ]<sup>24</sup> (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

(iii) Estimated total expenses: (Include breakdown of expenses)<sup>25</sup>

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount may be less than 100 per cent of the nominal value of the Notes), it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)]

6. **[Fixed rate Notes only – YIELD]**

Indication of yield: [Calculated as [include details of method of calculation in summary form] on the Issue Date]<sup>26</sup>

[As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]]

7. **[Floating Rate Notes only – HISTORIC INTEREST RATES]**

[Details of historic [LIBOR/EURIBOR/other (specify)] rates can be obtained from [Reuters].]<sup>27</sup>

8. **[Index-Linked, Equity-Linked or other Variable-Linked Notes only – Performance of Index/Formula/Other Variable, explanation of effect on value of investment and associated risks and other information concerning the underlying]**

(Need to include details of where past and future performance and volatility of the underlying exchange rate can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident])<sup>28,29</sup>.

(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required)

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].]

9. **[Dual Currency/Multi-currency Notes only – PERFORMANCE OF EXCHANGE RATE(S) [AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS]]<sup>11</sup>**

(Need to include details of where past and future performance and volatility of the relevant

<sup>24</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>25</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>26</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>27</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>28</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>29</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount is less than 100 per cent. of the nominal value of the Notes).

rate[s] can be obtained (and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident))

30 10

(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required)]

## OPERATIONAL INFORMATION

- |     |  |  |
|-----|--|--|
| 10. | ISIN Code:   | [[     ]/Not applicable]   |
| 11. | Common Code:   | [[     ]/Not applicable]   |
| 12. | CUSIP:   | [[     ]/Not applicable]   |
| 13. | SEDOL  | [[     ]/Not applicable]   |
| 14. | Intended to be held in a manner which would allow Eurosystem eligibility <sup>31</sup> :                           | <p>[Yes] [No]</p> <p><i>(Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg [, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]) and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria) [(include this text if "yes" selected)]</i></p> |
| 15. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | [None/specify]   |
| 16. | Delivery:  | Delivery [against/free of] payment   |
| 17. | Settlement procedures:   | [Eurobond/Medium Term Note/other specify]  |
| 18. | (i) Principal Paying Agent <sup>32</sup> /Registrar <sup>33</sup> :  | [HSBC Bank plc /other (specify)]   |
|     | (ii) Additional Paying Agent(s):   | [None/ specify]  |
| 19. | Common Depositary:   | [HSBC Bank plc/Not applicable/specify]   |

<sup>30</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>31</sup> Under current ECB collateral eligibility requirements, in order to be eligible as collateral a security must be denominated in Euro and listed on a regulated market or certain non-regulated markets such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the ECB's February 2011 "The Implementation of Monetary Policy in the Euro Area – General Documentation on Eurosystem monetary policy instruments and procedures" brochure.

<sup>32</sup> Delete if Notes are Registered Notes.

<sup>33</sup> Delete if Notes are Bearer Notes.

20. Agent Bank/Calculation Agent: [HSBC Bank plc] [HSBC France] [*other (specify)*]
- is Calculation Agent to make calculations? [Yes/No]
  - if not, identify calculation agent: (*N.B. Calculation agent appointment letter required*)
21. Notices: [Condition 13 applies / (*specify any other means of effecting communication*)]  
(*Condition 13*)
22. City in which specified office of Registrar to be maintained: [London / Not applicable/(*specify*)]  
(*Condition 14*)
23. ERISA Considerations: [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Base Prospectus for further information./*give details*] [Not applicable]

**TERMS AND CONDITIONS OF THE OFFER** (*this section applies only to public offers*)

24. Offer Price: [Issue Price][*other (specify)*]
25. Conditions to which the offer is subject: [Not applicable/*give details*]
26. Description of the application process: [Not applicable/*give details*]
27. Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not applicable/*give details*]
28. Details of the minimum and/or maximum amount of application: [Not applicable/*give details*]
29. Details of the method and time limits for paying up and delivering the Notes: [Not applicable/*give details*]
30. Manner in and date on which results of the offer are to be made public: [Not applicable/*give details*]
31. Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not applicable/*give details*]
32. Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [Not applicable/*give details*]
33. Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not applicable/*give details*]
34. Amount of any expenses and taxes specifically charged to the subscriber [Not applicable/*give details*]



or purchaser:

35. Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [Not applicable/*give details*]

## ADDITIONAL PROVISIONS RELATING TO CURRENCY-LINKED WARRANTS

The following additional condition shall be deemed to be added as Condition 17 to the terms and conditions set out in the section headed "Terms and Conditions of the Warrants" appearing in "Part B – Information relating to the Warrants Generally" of the Base Prospectus in respect of any issue of Currency-Linked Warrants.

Any references to "this document" in the Final Terms section of this Supplement shall be deemed to refer to the Final Terms.

### 17. Provisions relating to Currency-Linked Warrants

Each of the following Conditions 17A, 17B and 17C shall apply to any Tranche of Warrants which are Currency-Linked Warrants, unless the Final Terms specify otherwise.

#### A. *FX Disruption*

Notwithstanding the provisions of Condition 3 (*Rights on Exercise*), if an FX Disruption occurs at any time on or prior to the Expiry Date in relation to a Reference Currency:

- (a) the Calculation Agent shall notify the Issuer thereof and the Issuer shall as soon as practicable notify the Warrantholders thereof in accordance with Condition 10 (*Notices*);
- (b) the Issuer shall settle the Warrants by payment in respect of each Warrant of the Cash Settlement Amount;
- (c) such settlement will occur as soon as the Calculation Agent determines, acting in good faith and in a commercially reasonable manner, that it is practical to calculate the Cash Settlement Amount and to effect payment of it (the date on which such payment is effected, the "**Final Expiry Date**"); and
- (d) to the extent that payment is made after the Expiry Date, the Cash Settlement Amount shall be increased by an amount, determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, equal to the amount of interest the Calculation Agent determines could reasonably and practically have been earned at then current market rates by a non-resident of the related Reference Currency Jurisdiction on the early redemption amount from the Expiry Date to the day that is 2 Business Days prior to the Final Expiry Date.

For the purposes hereof:

"**FX Disruption**" means the occurrence of any event or condition (including any change in law or any government action) which in the determination of the Calculation Agent, acting in good faith and in a commercially reasonable manner, makes it impossible, illegal or impractical (i) to convert any Reference Currency into the Specified Currency through customary legal channels, (ii) for non-residents of any Reference Currency Jurisdiction to convert the related Reference Currency into the Specified Currency on terms as favourable as those generally available to residents of such Reference Currency Jurisdiction, or (iii) for residents or non-residents of such Reference Currency Jurisdiction to transfer funds, including any non-Reference Currency funds, from accounts inside such Reference Currency Jurisdiction to accounts outside such Reference Currency Jurisdiction or between accounts in such Reference Currency Jurisdiction or by or to non-residents of such Reference Currency Jurisdiction;

"**Reference Currency**" has the meaning given to it in the relevant Final Terms; and

"**Reference Currency Jurisdiction**" has the meaning given to it in the relevant Final Terms.

#### B. *Non-deliverability of Specified Currency*

If, at the time any payment in respect of the Warrants is due (each a "**Required Payment**"), the Specified Currency is no longer (i) used by the government of the Specified Currency Jurisdiction for the payment of public and private debts or (ii) used for settlement of transactions

by public institutions in the Specified Currency Jurisdiction or within the international banking community, or (iii) expected to be available, when any Required Payment is due as a result of circumstances beyond the control of the Issuer, the Issuer shall be entitled to satisfy its obligations in respect of such Required Payment by making such Required Payment in the Alternative Payment Currency, converted from the Specified Currency, on the basis of the Relevant Screen Rate (the "**Alternative Payment Amount**"). Any payment made under such circumstances in the Alternative Payment Currency will constitute valid payment and will not constitute a default in respect of the Warrants. The Issuer's communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained by the Issuer hereunder shall be at its sole discretion and shall (in the absence of manifest error, wilful default or bad faith) be conclusive for all purposes and binding on the Issuer, the Paying Agents, and the holders of the Warrants. By acceptance thereof, purchasers of the Warrants will be deemed to have acknowledged and agreed and to have waived any and all actual or potential conflicts of interest that may arise as a result of the calculation of the Alternative Payment Amount by the Issuer.

For the purposes hereof;

"**Alternative Payment Currency**" has the meaning given to it in the relevant Final Terms;

"**Relevant Screen Rate**" has the meaning given to it in the relevant Final Terms; and

"**Specified Currency Jurisdiction**" has the meaning given to it in the relevant Final Terms.

#### C. *Screen Rate Unavailability*

Where the Screen Rate is unavailable, for any reason, at the specified time on any date on which an exchange rate is required to be determined, the Calculation Agent will, if a Screen Rate Fall-Back is specified in the relevant Final Terms, determine the relevant exchange rate in accordance with the Screen Rate Fall-Back provisions specified in the Final Terms. If the Calculation Agent is unable to determine the exchange rate in accordance with such Fall-Back provisions or no such Screen Rate Fall-Back provisions are so specified, then the Calculation Agent shall determine the exchange rate in its sole and absolute discretion, acting in good faith.

For the purposes hereof;

"**Screen Rate**" has the meaning given to it in the relevant Final Terms; and

"**Screen Rate Fall-Back**" has the meaning given to it in the relevant Final Terms.

### PRO FORMA FINAL TERMS FOR CURRENCY-LINKED WARRANTS

*Set out below is the form of Final Terms which will be completed for each Tranche of Currency-Linked Warrants issued under the Programme.*

*(When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.)*

[Warrants issued pursuant to these Final Terms are securities to be listed under Listing Rule 19.<sup>34</sup>]

Final Terms dated: [•]  
Series No.: [•]  
Tranche No.: [•]

**HSBC Bank plc**

**Programme for the Issuance of Notes and Warrants**

<sup>34</sup> *To be included in respect of all warrants which are to be admitted to listing.*

Issue of

[Number of Warrants]

[Title of Warrants]

[(to be consolidated and form a single series with the existing *[Insert details of existing Tranche(s)]* issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]

**PART A – CONTRACTUAL TERMS**

This document constitutes the Final Terms relating to the issue of the Tranche of Warrants described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Warrants (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme, which [together with the supplemental prospectus(es) dated [•]] constitute[s] a base prospectus ("**Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")<sup>35</sup>.

[This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus]<sup>36</sup>. Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus is available for viewing at [address] [and] [website]<sup>37</sup> and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions (the "**Conditions**"), which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Notes. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 19 June 2012 which [together with the supplemental prospectus(es) dated [•]], constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive]<sup>38</sup>. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, Conditions and the Prospectus. The Prospectus and the Conditions are available for viewing during normal business hours at [address] [and] [website]<sup>39</sup> and copies may be obtained from [address].

*[For Warrants offered and sold in the United States of America include:*

**IMPORTANT NOTICES**

THE WARRANTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE WARRANTS ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND

<sup>35</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>36</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>37</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>38</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

<sup>39</sup> Only for Warrants which are publicly offered or admitted to trading on a regulated market.

(B) TO NON-US PERSONS (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF WARRANTS PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

#### AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Warrants, the Issuer will promptly furnish, upon request of a holder of a Warrant, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

It is advisable that prospective investors considering acquiring any Warrants understand the risks of transactions involving the Warrants and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Warrants in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Warrants will have on their overall investment portfolio) and the information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "*Risk Factors*" in the Prospectus.

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

1. Issuer: HSBC Bank plc
2. Principal Warrant Agent: HSBC Bank plc
3. Calculation Agent: [HSBC Bank plc] [HSBC France]
4. Warrant Agent: HSBC Bank plc
5. (i) Series number: [ ]
- (ii) [Tranche number: [ ]

*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]*

6. Currency or currencies: [ ]
7. Aggregate Number of Warrants in the:
- [(i) Series: [ ]
- [(ii) Tranche:] [ ]
8. Issue Date: [ ]
9. Issue Price: [currency] [amount] per Warrant
10. Strike Price: [currency] [amount]
11. Listing of Warrants: [Application has been made for the Warrants to be admitted to the Official List of the UK Listing Authority and admitted to trading on the Regulated Market of the London Stock Exchange/other (specify)/None]
12. Date [Board] approval for the issuance of Warrants obtained: [ ] [and [ ], respectively]] [Not applicable] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)
13. Type of Warrants: Currency-Linked Warrants
- (i) Specified Currency: [ ]
- (ii) Specified Currency Jurisdiction: [ ]
- (iii) [First] Reference Currency: [ ]
- (iv) [First] Reference Currency Jurisdiction: [ ]
- (v) [Second] Reference Currency: [ ]
- (vi) [Second] Reference Currency Jurisdiction: [ ]
14. Series represented by: [Global Warrant <sup>40</sup>]/[Global Registered Warrants]/[NA]. Warrants in definitive form [will/will not] be issued.] [other (specify)]
- 14A. Form of Warrant [Book-Entry Form Warrants/Registered Warrants/Uncertificated Registered Warrants]
15. Style of Warrants: The Warrants are [American/European/Bermudan/other (specify)] Style [Call/Put] Warrants. Condition [3(a)/3(b)/3(c)] is applicable.
16. (i) Expiry Date: [ ] or, if such day is not a Currency Business Day in [each Reference Currency Jurisdiction] [specify other], the next following day which is a Currency Business Day in [each Reference Currency Jurisdiction] [specify other], as determined by the Calculation Agent.

<sup>40</sup> Warrants will generally be in bearer form represented by a Global Warrant. If, and only if Warrants are being sold in reliance on Rule 144A, will they be in registered form and represented by a Global Registered Warrant.

- (ii) Exercise Procedure: [Condition 4 is applicable/*other (specify)* ]
- (iii) Automatic Exercise: [Applicable/Not applicable]<sup>41</sup>
- (iv) Exercise Period: (*American Style Warrants only*). [The period beginning from (and including) [ ] and ending on (and including) the Expiry Date] [Not applicable]
- (v) Potential Exercise Date(s): (*Bermudan Style Warrants only*) [*insert date* / Not applicable]
17. (i) Minimum Exercise Number: [ ] Warrants
- (ii) Permitted Multiple: [ ] Warrants
18. Cash Settlement: Applicable. The Warrants are Cash Settlement Warrants. Condition 3(d) applies.
- (i) Settlement Currency: [ ]
- (ii) Cash Settlement Amount: Currency-linked. See paragraph 24
- (iii) Cash Settlement Payment Date: [*specify*] or, if later, five Business Days following the Expiry Date.
19. Physical Settlement: [Not applicable]
20. Business Day: [As in the Conditions/*other (specify)*]
21. Currency Business Day: [means, in relation to any Reference Currency, a day on which commercial banks effect delivery of the relevant currency in the foreign exchange market in the related Reference Currency Jurisdiction.] [*specify other*]
22. Selling Restrictions: In addition to selling restrictions listed in "*Purchase and Sale of the Warrants*" contained in the Base Prospectus:
- (*Specify any selling restrictions applicable to the Warrants which are additional to, or in substitution for, those contained in the Base Prospectus*)
23. Cash Settlement Amount of each Warrant: [See paragraph 24 below]
24. Cash Settlement Amount of each Warrant in cases where the Cash Settlement Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/other variable: [*specify*]
- (ii) Calculation Agent responsible for calculating the Cash Settlement Amount: HSBC Bank plc, 8 Canada Square, London E14 5HQ
- (iii) Provisions for determining Cash Settlement Amount: [***Option 1 Cash Settlement Amount for Warrants***]

<sup>41</sup> Refer to Listing Rule 19.2.6. If the Warrants are Retail Securitised Derivatives as defined in Listing Rule 19, then automatic exercise is required.

where calculated by reference *linked to one exchange rate*  
to Index and/or Formula  
and/or other variable:

[specify calculations]

For the purposes hereof:

"Fixing Date" means [specify];

**"Final [Specified Currency/Reference Currency] Exchange Rate"** means the [Specified Currency/Reference Currency] Exchange Rate (expressed as a number of [Reference Currency] per [Specified Currency] 1.00) as of [12:00 noon (London time)] on the Fixing Date, as determined by the Calculation Agent;

**"[Specified Currency/Reference Currency] Exchange Rate"** means the [Specified Currency/Reference Currency] Exchange Rate (expressed as a number of [Reference Currency] per [Specified Currency] 1.00) at [12:00 noon (London time)] on the Fixing Date as determined by the Calculation Agent acting in good faith.]

*[Option 2 Cash Settlement Amount for Warrants linked to two exchange rates]*

[specify calculations]

where:

"Fixing Date" means [specify];

**"Final EUR/[Second Reference Currency] Exchange Rate"** means the EUR/[Second Reference Currency] exchange rate (expressed as a number of [Second Reference Currency] per EUR 1.00), as observed by HSBC Bank plc as Calculation Agent on Reuters page [specify page] at [specify time] ([London] time) on the Fixing Date;

**"Final EUR/[First Reference Currency] Exchange Rate"** means the EUR/[First Reference Currency] exchange rate (expressed as a number of [First Reference Currency] per EUR 1.00), as observed by HSBC Bank plc as Calculation Agent on [specify page] at [specify time] ([London] time) on the Fixing Date;

**"Final EUR/USD Exchange Rate"** means the EUR/USD exchange rate (expressed as a number of USD per EUR 1.00), as observed by HSBC Bank plc as Calculation Agent on [specify page] at [specify time] ([London] time) on the Fixing Date;

**"Final [USD/Second Reference Currency] Exchange Rate"** means the EUR/[Second Reference Currency] exchange rate (expressed as an amount of [Second Reference Currency] per USD 1.00) as determined by HSBC Bank plc as Calculation Agent by dividing the Final EUR/[Second Reference Currency] Exchange



Rate by the Final EUR/USD Exchange Rate;

**"Final USD/[First Reference Currency] Exchange Rate"** means the USD/[First Reference Currency] exchange rate (expressed as an amount of [First Reference Currency] per USD 1.00) as determined by HSBC Bank plc as Calculation Agent by dividing the Final EUR/[First Reference Currency] Exchange Rate by the Final EUR/USD Exchange Rate;

**"Initial USD/[Second Reference Currency] Exchange Rate"** means [Second Reference Currency] [specify amount] per USD 1.00;

**"Initial USD/[First Reference Currency] Exchange Rate"** means [First Reference Currency] [specify amount] per USD 1.00;

**"[Second Reference Currency]"** means the lawful currency of [specify jurisdiction];

**"[Second Reference Currency Performance]"** means an amount determined by the Calculation Agent in accordance with the following formula:

$$\frac{[(\text{Initial USD}/[\text{Second Reference Currency}] \text{ Exchange Rate} - \text{Final USD}/[\text{Second Reference Currency}] \text{ Exchange Rate})/\text{Final USD}/[\text{Second Reference Currency}] \text{ Exchange Rate}]}{[\text{Second Reference Currency}] \text{ Exchange Rate}}]$$

**"[First Reference Currency]"** means the lawful currency of [specify jurisdiction]; and

**"[First Reference Currency Performance]"** means an amount determined by the Calculation Agent in accordance with the following formula:

$$\frac{[(\text{Initial USD}/[\text{First Reference Currency Performance}] \text{ Exchange Rate} - \text{Final USD}/[\text{First Reference Currency Performance}] \text{ Exchange Rate})/\text{Final USD}/[\text{First Reference Currency Performance}] \text{ Exchange Rate}]}{[\text{First Reference Currency Performance}] \text{ Exchange Rate}]}]$$

[specify other]

- |     |  |  |
|-----|--|--|
| 25. | FX Disruption: ( <i>Condition 17A</i> )                            | [Applicable / Not applicable]  |
| 26. | Non-deliverability of Specified Currency: ( <i>Condition 17B</i> ) | [Applicable /Not applicable]   |
|     | (i) Alternative Payment Currency:                                  | [ ]  |
|     | (ii) Relevant Screen Rate:   | [ ]  |
| 27. | Screen Rate Unavailability: ( <i>Condition 17C</i> )               | [Applicable /Not applicable]   |
|     | (i) Screen Rate Fall-Back specified:                               | [Yes/No]   |
|     | (ii) Screen Rate:  | ( <i>Specify screen and page and cross-refer to relevant paragraph(s) of the Final Terms where these are</i> |

*referred to)*

(iii) Details of Screen Rate  
Fall-Back:

[Not applicable/*specify details*]

28. Other Final Terms:

[ ]<sup>42</sup>

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<sup>42</sup> *If new term constitutes a "significant new factor", consider whether a drawdown prospectus or a new base prospectus is required.*

## [LISTING AND ADMISSION TO TRADING APPLICATION]

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Warrants described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

*[In offers of Currency-Linked Warrants pursuant to Rule 144A insert:*

### TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Warrants offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Warrants.

Each prospective purchaser of Warrants offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of these Final Terms and the accompanying Prospectus, will be deemed to have represented and agreed with respect to such Warrants as follows:

- (a) such 144A Offeree acknowledges that these Final Terms and the accompanying Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Warrants other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the accompanying Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Prospectus or any documents referred to herein.

Each purchaser of Warrants sold in reliance on Rule 144A ("**Restricted LEPOs**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Warrants for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Warrants to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Warrants are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Warrants offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Warrants will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS WARRANT HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS WARRANT IS HEREBY NOTIFIED THAT THE SELLER OF THIS WARRANT MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

"THE HOLDER HEREOF, BY PURCHASING THIS WARRANT, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS WARRANT MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS

(AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS WARRANT FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN A PROSPECTUS SUPPLEMENT OR APPLICABLE FINAL TERMS, EACH PURCHASER OR TRANSFEREE OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS WARRANT TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS WARRANT THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

ANY EXERCISE OF THIS WARRANT WILL BE CONDITIONED ON (1) THE DELIVERY OF A DULY EXECUTED EXERCISE NOTICE BY THE HOLDER HEREOF AND (2) WITH RESPECT TO EXERCISE BY ANY US PERSON (AS DEFINED IN REGULATION S), THE UNDERLYING SECURITIES BEING (A) REGISTERED UNDER THE SECURITIES ACT OR (B) SUBJECT TO AN EXEMPTION FROM REGISTRATION THEREUNDER AT THE TIME OF SUCH EXERCISE."

- (4) Each purchaser of Restricted Warrants acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Warrants for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Warrant represented by a Restricted Global Registered Warrant may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Warrant, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Warrants While in Global Form*" in the accompanying Base Prospectus.

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

**PART B – OTHER INFORMATION**

**1. LISTING**

- (i) Listing: [Application [will be/has been] made to admit the Warrants to listing on the Official List of the Financial Services Authority [on or around the Issue Date/ *[insert date]*] pursuant to Listing Rule 19. No assurance can be given as to whether or not, or when, such application will be granted.]
- (ii) Admission to trading: [Application has been made for the Warrants to be admitted to trading [on the Regulated Market/*other (specify)*] with effect from [the Issue Date/ *[insert date]*]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Warrants admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable]
- (Where documenting a fungible issue need to indicate that original warrants are already admitted to trading.)<sup>43</sup>*

**2. NOTIFICATION**

[The Financial Services Authority ("FSA") [has been requested to provide/has provided – *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the Financial Market Association (Austria), the Financial Services and Markets Authority (Belgium), the Autorité des marchés financiers (France), the Federal Financial Supervisory Authority (Germany), the Central Bank of Ireland (Ireland), the Commissione Nazionale per le Società e la Borsa (Italy), the Commission de Surveillance du Secteur Financier (Luxembourg), the Malta Financial Services Authority (Malta), the Comisión Nacional del Mercado de Valores (Spain) and the Netherlands Authority for the Financial Markets (Netherlands) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.] [Not applicable]

**3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:)*

"Save as discussed in ["Purchase and Sale of Warrants"], so far as the Issuer is aware, no person

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<sup>43</sup> Not required for derivative securities which can only be acquired for at least EUR100,000 per security.

involved in the offer of the Warrants has an interest material to the offer."]

4. **[REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

- (i) Reasons for the offer: [ ]  
(See ["Use of Proceeds"] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]
- (ii) Estimated net proceeds: (Specify if reasons for the offer are specified above under (i), otherwise: Not applicable) (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)
- (iii) Estimated total expenses: (Specify if reasons for the offer are specified above under (i), otherwise: Not applicable) (Include breakdown of expenses)<sup>44</sup>

5. **[THE UNDERLYING]**

(Need to include details of where past and future performance and volatility of the underlying exchange rate can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]<sup>45 46</sup>.

(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required)]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].]

**OPERATIONAL INFORMATION**

6. ISIN Code: [[ ]/Not applicable]
7. Common Code: [[ ]/Not applicable]
8. CUSIP: [ [ ]/Not applicable]
9. Valoren Number: [[ ]/Not applicable]
10. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [None/specify]
11. Delivery: Delivery [against/free of] payment
12. Additional Paying Agent(s) (if any): [None /specify]

<sup>44</sup> Not required for derivative securities which can only be acquired for at least EUR100,000 per security.

<sup>45</sup> Not required for derivative securities which can only be acquired for at least EUR1000,000 per security.

<sup>46</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount is less than 100 per cent. of the nominal value of the Notes).

13. Common Depositary: [HSBC Bank plc/Not applicable/specify]
14. Notices: (*Condition 10*) [Condition 10 applies / *specify any other means of effecting communication*]
15. City in which specified office of Registrar to be maintained: [London / Not applicable /specify]
16. ERISA Considerations: [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Base Prospectus for further information./give details]  
[Not applicable]
17. **TERMS AND CONDITIONS OF THE OFFER** (this section applies only to public offers)
18. Offer Price: [Issue Price][*other (specify)*]
19. Conditions to which the offer is subject: [Not applicable/give details]
20. Description of the application process: [Not applicable/give details]
21. Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not applicable/give details]
22. Details of the minimum and/or maximum amount of application: [Not applicable/give details]
23. Details of the method and time limits for paying up and delivering the Warrants: [Not applicable/give details]
24. Manner in and date on which results of the offer are to be made public: [Not applicable/give details]
25. Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not applicable/give details]
26. Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [Not applicable/give details]
27. Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not applicable/give details]
28. Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not applicable/give details]
29. Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [Not applicable/give details]





**REGISTERED AND HEAD  
OFFICE OF THE ISSUER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
UK

**PRINCIPAL PAYING  
AGENT, PRINCIPAL  
WARRANT AGENT, ISSUE  
AGENT, REGISTRAR,  
TRANSFER AGENT AND  
AUTHENTICATION AGENT**

**DEALER**

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**CALCULATION AGENT**

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**REGISTRAR**

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**LEGAL ADVISERS TO THE  
ISSUER AND THE DEALER**

*as to English law*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
UK

PART I – PRODUCT SUPPLEMENT FOR CREDIT-LINKED NOTES



**HSBC Bank plc**

*(A company incorporated with limited liability in England with registered number 14259)*

*as Issuer*

**PROGRAMME FOR THE ISSUANCE OF NOTES AND WARRANTS**

**Credit-Linked Notes**

This Product Supplement in relation to Credit-Linked Notes constitutes Part I ("**Part I**") of the base prospectus dated 19 June 2012 (the "**Base Prospectus**") prepared by HSBC Bank plc (the "**Bank**" or the "**Issuer**") in relation to the Programme for the Issuance of Notes, Certificates and Warrants (the "**Programme**") described therein in connection with the application made for Notes or Warrants to be admitted to listing on the Official List of the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the "**FSA**")), and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**").

To the extent that there is any inconsistency between any statement in this Part I and any other statement in, or incorporated by reference in, other Parts of the Base Prospectus, the statements in this Part I will prevail for the purposes of Part I.

Notes issued pursuant to the Programme may include "**Credit-Linked Notes**" being Notes in relation to which the interest rate and/or the redemption amount payable at maturity reflects the performance of a reference entity or reference obligation, or a portfolio of reference entities or reference obligations. The purpose of this Part I is to provide information in relation to Credit-Linked Notes. This Part I should be read together with Parts A and B of the Base Prospectus.

**An investment in Credit-Linked Notes involves risks. See Part A of the Base Prospectus under the heading "**Risk Factors**" (beginning on page A-12).**

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Part I or any other information supplied in connection with the Credit-Linked Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Part I nor any further information supplied in connection with the Credit-Linked Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or as constituting an invitation or offer by the Issuer that any recipient of this Part I or any other information supplied in connection with the Credit-Linked Notes should subscribe for or purchase the Credit-Linked Notes. Each investor contemplating subscribing for or purchasing the Credit-Linked Notes should make its own independent investigation of the affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Part I nor any other information supplied in connection with the Credit-Linked Notes constitutes an offer by or on behalf of the Issuer to subscribe for or purchase the Credit-Linked Notes.

The distribution of this Part I and the offer, distribution or sale of Credit-Linked Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this document may be lawfully distributed, or that the Credit-Linked Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, action may be required to be taken to permit a public offering of the Credit-Linked Notes or a distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Credit-Linked Notes may be offered or sold, directly or indirectly, and neither this Part I nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Part I or the Credit-Linked Notes come must inform themselves about, and observe, any such restrictions.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), the state securities laws of any state of the United States or the securities laws of any other jurisdiction, and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

**Arranger and Dealer**  
**HSBC**

19 June 2012

## CONTENTS

	<b>Page</b>
IMPORTANT NOTICES .....	I-3
PRODUCT DESCRIPTION.....	I-4
ADDITIONAL TERMS AND CONDITIONS RELATING TO CREDIT-LINKED NOTES (SINGLE NAME – UNLEVERAGED) .....	I-4
PRO FORMA FINAL TERMS FOR CREDIT-LINKED NOTES (SINGLE NAME – UNLEVERAGED) .....	I-34
ADDITIONAL TERMS AND CONDITIONS RELATING TO CREDIT-LINKED NOTES (SINGLE NAME – LEVERAGED) .....	I-58
PRO FORMA FINAL TERMS FOR CREDIT-LINKED NOTES (SINGLE NAME – LEVERAGED).....	I-91
ADDITIONAL TERMS AND CONDITIONS RELATING TO CREDIT-LINKED NOTES (BASKET) .....	I-118
PRO FORMA FINAL TERMS FOR CREDIT-LINKED NOTES (BASKET) .....	I-146
ADDITIONAL TERMS AND CONDITIONS RELATING TO EMERGING MARKET CREDIT-LINKED NOTES.....	I-172
PRO FORMA FINAL TERMS FOR EMERGING MARKET CREDIT-LINKED NOTES .....	I-181

### **IMPORTANT NOTICES**

Given the highly specialised nature of Credit-Linked Notes, the Issuer considers that they are only suitable for highly sophisticated investors who are willing to take considerable risks, who are able to determine for themselves the risk of an investment linked to the credit risk of the particular reference entity or entities and who can absorb a substantial or total loss of principal.

Consequently, investors who do not fall within the description above should not consider purchasing the Credit-Linked Notes without taking detailed advice from a specialised professional adviser.

## PRODUCT DESCRIPTION

Notes issued pursuant to the Programme may include Credit-Linked Notes, being Notes in relation to which the interest rate and/or the redemption amount payable at maturity reflects the performance of one or more Reference Entities. Credit-Linked Notes usually offer a higher yield than most basic eurobonds with a similar credit rating. Credit-Linked Notes issued pursuant to the Programme (other than Emerging Market Credit-Linked Notes) provide for auction settlement, with cash settlement as the Fallback Settlement Method, as specified in more detail in the relevant Final Terms and the applicable "Additional Terms and Conditions relating to Credit-Linked Notes" set out below.

Details of the reference entity or reference entities to which Credit-Linked Notes relate and, where required, of the page(s) of Bloomberg, the Reuters Service and/or other source(s) where information about such reference entity or reference entities can be obtained will be specified in the relevant Final Terms.

Credit-Linked Notes may be either unleveraged, in which case the aggregate calculation amount(s) in relation to the reference entity or reference entities to which such Notes relate will be equal to the aggregate principal amount of such Notes, or leveraged, in which case such aggregate calculation amount(s) will be greater than the aggregate principal amount of such Notes.

If a Note is a leveraged Credit-Linked Note and a Trigger Event occurs, then the Issuer may elect either to issue additional Notes of the same Series (but so that the calculation amount relating to the Notes is not changed) or to redeem the Notes at an amount equal to the Note Value. In such circumstances the Note Value may be significantly less than the Aggregate Principal Amount of such Notes and may be zero.

Credit-Linked Notes to which the "Additional Terms and Conditions Relating to Emerging Market Credit-Linked Notes" (the "**EM CLN Conditions**") are specified in the relevant Final Terms as applying are "**Emerging Market Credit-Linked Notes**". Unlike other Credit-Linked Notes issued under the Programme, if an Early Redemption Event or Credit Event occurs in relation to Emerging Market Credit-Linked Notes, they may, at the option of the Issuer, be redeemed by way of either Physical Settlement or Cash Settlement (as further described in the EM CLN Conditions).

### ADDITIONAL TERMS AND CONDITIONS RELATING TO CREDIT-LINKED NOTES (SINGLE NAME – UNLEVERAGED)

The section headed "*Terms and Conditions of the Notes*" of this Base Prospectus shall be supplemented and modified by the following "*Additional Terms and Conditions Relating to Credit-Linked Notes (Single name – Unleveraged)*" in respect of any issue of Credit-Linked Notes as amended or supplemented by the terms of each Tranche of Notes set out in the Final Terms which are being specified as being "Unleveraged" in the relevant Final Terms. In the event of any inconsistency between the "*Terms and Conditions of the Notes*" and the "*Additional Terms and Conditions Relating to Credit-Linked Notes (Single name – Unleveraged)*", such "*Additional Terms and Conditions Relating to Credit-Linked Notes (Single name – Unleveraged)*" shall prevail and the "*Terms and Conditions of the Notes*" shall be amended accordingly.

#### Interest

If Fixed Rate Note provisions are specified in the relevant Final Terms as being applicable, then Condition 3 (*Fixed Rate Note Provisions*) will apply with the following amendments:

- (i) existing Condition 3(b) (*Accrual of interest*) shall be amended by the substitution of "Interest Conditionally Payable" for "Accrual of Interest" in the heading and by the insertion of the words "Subject to Condition 3(e) below," at the beginning; and
- (ii) the following provision shall be included as Condition 3(e):

"3(e) *Condition precedent to interest entitlement*

The Issuer's obligation to make any payment of interest in accordance with this Condition 3 is subject to the condition precedent that no Credit Event Notice has been given on or before the

relevant Interest Payment Date and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to pay interest on the Notes in respect of all or any part of the Interest Period current on the date that is the earlier to occur of (I) the Credit Event Notice Date and (II) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs or in respect of any subsequent period; **provided, however, that**, if "Interest until Credit Event Notice Date" is specified then the Issuer shall pay the interest accrued to, but excluding, the earliest to occur of (i) the Credit Event Notice Date; (ii) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs; (iii) the Scheduled Maturity Date; and (iv) the Maturity Date."

If Floating Rate Note provisions are specified in the relevant Final Terms as being applicable, then Condition 4 (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note Provisions*) will apply with the following amendments:

- (i) existing Condition 4(b) (*Accrual of interest*) shall be amended by the substitution of "Interest conditionally payable" for "Accrual of Interest" in the heading and by the insertion of the words "Subject to Condition 4(k) below," at the beginning; and

- (ii) the following provision shall be included as Condition 4(k):

"4(k) *Condition precedent to interest entitlement*

The Issuer's obligation to make any payment of interest in accordance with Condition 4 is subject to the condition precedent that no Credit Event Notice has been given on or before the relevant Interest Payment Date and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to pay interest on the Notes in respect of all or any part of the Interest Period current on the date that is the earlier to occur of (I) the Credit Event Notice Date and (II) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs or in respect of any subsequent period; **provided, however, that**, if "Interest until Credit Event Notice Date" is specified then the Issuer shall pay the interest accrued to, but excluding, the earliest to occur of (i) the Credit Event Notice Date; (ii) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs; (iii) the Scheduled Maturity Date; and (iv) the Maturity Date."

## Redemption and Purchase

Condition 6 (*Redemption and Purchase*) shall apply with the following amendments:

- (i) The following provision shall be substituted for the existing Condition 6(a):

"6(a) *Final Redemption*

- (i) Subject to Condition 6(a)(ii) below and subject as otherwise set out in the Conditions, the Notes will, unless previously redeemed or purchased and cancelled, be redeemed at their principal amount or such other redemption amount as may be set out in or determined in accordance with the Conditions on the Maturity Date specified in the relevant Conditions.
- (ii) The Issuer's obligation to redeem the Notes in accordance with Condition 6(a)(i) above is subject to the condition precedent that no Credit Event Notice has been given on or before the Maturity Date and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to redeem the Notes in accordance with Condition 6(a)(i) above if, on or before the Maturity Date, a Credit Event Notice has been given. In such circumstances, the only obligations of the Issuer with regard to redemption of the Notes shall be to redeem the Notes in accordance with the provisions set out in Part A and subject to the following provisions of this Condition 6."

- (ii) The following Conditions 6(j), (k), (l), (m), (n), (o) and (p) shall be added to Condition 6 (Condition 6(i) being omitted):

"6(j) *Redemption following the occurrence of a Credit Event*

- (i) Following the occurrence of a Credit Event on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time) and on or prior to the Scheduled Maturity Date, the Issuer may at any time on or before the Notice Delivery Period End Date, and irrespective of whether such Credit Event is continuing and/or any other Credit Event has occurred, give notice thereof to the Noteholders (such notice the "**Credit Event Notice**" and the date on which such notice is given, the "**Credit Event Notice Date**") in accordance with Condition 13 (*Notices*) and Part B of the Conditions. The Issuer shall be under no obligation to give notice of any Credit Event and no delay in giving, or omission to give, notice of any Credit Event shall prejudice the Issuer's right to give notice with respect to such (or any other) Credit Event provided such notice is given no later than on or prior to the Notice Delivery Period End Date.
- (ii) For the avoidance of doubt, the Issuer may give a Credit Event Notice whether or not it has already taken any steps to exercise its option under Condition 6(b) (*Redemption for Taxation Reasons*), and any giving of a Credit Event Notice shall supersede and override any earlier exercise of such option.

If the Issuer gives a Credit Event Notice, and subject as provided in (iii) below:

- (a) the Issuer shall be obliged to redeem the Notes (and shall be obliged to redeem the Notes only) by payment on the Credit Event Redemption Date of the Credit Event Redemption Amount; and
- (b) the Issuer shall not be liable to pay interest on the Notes in respect of all or any part of the Interest Period current at the earlier to occur of (A) the relevant Credit Event Notice Date; (B) the relevant Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs (or, in either case, if such date is on or after the Scheduled Maturity Date, the Interest Period to (but excluding) the Scheduled Maturity Date) nor in respect of any subsequent period, and interest shall be treated as having ceased to accrue accordingly; **provided, however, that**, if "Interest until Credit Event Notice Date " is specified then the Issuer shall pay the interest accrued to, but excluding, the earlier to occur of (I) the Credit Event Notice Date; (II) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs; (III) the Scheduled Maturity Date; and (IV) the Maturity Date.
- (iii) This Condition 6(j)(iii) applies if the Reference Entity Calculation Amount is required to be allocated as contemplated in paragraph (e) of the definition of Successor in Condition 6(o). In such circumstances:
- (a) the Issuer shall be entitled under this Condition 6(j) to give multiple Credit Event Notices, one with respect to each Successor, and where any Credit Event Notice is so given, the conditions precedent to the obligations of the Issuer to pay interest on, and principal of, the Notes shall be treated as unsatisfied only in relation to an amount (the "**Successor Partial Redemption Amount**") of the outstanding principal amount of the Notes equal to the proportion of the Reference Entity Calculation Amount allocated to the relevant Successor;
- (b) where a Credit Event Notice is so given the provisions of this Condition 6 will apply so as to require the Issuer to redeem the Notes in part only on the relevant Cash Settlement Date, by payment of an amount equal to whichever is the greater of (1) the Successor Partial Redemption Amount minus the Cash Settlement Amount and (2) zero, and on payment of such amount (or, if such amount is zero, on the Cash Settlement Date) the outstanding principal amount of the Notes shall be deemed to have been repaid in an amount equal to the

Successor Partial Redemption Amount (which shall be the amount on which interest shall be treated as having ceased to accrue or to accrue (as applicable) as contemplated in (ii) above); and

- (c) save where the full principal amount of the Notes has been so redeemed, the Issuer shall remain entitled notwithstanding any such partial redemption to give one or more further Credit Event Notices with respect to any such Successor or any other Reference Entity in respect of which no Credit Event Notice has been effectively given.
- (iv) This Condition 6(j)(iv) applies if one or more Restructuring Credit Events occurs on or prior to the Scheduled Maturity Date (and whether or not such event is continuing). In such circumstances:
  - (a) the Issuer shall be entitled to redeem the Notes in part only by giving a Credit Event Notice with respect to the relevant Restructuring Credit Event and specifying in such notice (A) that partial redemption only of the Notes is required and (B) the portion of the Reference Entity Calculation Amount (being an amount which is (x) less than the outstanding principal amount of the Notes and (y) at least 1,000,000 units of the currency (or if Japanese Yen, 100,000,000 units) in which the Reference Entity Calculation Amount is denominated or an integral multiple thereof) in respect of which such partial redemption is required (the portion of the Reference Entity Calculation Amount being the "**Partial Redemption Portion**" applicable with respect to such Credit Event Notice); and
  - (b) where a Credit Event Notice is given as contemplated in (a) above:
    - (i) the Reference Entity Calculation Amount in respect of the relevant Reference Entity shall thereafter be deemed reduced by an amount equal to the Partial Redemption Portion of the Reference Entity Calculation Amount immediately preceding the giving of the Credit Event Notice; and
    - (ii) the provisions of this Condition 6 will apply so as to require the Issuer to redeem the Notes in part only on the relevant Cash Settlement Date, by payment of an amount in aggregate equal to whichever is the greater of (1) the Partial Redemption Portion minus the relevant Cash Settlement Amount and (2) zero, and on payment of such amount (or, if such amount is zero, on the relevant Cash Settlement Date) the outstanding principal amount of the Notes shall be deemed to have been repaid in an amount equal to the Partial Redemption Portion.

The Issuer shall be entitled to require such a partial redemption (or a redemption in full of the Notes) with respect to each Restructuring Credit Event which may occur and whether or not a partial redemption has been required in respect of another Restructuring Credit Event. For the avoidance of doubt, the Issuer shall, notwithstanding any such partial redemption having been required in connection with a Restructuring Credit Event, remain entitled to give a Credit Event Notice with respect to any other Credit Event and redeem the Notes in accordance with the provisions of this Condition 6 applicable where a Credit Event Notice has been given."



"6(k) [RESERVED]"

"6(l) *Method for Determining Obligations*

For the purposes of the definition of Obligation in Condition 6(o) the term "**Obligation**" may be defined as each obligation of each Reference Entity described by the specified Obligation Category, and having the specified Obligation Characteristics, if any, in each case, as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice. The following terms shall have the following meanings:

- (1) "**Obligation Category**" means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified, and:
  - (A) "**Payment**" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
  - (B) "**Borrowed Money**" means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
  - (C) "**Reference Obligations Only**" means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
  - (D) "**Bond**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
  - (E) "**Loan**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
  - (F) "**Bond or Loan**" means any obligation that is either a Bond or a Loan.
- (2) "**Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, and:
  - (A) (aa) "**Not Subordinated**" means an obligation that is not Subordinated to (i) the most senior Reference Obligation in priority of payment or (ii) if no Reference Obligation is specified, any unsubordinated Borrowed Money obligations of the Reference Entity; **provided that**, if any of the events set forth under the definition of "Substitute Reference Obligation" has occurred with respect to all of the Reference Obligations or if, pursuant to the definition of "Successor" a Substitute Reference Obligation will be determined in accordance with the definition of "Substitute Reference Obligation" with respect to the Reference Obligation (each, in each case, a "**Prior Reference Obligation**") and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Valuation Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Valuation Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable shall be determined as of the date as of which the relevant Reference Obligation

or Prior Reference Obligation, as applicable, was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date;

(bb) "**Subordination**" means, with respect to an obligation (the "**Subordinated Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**Senior Obligation**"), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "**Subordinated**" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;

- (B) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such (or, if Specified Currency is specified and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be specified collectively as the "**Standard Specified Currencies**");
- (C) "**Not Sovereign Lender**" means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as "Paris Club debt";
- (D) "**Not Domestic Currency**" means any obligation that is payable in any currency other than the Domestic Currency;
- (E) "**Not Domestic Law**" means any obligation that is not governed by the laws of (1) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (2) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;
- (F) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (G) "**Not Domestic Issuance**" means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

If the Obligation Characteristic "Listed" is specified, the Conditions shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if bonds are covered by the selected Obligation Category.

In the event that an Obligation is a Qualifying Guarantee, the following will apply:

- (1) For purposes of the application of the Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
- (2) For purposes of the application of the Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the specified applicable Obligation Characteristics, if any, from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (3) For purposes of the application of the Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the specified applicable Obligation Characteristics, if any, from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (4) For purposes of the application of the Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor."

"6(m) *Method for Determining Valuation Obligations*

For the purpose of the definition of Valuation Obligation in Condition 6(o) the term "**Valuation Obligation**" may be defined as each obligation of each Reference Entity described by the specified Valuation Obligation Category, and having each of the specified Valuation Obligation Characteristics, if any, as of the Valuation Date subject as provided below. The following terms shall have the following meanings:

- (1) "**Valuation Obligation Category**" means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in Condition 6(l)(i)(1), except that, for the purpose of determining Valuation Obligations, Condition 6(l)(i)(1)(C) shall be amended to state that no Valuation Obligation Characteristics shall be applicable to Reference Obligations Only).
- (2) "**Valuation Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, and:
  - (A) "**Not Contingent**" means any obligation having as of the Valuation Date and all times thereafter an outstanding principal balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall satisfy the Not Contingent Valuation Obligation Characteristic if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (1) to convert or exchange such obligation or (2) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Valuation Date;

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Valuation Obligation only if the rights referred to in (1) and (2) above of this Condition 6(m)(i)(2)(A) have not been exercised (or such exercise has been effectively rescinded) on or before the Valuation Date;

- (B) "**Assignable Loan**" means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (C) "**Consent Required Loan**" means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (D) "**Direct Loan Participation**" means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of a third party, that provides such party with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between the relevant third party or its designee and either (x) the Issuer or its designee (to the extent the Issuer or such designee is then a lender or a member of the relevant lending syndicate), or (y) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);
- (E) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction **provided that** none of the following shall be considered contractual, statutory or regulatory restrictions:
  - (x) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
  - (y) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
- (F) "**Maximum Maturity**" means an obligation that has a remaining maturity from the Cash Settlement Date of not greater than the period specified;
- (G) "**Accelerated or Matured**" means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Valuation Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
- (H) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream, Luxembourg or any other internationally recognised clearing system.

If the Obligation Characteristic "Listed" is specified, the Conditions shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category.

If (a) either of the Valuation Obligation Characteristics "Listed" or "Not Bearer" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Valuation Obligation Category; (b) the Valuation Obligation Characteristic "Transferable" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Valuation Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Valuation Obligation Category); or (c) any of the Valuation Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Valuation Obligation Category;

If any of Payment, Borrowed Money, Loan, or Bond or Loan is specified as the Valuation Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Valuation Obligation Characteristics, the Valuation Obligations may include any Loan that satisfies any one of such Valuation Obligation Characteristics specified and need not satisfy all such Valuation Obligation Characteristics; and

In the event that a Valuation Obligation is a Qualifying Guarantee, the following will apply:

- (1) For purposes of the application of the Valuation Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
- (2) For purposes of the application of the Valuation Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the specified applicable Valuation Obligation Characteristics, if any, from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (3) For purposes of the application of the Valuation Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the specified applicable Valuation Obligation Characteristics, if any, from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (4) For purposes of the application of the Valuation Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (5) The terms "outstanding principal balance" and "Due and Payable Amount" (as they are used in various other Conditions), when used in connection with Qualifying Guarantees are to be interpreted to be the then "outstanding principal balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee."

"6(n) *Restructuring Maturity Limitation and Modified Restructuring Maturity Limitation*

If "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and

Restructuring is the only Credit Event specified in a Credit Event Notice, then a Valuation Obligation may be included in the Portfolio only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date.

If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Valuation Obligation may be included in the Portfolio only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date."

"6(o) *Credit-Linked Note Definitions*

**"Accreted Amount"** means, with respect to an Accreting Obligation, an amount equal to (i) the sum of (a) the original issue price of such obligation and (b) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (ii) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (i)(b) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Valuation Date. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent) only if "Include Accrued Interest" is specified as being applicable. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such obligation's yield to maturity is not specified in, nor implied from, the terms of such obligation, then, for purposes of (i)(b) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (1) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (2) the relevant Valuation Date. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable;

**"Accreting Obligation"** means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (i) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (ii) periodic cash interest is also payable. With respect to any Accreting Obligation, "outstanding principal balance" shall mean the Accreted Amount thereof.

**"Affiliate"** means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, **"control"** of any entity or person means ownership of a majority of the voting power of the entity or person.

**"Auction"** has the meaning set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Cancellation Date"** means the date on which an Auction is deemed to be cancelled pursuant to the Transaction Auction Settlement Terms with respect to the relevant Reference Entity.

**"Auction Covered Transaction"** has the meaning set forth in the Transaction Auction Settlement Terms.

**"Auction Final Price"** means the price, if any, specified to be the Auction Final Price in the Transaction Auction Settlement Terms with respect to the Reference Entity (expressed as a percentage) or, in the case of a Restructuring Credit Event in respect of which the Movement

Option was exercised on or prior to the Movement Option Cut-Off Date, the price, if any, specified to be the Auction Final Price in the Parallel Auction Settlement Terms with respect to the Reference Entity (expressed as a percentage).

**"Auction Final Price Determination Date"** means the day, if any, on which the Auction Final Price is determined pursuant to the Transaction Auction Settlement Terms with respect to the Reference Entity.

**"Auction Settlement Date"** means the date that is the number of Business Days specified in the Transaction Auction Settlement Terms (or, if a number of Business Days is not so specified, five Business Days) immediately following the Auction Final Price Determination Date.

**"Bankruptcy"** means a Reference Entity (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes or has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (a) results in a judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (b) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (i) to (vii) above (inclusive) of this definition of Bankruptcy.

**"Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified and such other days as may be specified.

**"Business Day Convention"** means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term "Business Day Convention" and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:

- (1) if "Following" is specified, that date will be the first following day that is a Business Day;
- (2) if "Modified Following" or "Modified" is specified, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and
- (3) if "Preceding" is specified, that date will be the first preceding day that is a Business Day.

**"Cash Settlement Amount"** means the amount specified as such (or, if the same is allocated as contemplated in paragraph (e) of the definition of Successor in Condition 6(o), the proportion thereof allocated to the relevant Successor) or, if an amount is not specified, the greater of (a) the Reference Entity Calculation Amount multiplied by the difference between the Reference Price and the Auction Final Price (or the Final Price, if the Fallback Settlement Method applies) and (b) zero; **provided, however, that**, if "Deduct Hedging Costs" is specified then the Issuer shall

increase the Cash Settlement Amount otherwise determined hereunder by an amount equal to the Hedging Costs.

**"Cash Settlement Date"** means the Credit Event Redemption Date.

**"Conditionally Transferable Obligation"** means a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Valuation Obligation other than Bonds, **provided, however, that** a Valuation Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Valuation Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Valuation Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Valuation Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Valuation Obligation shall not be considered to be a requirement for consent for purposes of this definition of Conditionally Transferable Obligation.

For purposes of determining whether a Valuation Obligation satisfies the requirements of the definition of Conditionally Transferable Obligation, such determination shall be made as of the Valuation Date, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents obtained.

**"Convertible Obligation"** means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**"Credit Derivatives Auction Settlement Terms"** means any Credit Derivatives Auction Settlement Terms published by ISDA, in accordance with the Rules, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time in accordance with the Rules.

**"Credit Derivatives Determinations Committees"** means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions, as more fully described in the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the **"Rules"**).

**"Credit Event"** means the occurrence of one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, as specified, as determined by the Issuer or the Calculation Agent in its sole and absolute discretion (save that such determination shall be confirmed by Publicly Available Information). If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon: (i) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, any Underlying Obligor to enter into any Underlying Obligation, (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described, (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described or (iv) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Credit Event Backstop Date"** means either (a) 60 calendar days prior to the Credit Event Resolution Request Date (if any) or (b) otherwise, the date that is 60 calendar days prior to the earlier of (i) the Credit Event Notice Date and (ii) in circumstances where (A) the conditions to



convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (C) the Credit Event Notice is effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**"Credit Event Redemption Date"** means, if an Auction Final Price Determination Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, a Parallel Auction Final Price Determination Date occurs, the fifth Business Day following the later of the Auction Settlement Date or the Parallel Auction Settlement Date (as applicable) and the relevant Credit Event Notice Date, **provided that if:**

- (1) an Auction Cancellation Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, a Parallel Auction Cancellation Date occurs;
- (2) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to sub-paragraph (b) of such definition, the Issuer has not exercised the Movement Option);
- (3) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine (A) whether or not an event constitutes a Credit Event with respect to the Reference Entity or Obligation thereof nor (B) the date of the occurrence of such event;
- (4) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that an event constitutes a Credit Event with respect to the Reference Entity or Obligation thereof and the date of the occurrence of such event and the Issuer determines in its sole and absolute discretion that a Reference Transaction would be settled in accordance with the Fallback Settlement Method; or
- (5) no Credit Event Resolution Request Date has occurred on or prior to the first Business Day prior to the Valuation Date,

the Credit Event Redemption Date shall be the tenth Business Day following the Valuation Date (or the Backup Valuation Date, as applicable) and the Issuer shall determine the Final Price in accordance with the Settlement Method set out in Schedule 1 (the **"Fallback Settlement Method"**).

**"Credit Event Resolution Request Date"** means, with respect to a notice to ISDA, delivered in accordance with the ISDA Credit Derivatives Determinations Committee Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (1) whether an event that constitutes a Credit Event has occurred with respect to the Reference Entity or Obligation thereof; and
- (2) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

the date, as publicly announced by ISDA to be the date that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the ISDA Credit Derivatives Determinations Committee Rules, of Publicly Available Information with respect to the DC Resolutions referred to in sub-clauses (a) and (b) above.

**"Currency Amount"** means, whenever an amount is denominated in a currency other than the Settlement Currency and is to be determined under these Conditions by reference to a Currency Amount, such amount converted to the relevant Settlement Currency using the Currency Rate.

**"Currency Rate"** means, whenever so required to be determined the rate for conversion of the currency of the Valuation Obligation into the Settlement Currency determined by the Calculation Agent, as of the Valuation Date, in its sole discretion.

**"DC Resolution"** has the meaning given to that term in the Rules.

**"Default Requirement"** means the amount specified as such or its equivalent in the relevant Obligation Currency, or if no amount is so specified, USD10,000,000 or its equivalent in the relevant Obligation Currency in either case as of the occurrence of the relevant Credit Event.

**"Deliverable Obligation Provisions"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**"Deliverable Obligation Terms"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**"Domestic Currency"** means the currency specified as such and any successor currency. If no currency is so specified, the Domestic Currency shall be the lawful currency and any successor currency of (i) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (ii) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

**"Downstream Affiliate"** means an entity whose outstanding Voting Shares were, at the date of the issuance of the Qualifying Guarantee, more than 50 percent owned, directly or indirectly, by the Reference Entity.

**"Due and Payable Amount"** means the amount that is due and payable under (and in accordance with the terms of) a Valuation Obligation as of the relevant Valuation Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

**"Eligible Reference Entity"** means an entity that is in the same Moody's, S&P or Additional Rating Agency industry group (the **"Industry Requirement"**) as the relevant Surviving Reference Entity, where:

**"Moody's"** means Moody's Investors Service, Inc.;

**"S&P"** means Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc; and

**"Additional Rating Agency"** means any rating agency selected by the Issuer in its sole discretion.

**"Eligible Transferee"** means:

any

- (i) bank or other financial institution;
- (ii) an insurance or reinsurance company;
- (iii) a mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in (iii)(a) below); and
- (iv) a registered or licensed broker or dealer (other than a natural person or proprietorship);

provided, however, in each case that such entity has total assets of at least USD500,000,000;

- (v) an Affiliate of an entity specified in (i) above;
- (vi) each of a corporation, partnership, proprietorship, organisation, trust or other entity
  - (1) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (A) has total assets of at least USD100,000,000 or (B) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least USD100,000,000; or
  - (2) that has total assets of at least USD500,000,000; or
  - (3) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in (i), (ii), (iii)(b) above or (iv) below; or
- (vii) a Sovereign, Sovereign Agency or Supranational Organisation

(all references in this definition to USD including equivalent amounts in other currencies).

**"Enabling Obligation"** means an outstanding Valuation Obligation that is (a) a Fully Transferable Obligation or a Conditionally Transferable Obligation, as applicable, and (b) has a final maturity date occurring on or prior to the Scheduled Maturity Date and following the Limitation Date immediately preceding the Scheduled Maturity Date (or in circumstances where the Scheduled Maturity Date occurs prior to the 2.5-year Limitation Date, following the final maturity date of the Latest Maturity Restructured Bond or Loan, if any).

**"Equity Securities"** means:

- (1) in the case of a Convertible Obligation, equity securities (including options or warrants) of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and
- (2) in the case of an Exchangeable Obligation, equity securities (including options or warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time.

**"Exchangeable Obligation"** means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holder of such obligation). With respect to any Exchangeable Obligation that is not an Accreting Obligation, "outstanding principal balance" shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**"Excluded Obligation"** means any obligation of a Reference Entity specified as such (if any are so specified).

**"Excluded Valuation Obligation"** means any obligation of a Reference Entity specified as such (if any are so specified).

**"Exercise Cut-off Date"** means:

- (a) with respect to a Credit Event which is a Restructuring for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified

Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and:

- (i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is five Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules; or
- (ii) a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of No Auction Announcement Date, the date that is 21 calendar days following such No Auction Announcement Date; or
- (b) with respect to a Credit Event which is a Restructuring for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, either:
  - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
  - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
  - (iii) the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

**"Extended Maturity Date"** has the meaning ascribed thereto in Part A.

**"Extension Date"** means the latest of (a) the Scheduled Maturity Date, (b) the Grace Period Extension Date if (i) Grace Period Extension is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (c) the Repudiation /Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in sub-paragraph (b) of the definition of Repudiation/Moratorium occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Repudiation/Moratorium Extension Condition is satisfied.

**"Failure to Pay"** means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure.

**"Fallback Settlement Method"** has the meaning given in the definition of Credit Event Redemption Date.

**"Final Price"** means a price determined in accordance with Schedule 1 to the Final Terms.

"**Final List**" has the meaning given to such term in the Rules.

"**Full Quotation**" means each firm bid quotation obtained from a selected dealer for an amount of the Valuation Obligation equal to the Quotation Amount.

"**Fully Transferable Obligation**" means a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Valuation Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Valuation Obligation shall not be considered to be a requirement for consent for the purposes of this definition. For purposes of determining whether a Valuation Obligation satisfies the requirements of this definition, such determination shall be made as of the Valuation Date for the Valuation Obligation, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents which have been obtained by the Issuer.

"**GBP**" means the lawful currency of the United Kingdom of Great Britain and Northern Ireland;

"**Governmental Authority**" means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

"**Grace Period**" means with respect to an Obligation the lesser of (i) the applicable grace period with respect to payments under the terms of such Obligation in effect as of the date as of which such obligation is issued or incurred and (ii) a period of thirty calendar days.

"**Grace Period Extension Date**" means, with respect to any Potential Failure to Pay, the date that is the number of days constituting the relevant Grace Period after the date of the commencement of such Potential Failure to Pay.

"**Hedging Costs**" means an amount equal to the aggregate costs to the Issuer and/or its affiliates (if any) of terminating, transferring, liquidating, obtaining or re-establishing in whole or in part any swap agreement, financing arrangement or other hedging transaction entered into by or on behalf of the Issuer in relation to the issuance of the Notes, as determined by the Issuer in its sole and absolute discretion.

"**ISDA**" means the International Swaps and Derivatives Association, Inc.

"**Limitation Date**" means the first of 20 March, 20 June, 20 September or 20 December in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the "**2.5-year Limitation Date**"), 5 years (the "**5-year Limitation Date**"), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the "**20 year Limitation Date**"), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention.

"**Modified Eligible Transferee**" means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

"**Modified Restructuring Maturity Limitation Date**" means, with respect to a Valuation Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date **provided that**, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. If the Scheduled Maturity Date is later than the 2.5-year Limitation Date and prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Maturity Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only. Subject to the foregoing, in the event that the Scheduled Maturity Date is later than (A) the 2.5-year Limitation Date and no

Enabling Obligation exists or (B) the 20-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

**"Movement Option"** means with respect to a Restructuring Credit Event for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified to be applicable in the Standard Terms with respect to the relevant Reference Entity and with respect to which a No Auction Announcement Date has occurred (in accordance with paragraph (b) of such definition), the option of the Issuer (to be exercised in its sole and absolute discretion) to apply to the Notes, for the purposes of determining the Credit Event Redemption Amount, the Parallel Auction Settlement Terms, if any. In order to exercise the Movement Option in the manner set out above, the Issuer must deliver an effective Notice to Exercise Movement Option to the Noteholders in accordance with Condition 13 (*Notices*) of the Notes on or prior to the Movement Option Cut-off Date. If no effective Notice to Exercise Movement Option is delivered by the Issuer to the Noteholders on or prior to the Movement Option Cut-off Date, the Notes will be settled in accordance with the Fallback Settlement Method.

**"Movement Option Cut-off Date"** means the date that is one Business Day prior to the Auction Date.

**"Multiple Holder Obligation"** means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event, is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which constitutes a Restructuring Credit Event **provided that** any Obligation that is a Bond shall be deemed to satisfy the requirements in (ii) of this definition of Multiple Holder Obligation.

**"No Auction Announcement Date"** means, with respect to a Credit Event, the date on which ISDA first publicly announces that (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published; (b) following the occurrence of a Restructuring in respect of which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified to be applicable in the Standard Terms with respect to the relevant Reference Entity, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary.

**"Notice Delivery Period End Date"** has the meaning ascribed thereto in Part A.

**"Notice to Exercise Movement Option"** means, where (a) either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable in the Standard Terms with respect to the relevant Reference Entity and (b) the Fallback Settlement Method would otherwise be applicable pursuant to the Auction Settlement provisions, an irrevocable notice from the Issuer to the Noteholders in accordance with Condition 13 (*Notices*) of the Notes that (i) specifies the Parallel Auction Settlement Terms applicable in accordance with the definition of Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

**"Obligation"** means (i) any obligation of a Reference Entity (either directly or as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee) determined pursuant to the method described in Condition 6(l) (but excluding any Excluded Obligation), (ii) each Reference Obligation, unless specified as an Excluded Obligation, and (iii) any other obligation of a Reference Entity specified as such.

**"Obligation Acceleration"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of

default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Obligation Currency"** means the currency or currencies in which an Obligation is denominated.

**"Obligation Default"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Parallel Auction"** means "Auction" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Cancellation Date"** means "Auction Cancellation Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Final Price Determination Date"** means the Auction Final Price Determination Date as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Date"** means "Auction Settlement Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Terms"** means, following the occurrence of a Restructuring where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions applicable to the Reference Transaction.

**"Permissible Deliverable Obligations"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included in the Final List pursuant to the Deliverable Obligation Terms applicable to the relevant Auction.

**"Payment Requirement"** means the amount specified as such or its equivalent in the relevant Obligation Currency, or if Payment Requirement is not so specified, USD1,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**"Portfolio"** means a portfolio of one or more Valuation Obligations with (i) in the case of Valuation Obligations that are Borrowed Money obligations, an outstanding principal balance (including (if Included Accrued Interest is specified) or excluding (if Exclude Accrued Interest is specified) accrued but unpaid interest as determined by the Issuer or the Calculation Agent acting in a commercially reasonable manner) or (ii) in the case of Valuation Obligations that are not Borrowed Money obligations, a Due and Payable Amount (or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount) (the **"Valuation Obligation Calculation Amount"**), which in aggregate shall not exceed the Reference Entity Calculation Amount (or, if a partial redemption is designated in respect of a Restructuring Credit Event, the relevant Partial Redemption Portion) as of the relevant Valuation Date), which is identified by the Issuer to the Calculation Agent not later than the third Business Day immediately preceding the relevant Valuation Date, **provided that** such Portfolio may be amended by the Issuer at the Issuer's discretion up to one Business Day prior to the Valuation Date.

**"Potential Failure to Pay"** means, in the sole and absolute determination of the Issuer, the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations without regard to any grace period or any conditions precedent to the commencement of any grace period

applicable to such Obligations in accordance with the terms of such Obligations at the time of such failure.

**"Potential Repudiation/Moratorium"** means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

**"Publicly Available Information"** means information that reasonably confirms any of the facts relevant to the determination that the Credit Event has occurred and which (i) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information; **provided that**, if the Issuer or the Calculation Agent or any of its respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless the Issuer or the Calculation Agent or its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (ii) is information received from or published by (a) a Reference Entity (or a Sovereign Agency in respect of a Reference Entity which is a Sovereign) or (b) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (iv) of the definition of Bankruptcy above against or by a Reference Entity or (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.

In relation to any information of the type described in (ii), (iii) or (iv) above, the Issuer and the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.

Publicly Available Information need not state (a) in relation to the definition of Downstream Affiliate above, the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity and (b) that such occurrence (1) has met the Payment Requirement or Default Requirement, (2) is the result of exceeding any applicable Grace Period or (3) has met the subjective criteria specified in certain Credit Events.

**"Public Source"** means each source of Publicly Available Information specified as such (or, if a source is not so specified, each of Bloomberg Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

**"Qualifying Affiliate Guarantee"** means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

**"Qualifying Guarantee"** means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **"Underlying Obligation"**) for which another party is the obligor (the **"Underlying Obligor"**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment).

**"Qualifying Participation Seller"** means any participation seller that meets the requirements specified. If no such requirements are specified, there shall be no Qualifying Participation Seller.



**"Reference Entity Calculation Amount"** has the meaning given to it in Schedule 1 to the Final Terms.

**"Reference Price"** means the percentage specified or, if a percentage is not specified, one hundred percent.

**"Reference Transaction"** means a hypothetical credit derivative transaction (a) for which the Deliverable Obligation Terms and the Reference Obligation are (i) the same as the terms applicable for determining Valuation Obligations (the **"Valuation Obligation Terms"**) and the Reference Obligation specified in respect of the Notes or (ii) if and to the extent Valuation Obligation Terms and/or the Reference Obligation are not specified, the Deliverable Obligation Terms and Reference Obligation determined by the Calculation Agent in a commercially reasonable manner to be appropriate in respect of a credit derivative transaction linked to the relevant Reference Entity, (b) with a Scheduled Termination Date matching the Scheduled Maturity Date of the Notes and (c) otherwise having such other characteristics as the Calculation Agent may in its sole discretion determine appropriate by reference to, without limitation, the Issuer's hedging arrangements and/or any credit derivative elections made in relation to the Notes.

**"Relevant City Business Day"** has the meaning given to that term in the Rules.

**"Replacement Reference Entity"** means, with respect to a Surviving Reference Entity, an Eligible Reference Entity selected by the Issuer in its sole and absolute discretion and notified as soon as reasonably practicable to the Noteholders in accordance with Condition 13.

**"Repudiation/Moratorium"** means (a) an authorised officer of a Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement and (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation Moratorium Evaluation Date.

**"Repudiation/Moratorium Evaluation Date"** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date, of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium **provided that**, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied.

**"Repudiation/Moratorium Extension Condition"**. The Repudiation/Moratorium Extension Condition is satisfied if (i) ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium for the purposes of the Reference Transaction has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) or (ii) otherwise, by the delivery of the Issuer to the Noteholders of a Repudiation/Moratorium Extension Notice and a Notice of Publicly Available Information in accordance with Condition 13 (*Notices*), in each case that are effective on or prior to the Business Day following the date that is fourteen calendar days after the Scheduled Maturity Date. In all

cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium for purposes of the Reference Transaction with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium for purposes of the Reference Transaction has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan, Tokyo time)).

**"Repudiation/Moratorium Extension Notice"** means an irrevocable notice from the Issuer to the Noteholders delivered in accordance with Condition 13 (*Notices*) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign)). A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

**"Resolve"** has the meaning given to that term in the Rules, and "Resolved" and "Resolves" shall be interpreted accordingly.

**"Restructured Bond or Loan"** means an Obligation which is a Bond or Loan and in respect of which a Restructuring that is the subject of a Credit Event Notice has occurred.

**"Restructuring"**

(a) **"Restructuring"** means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of (i) the Credit Event Backstop Date and (ii) the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (iii) a postponement or other deferral of a date or dates for either (a) the payment or accrual of interest or (b) the payment of principal or premium;
- (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency ("**Permitted Currency**" meaning (a) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership); or (b) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or

higher assigned to it by Standard & Poor's, a division of the McGraw Hill Companies, Inc or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof).

- (b) Notwithstanding the provisions of (a) above, none of the following shall constitute a Restructuring:
  - (i) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
  - (ii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
  - (iii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.
- (c) Unless Multiple Holder Obligation is specified as not applicable then, notwithstanding anything to the contrary in this definition of Restructuring, the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.
- (d) For purposes of (a), (b) and (c) above, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in (a) above shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in (b) above shall continue to refer to the Reference Entity.

**"Restructuring Date"** means, with the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Restructuring Maturity Limitation Date"** means with respect to a Valuation Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, **provided that**, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **"Latest Maturity Restructured Bond or Loan"**) and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan. In the event that the Scheduled Maturity Date is later than (a)(i) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (ii) the 2.5-year Limitation Date, and, in either case, no Enabling Obligation exists or (b) the 20-year Limitation Date, the Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

**"Scheduled Maturity Date"** has the meaning ascribed thereto in Part A.

**"Settlement Currency"** means the currency specified or, if no currency is so specified, the currency of denomination of the Reference Entity Calculation Amount.

**"Sovereign"** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof.

**"Sovereign Agency"** means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

**"Sovereign Restructured Valuation Obligation"** means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the specified Valuation Obligation Category and, subject to Condition 6(m)(iv), having each of the specified Valuation Obligation Characteristics, if any, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Valuation Obligation Category or Valuation Obligation Characteristics after such Restructuring.

**"specified"** means, unless otherwise provided, as specified in Schedule 1 to the Final Terms relating to the Notes and/or in the applicable Standard Terms.

**"Substitute Reference Obligation"** means one or more obligations of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that (i) a Reference Obligation is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortization or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (i) ranks *pari passu* in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date) and (ii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to one or more but not all of the Reference Obligations for such Reference Entity, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to all of the Reference Obligations for such Reference Entity, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall

be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.

- (e) If (i) more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to all the Reference Obligations of such Reference Entity and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations of such Reference Entity, or (ii) only one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under sub-section (a) of this definition of Substitute Reference Obligation has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the latest of the Maturity Date and the Grace Period Extension Date (if any).
- (f) For purposes of identification of a Reference Obligation, any change in a Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

"**Successor**" shall have the meaning determined in accordance with the following provisions:

- (a) In relation to a Reference Entity that is not a Sovereign, "**Successor**" means, subject to (j) below), the entity or entities, if any, determined as set forth below:
  - (i) if one entity directly or indirectly succeeds to 75 per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
  - (ii) if only one entity directly or indirectly succeeds to more than 25 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor;
  - (iii) if more than one entity each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will each be a Successor and (e) below will apply;
  - (iv) if one or more entities each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will be a Successor and (e) below will apply;
  - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
  - (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed

to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 14 calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable **provided that** the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in (a) above, and subparagraphs (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information.

- (b) **"Succession Event"** means an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, "Succession Event" shall not include any event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date (determined by reference to Greenwich Mean Time).
- (c) For purposes of interpreting this definition of Successor **"succeed"** means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to (a) above shall be made, in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged.
- (d) Where (i) a Reference Obligation has been specified with respect to a Reference Entity, (ii) one or more Successors to the Reference Entity have been identified and (iii) any one or more such Successors have not assumed the Reference Obligation, a Substitute Reference Obligation will be determined in accordance with the definition of Substitute Reference Obligation above.
- (e) Where, pursuant to (a)(iii) or (iv) above, more than one Successor has been identified then, subject to (j) below:
  - (i) each Successor will be treated as a Reference Entity;

- (ii) the Reference Entity Calculation Amount in respect of each Successor will be the Reference Entity Calculation Amount divided by the number of Successors and update Schedule 2 of the Final Terms accordingly;
  - (iii) the provisions of Condition 6(j)(iii) shall apply; and
  - (iv) the Conditions will otherwise continue to apply except to the extent that modification is required, as determined by the Calculation Agent, to preserve the economic effects of the original Conditions. The Calculation Agent will determine the Reference Obligation, Seniority and Transaction Type in its sole discretion in respect of each Successor.
- (f) **"Relevant Obligations"** means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.
- (g) **"Best Available Information"** means:
  - (i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information or, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of Successor, other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
  - (ii) in the case of a Reference Entity which does not file with its primary securities regulator or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of Successor.
- (h) Information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information.
- (i) In relation to a Sovereign Reference Entity, **"Successor"** means any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.
- (j) Subject to paragraph (k) below, where any Reference Entity (a **"Surviving Reference Entity"**) (other than the Reference Entity which is the subject of the Succession Event) is a Successor to any Reference Entity (the **"Legacy Reference Entity"**), then such Surviving Reference Entity shall be deemed to be specified as a Reference Entity once only and the Reference Entity Calculation Amount in respect of such Reference Entity shall be the sum of the Reference Entity Calculation Amount applicable to that Reference Entity immediately prior to the Succession Event and the relevant portion of

the Reference Entity Calculation Amount of the Legacy Reference Entity as provided in paragraph (e) above;

- (k) If Substitution is specified as applicable, where any Reference Entity (a "**Surviving Reference Entity**") (other than the Reference Entity which is the subject of the Succession Event) would otherwise be a Successor to any other Reference Entity (the "**Legacy Reference Entity**") pursuant to the foregoing provisions then, at the election of the Issuer at any time:
- (i) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and
  - (ii) the Replacement Reference Entity selected by the Issuer shall be deemed to be a Successor to the Legacy Reference Entity pursuant to that Succession Event from and including the legally effective date of the Succession Event. The Standard Terms applicable to such Replacement Reference Entity shall be the then current standard terms applicable to such Replacement Reference Entity as at the day it is selected by the Issuer.

**"Succession Event Backstop Date"** means (i) the date that is 90 calendar days prior to the Succession Event Resolution Request Date (if any) (determined by reference to Greenwich Mean Time) or (ii) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Calculation Agent determines that a Succession Event has occurred and (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of "Succession Event Resolution Request Date" are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Calculation Agent determines that a Succession Event has occurred not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**"Succession Event Resolution Request Date"** means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Succession Event has occurred with respect to the relevant Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the legally effective date of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

**"Supranational Organisation"** means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

**"TARGET"** means the Trans-European Automated Real-time Gross settlement Express Transfer System.

**"Transaction Auction Settlement Terms"** means, with respect to a Credit Event, the Credit Derivatives Auction Settlement Terms for which the Reference Transaction would be an Auction Covered Transaction.

**"USD"** means the lawful currency of the United States of America.



**"Valid Credit Event Resolution Request Date"** means a Credit Event Resolution Request Date which occurs on or prior to the 14th calendar day after the Extension Date (including prior to the Trade Date), **provided that** the Trade Date occurs on or prior to the Auction Final Price Determination Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, the Parallel Auction Final Price Determination Date (as applicable), the Auction Cancellation Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, the Parallel Auction Cancellation Date (as applicable), or the date that is 21 calendar days following the No Auction Announcement Date.

**"Valuation Date"** means the date specified as such in accordance with the applicable Settlement Method.

**"Valuation Obligation"** means, subject to Condition 6(n):

- (i) any obligation of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee determined pursuant to the method described in Condition 6(m) (but excluding any Excluded Valuation Obligation) that (A) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (B) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) in the definition of Credit Event above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor and (C) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Valuation Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being valued apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
- (ii) subject to the second paragraph of the definition of Not Contingent in Condition 6(m)(i)(2)(A), each Reference Obligation, unless specified as an Excluded Valuation Obligation;
- (iii) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Valuation Obligation (but excluding any Excluded Valuation Obligation) that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) of the definition of Credit Event above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Valuation Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being valued apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (iv) any other obligation of a Reference Entity specified as a Valuation Obligation.

**"Voting Shares"** means those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**"Weighted Average Quotation"** means the weighted average of firm quotations obtained from selected dealers, each for an amount of the Valuation Obligation of as large a size as available but less than the Valuation Obligation Calculation Amount."

"6(p) *Determinations by the Calculation Agent and Calculation Agent Free to Deal in Notes etc*

- (i) Whenever any matter falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Calculation Agent or such other person, as the case may be, acting in good faith and in a reasonably commercial manner. The Calculation Agent shall not be liable for any loss, liability, cost, claim, action, demand or expense (including without limitation, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) arising out of or in relation to or in connection with its appointment or the exercise of its functions, except such as may result from its own wilful default, negligence or bad faith or that of its officers or agents.
- (ii) Nothing contained herein shall prevent the Calculation Agent from dealing in the Notes or from entering into any related transactions, including without limitation any swap or hedging transactions, with the Issuer (or any of its respective Affiliates) or any holder of the Notes (or any of its Affiliates)."

#### **Meetings of Noteholders, Modification and Substitution**

Condition 15 (*Meetings of Noteholders, Modification and Substitution*) shall be amended by:

- (1) inserting "; or" after the reference to "Notes" in the last line of sub-paragraph (c) and inserting thereafter the following as a new sub-paragraph (d):

"(d) to any modification of the Notes after the Issue Date required in connection with the listing of the Notes on any stock exchange"; and

- (2) inserting the following additional paragraph before the paragraph beginning with "The Issue Agent and the Issuer may also agree":

"The Calculation Agent may from time to time amend any provision of these Conditions to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent and the Issuer determine in a commercially reasonable manner are necessary to reflect market practice for credit derivative transactions."

**PRO FORMA FINAL TERMS FOR CREDIT-LINKED NOTES (SINGLE NAME – UNLEVERAGED)**

*Set out below is the form of Final Terms which will be completed for each Tranche of Credit-Linked Notes (Single name – Unleveraged) issued under the Programme.*

*(When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.)*

The terms and conditions of Credit-Linked Notes shall consist of the "Terms and Conditions of the Notes" set out in "Part B – Information about the Notes Generally" and "Part I – Additional Terms and Conditions relating to Credit-Linked Notes (Single Name-Unleveraged)" of this Base Prospectus (the "**Base Conditions**") as amended or supplemented by the terms set out in the Final Terms (including the Schedules thereto) (the "**Final Terms**"), substantially in the form which is set out below (terms used in such provisions being deemed to be defined as such for the purposes of this Base Prospectus).

[Notes issued pursuant to these Final Terms are securities to be listed under Listing Rule [17/19]<sup>1</sup>.]

**FINAL TERMS**

Final Terms dated [ ]  
Series No.: [ ]  
Tranche No.: [ ]

**HSBC Bank plc**

**Programme for the Issuance of Notes and Warrants**

**Issue of**

**[Aggregate Principal Amount of Tranche]**

**[Title of Notes] due [•]**

**[(to be consolidated and form a single series with the existing [Insert details of existing Tranche(s)]) issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

**Linked to [name of Reference Entity]**

**PART A – CONTRACTUAL TERMS**

This document constitutes the Final Terms relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme which [together with the supplemental prospectus(es) dated [•]] constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>2</sup>.

[If these Final Terms indicate that they relate to an issue of Certificates, then all references herein and in the Prospectus to Notes shall be deemed to be references to "Certificates" for the purposes of this Issue.]

<sup>1</sup> *To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securitised derivatives. Notes which include an element of principle protection will generally be eligible for listing under Listing Rule 17 but in some circumstances will be eligible for listing under Listing Rule 19.*

<sup>2</sup> *Only for Notes which are publicly offered and admitted to trading on a regulated market.*

[This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus.]<sup>3</sup> Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus is available for viewing at [address] [and] [website] and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions (the "**Conditions**"), which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Notes. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>4</sup> and must be read in conjunction with the Base Prospectus dated 19 June 2012 which [together with and the supplemental prospectus[es] dated [ ]], constitute[s] a [base] prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive]<sup>5</sup>. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus. The Prospectus and the Conditions are available for viewing during normal business hours at [address] [and] [website] and copies may be obtained from [address].

[For Notes offered and sold in the United States of America include:

#### IMPORTANT NOTICES

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("**RSA 421-B**") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

<sup>3</sup> Only for Notes which are publicly offered and admitted to trading on a regulated market.

<sup>4</sup> Only for Notes which are publicly offered and admitted to trading on a regulated market.

<sup>5</sup> Only for Notes which are publicly offered and admitted to trading on a regulated market.

## AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

**It is advisable that prospective investors considering acquiring any Notes understand the risks of transactions involving the Notes and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "Risk Factors" in the Prospectus.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

1. (i) Issuer: HSBC Bank plc
- (ii) Arranger: HSBC Bank plc
2. (i) Series number: NWP [ ]
- (ii) [Tranche number: [ ]
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]
- (iii) Whether issue is of Notes or Certificates: [Notes/Certificates] (if the issue is of Certificates, all references in these Final Terms and in the Prospectus to Notes shall be deemed to be "Certificates for the purposes of this issue")
3. Specified Currency or currencies:
- (i) of denomination: [ ]
- (ii) of payment [ ]
4. Aggregate Principal Amount [of Notes admitted to trading]<sup>6</sup>: [ ]
- [(i) Series:] [ ]
- [(ii) Tranche:] [ ]
5. (i) Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from *[interest date]*][*In the case of fungible interest-bearing issues only, if*

<sup>6</sup> Delete for debt securities with a denomination per unit of less than EUR 100,000.

*applicable]*

- (ii) Commission payable: [☐ ] per cent/None]
- (iii) Selling concession: [☐ ] per cent/None]
- 6. (i) Denomination(s): [☐ ]  
(Condition 1(b))
- (ii) Calculation Amount<sup>7</sup>: [☐ ]
- 7. (i) Issue Date: [☐ ]
- (ii) Interest Commencement Date: [*specify*/Issue Date/Not applicable]
- 8. Maturity Date:  
(Condition 6(a)) Subject to the occurrence of a Potential Credit Event, the earliest of (i) [*insert date*] (the "**Scheduled Maturity Date**"), subject to adjustment in accordance with the [*insert Business Day Convention*], (ii) if a Credit Event Notice Date occurs, the Credit Event Redemption Date and (iii) the date on which the Notes fall due for redemption pursuant to the occurrence of one or more of the events specified under Conditions 6(b), 6(h) and 10.

Potential Credit Event: Notwithstanding anything to the contrary in the Additional Conditions, if facts exist which may result in the determination that a Credit Event has occurred or exists on or prior to the Extension Date (a "**Potential Credit Event**"), the Maturity Date shall be extended to (1) if a Credit Event Notice is delivered on or prior to the Notice Delivery Period End Date, the Credit Event Redemption Date, or (2) if no Credit Event Notice is delivered on or prior to the Notice Delivery Period End Date, the earlier of (a) the date on which the Issuer notifies the Noteholders that a Potential Credit Event no longer exists, and (b) the third Business Day after the Notice Delivery Period End Date (the "**Extended Maturity Date**").

"**Notice Delivery Period End Date**" means the fifth (5th) Business Day following (a) if a Valid Credit Event Resolution Request Date occurs, the later of (i) the 14th calendar day following the Extension Date and (ii) any of the following (I) if the relevant Credit Event is not a Restructuring, the date on which the Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred; (II) if the relevant Credit Event is a Restructuring, the relevant Exercise Cut-Off Date; (III) the day on which the Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Credit

<sup>7</sup> The applicable Calculation Amount (which is used for the calculation of the redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.

Event has occurred; or (IV) the day that is 14th calendar day following the date on which the Credit Derivatives Determinations Committee has Resolved not to determine whether or not an event constitutes a Credit Event; or (b) otherwise the 14th calendar day following the Extension Date.

For the avoidance of doubt, if the Maturity Date is extended pursuant to the occurrence of a Potential Credit Event, no interest shall accrue in respect of the period from and including the Scheduled Maturity Date to and including the Extended Maturity Date.

9. Interest basis:  
(Conditions 3 to 5)

[ [ ] per cent Fixed Rate]

[[Specify reference rate] +/- [ ] per cent. Floating Rate Notes]

[Variable Coupon Amount]

[Zero Coupon]

[Other (specify)]

(further particulars specified below)

[Interest will be treated as having ceased to accrue as from the beginning of any Interest Period in which a Credit Event Notice is given under Condition 6(j)(i) – See Additional Conditions]<sup>8</sup>
10. Redemption basis:  
(Condition 6)

[Redemption at par]

[Credit-Linked Redemption.]

[Dual Currency]

[Partly Paid]

[Instalment]

[Other (specify)]

See Additional Conditions for provisions relating to Redemption following the occurrence of a Credit Event.
11. Change of interest or redemption basis:

Notwithstanding anything to the contrary in the Additional Conditions, in the event that the Notes are redeemed on the Credit Event Redemption Date, the final redemption amount of the Notes shall be the Credit Event Redemption Amount [/Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis].
12. Put/Call options:

Not applicable.
13. (i) Status of the Notes:

Unsubordinated, unsecured

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<sup>8</sup> Include unless the Notes are Zero Coupon Notes.

(Condition 2)

- |      |  |  |
|------|--|--|
| (ii) | Date Board approval for issuance of Notes obtained:                              | Not applicable   |
| 14.  | Method of distribution:  | [Syndicated/Non-syndicated]  |
| 15.  | Fixed Rate Note provisions:<br>(Condition 3)                                     | [Applicable/Not Applicable]  |
|      | Rate(s) of Interest:   | [ ] per cent. per annum payable [annually/semi-annually/quarterly/monthly] in arrear   |
|      | Interest Payment Date(s):  | [specify payment dates] in each year, commencing on and including [insert date] [adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of " <b>Business Day</b> "] / [not adjusted] and ending on the earliest to occur of (i) the Credit Event Redemption Date, (ii) the Scheduled Maturity Date and (iii) the Maturity Date, in each case subject to adjustment in accordance with the [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "Business Day" / [not adjusted].   |
|      | Fixed Coupon Amount(s):  | [[ ] per Calculation Amount] [Not applicable]  |
|      | Day count fraction:  | [30/360/Actual/Actual (ICMA/ISDA)/Actual/360/other (specify)] [Not applicable]   |
|      | Other terms relating to the method of calculating interest for Fixed Rate Notes: | <p><b>"Interest Period"</b> means the period from and including an Interest Payment Date to and excluding the next succeeding Interest Payment Date, with the exception that the first such period shall commence on and include the Issue Date and the last such period shall end on but exclude the earliest of (i) the Credit Event Notice Date (if any), (ii) the Valid Credit Event Resolution Request Date (provided that a Credit Event Notice Date subsequently occurs), (iii) the Scheduled Maturity Date [(adjusted in accordance with the Following Business Day Convention)] and (iv) the Maturity Date, <b>[provided that]</b> for the purposes of Interest Periods, the Interest Payment Dates shall not be subject to the [insert Business Day Convention]].</p> <p>[any other details]</p> |
| 16.  | Floating Rate Note Provisions:<br>(Condition 4)                                  | [Applicable / Not applicable]  |
|      | (i) [Interest Period(s)] / [Specified Period] <sup>9</sup> :                     | [The period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date, with the exception that the first such period shall commence on and include the Issue  |

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<sup>9</sup> Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".



Date and the last such period shall end on but exclude the earliest of (i) the Credit Event Notice Date (if any), (ii) the Valid Credit Event Resolution Request Date (**provided that** a Credit Event Notice Date subsequently occurs), (iii) the Scheduled Maturity Date [(adjusted in accordance with the Following Business Day Convention)] and (iv) the Maturity Date [provided that for the purposes of Interest Periods, the Interest Payment Dates shall not be subject to the *[insert Business Day Convention]*].<sup>10</sup> / *[specify]*<sup>11</sup>

- (ii) Interest Payment Dates: *[specify payment dates]* in each year, commencing on and including *[insert date]* [adjusted in accordance with *[specify]* *[Business Day Convention and any applicable Business Centre(s)]* for the definition of "**Business Day**"] / [not adjusted] and ending on the earliest of (i) the Credit Event Redemption Date, (ii) the Scheduled Maturity Date and (iii) the Maturity Date, in each case subject to adjustment in accordance with the *[specify]* *[Business Day Convention and any applicable Business Centre(s)]* for the definition of "**Business Day**" / [not adjusted].
- (iii) First Interest Payment Date: [ ]
- (iv) Interest Amount: [ ]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (vi) Business Centre(s): [Not applicable/*give details*]
- (vii) Screen Rate Determination: [Applicable/Not applicable]
  - (1) Reference Rate: *[specify LIBOR or other]*
  - (2) Interest Determination Date(s): [ ]
  - (3) Relevant Screen Page: [ ]
  - (4) Relevant Financial Centre: [ ]
  - (5) Designated Maturity: [ ]

<sup>10</sup> This option is applicable when "Interest Period(s)" has been selected.

<sup>11</sup> Specify relevant period when "Specified Period" has been selected.

- (viii) ISDA Determination: [Applicable/Not applicable]
  - (1) Floating Rate Option: [ ]
  - (2) Designated Maturity: [ ]
  - (3) Reset Date: [ ]
- (ix) Margin(s): [[+/-] per cent. per annum] [Not applicable]
- (x) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/Actual/360/*other (specify)*]
- (xi) Relevant time: [ ]
- (xii) Minimum Rate of Interest: [[ ] per cent. per annum] [Not applicable]
- (xiii) Maximum Rate of Interest: [[ ] per cent. per annum] [Not applicable]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
- 17. Variable Coupon Amount Note provisions  
(Condition 5) [Applicable/Not applicable]
 

*(If not applicable, delete the remaining sub-paragraphs of this paragraph).*

  - (i) Interest Payment Dates: [ ]
  - (ii) Method of calculating interest: [ ]
  - (iii) Business Centre(s): [Not applicable/give details]
- 18. Zero Coupon Note provisions:  
(Condition 5) [Applicable/Not applicable]
 

*(If not applicable, delete the remaining sub-paragraphs of this paragraph).*

  - (i) Rate of interest on overdue amounts: [ ]
  - (ii) Redemption formula: [ ]

See also Additional Conditions
- 19. Index-Linked Interest Note/Other Variable-Linked Interest Note provisions [Applicable/Not applicable]

- |       |   |   |
|-------|---|---|
| 20.   | Dual Currency Note provisions/Multi-currency Note provisions  | [Applicable/Not applicable]<br><br><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>  |
| (i)   | Currencies:   | [ ]   |
| (ii)  | Rate(s) of exchange:  | [give details] <sup>12</sup>  |
| (iii) | Provisions applicable where calculation by reference to rate of exchange impossible or impracticable:                     | <i>[Need to include a description of market disruption or settlement disruption events and adjustment provisions.]</i>  |
| 21.   | Issuer's optional redemption (Call):<br>(Condition 6(c))  | Not applicable.   |
| 22.   | Noteholder's optional redemption (Put):<br>(Condition 6(d))   | Not applicable  |
| 23.   | Final Redemption Amount of each Note:<br>(Condition 6(a))   | [100 per cent. of the Aggregate Principal Amount of the Notes divided by the number of Notes on the Scheduled Maturity Date if no Credit Event Notice Date occurs on or prior to the Scheduled Maturity Date (subject to extension upon the occurrence of a Potential Credit Event) and an amount equal to the Credit Event Redemption Amount divided by the number of Notes if a Credit Event Notice Date occurs on or prior to the Scheduled Maturity Date (subject to extension upon the occurrence of a Potential Credit Event).]<br><br>[[ ] per Calculation Amount <i>[specify – if not par, also specify details of any formula]</i> See the Additional Conditions for provisions relating to optional early redemption following a Credit Event.] |
| 24.   | Final Redemption Amount of each Note in cases where the final Redemption Amount is Index-linked to other variable linked: | Not applicable  |
| 25.   | Instalment Notes:<br>(Condition 6(a))   | Not applicable  |
| 26.   | Early Redemption Amount:  | Yes   |
| (i)   | Early Redemption Amount (upon redemption for taxation reasons, illegality or  | The Early Redemption Amount shall be determined in good faith by the Calculation Agent in its absolute discretion to be the fair market value of the Notes immediately prior to the early redemption  |

<sup>12</sup> *If denomination per unit is less than EUR100,000, include details of where past and future performance and volatility of the relevant rate(s) can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying.*

- following an Event of Default) (*Condition 6(b), 6(h) and Condition 10*):
- date less any Hedging Costs, subject to a minimum of zero.
- (ii) Other redemption provisions: (*Condition 6(i)*)
- If the Issuer gives a Credit Event Notice, the Issuer shall be obliged to redeem the Notes in full or in part, as the case may be, by payment of the Credit Event Redemption Amount to the Noteholders on the Credit Event Redemption Date.
- The Credit Event Notice shall describe the Credit Event and specify the Reference Entity in respect of which the Credit Event has occurred. If ISDA has not publicly announced that an event that constitutes a Credit Event has occurred with respect to the Reference Entity, it will also include copies of relevant Publicly Available Information (two Public Sources) that support the occurrence of the Credit Event.
- (1) Credit Event Redemption Date:
- As defined in the Additional Conditions.
- (2) Credit Event Redemption Amount:
- Subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event, an amount equal to (i) the product of (a) the Aggregate Principal Amount and (b) either (x) the Auction Final Price (if any); or (y) the Final Price, to the extent the Fallback Settlement Method applies, less (ii) any Hedging Costs, subject to a minimum of zero.
27. Form of Notes: (*Condition 1(a)*)
- (i) Form of Notes: [Bearer Notes/ Registered Notes/ Uncertificated Registered Notes]
- (ii) Bearer Notes exchangeable for Registered Notes: [Yes/No] [*Answer will be no where no Registered Notes or where the issue is wholly or partly a Rule 144A issue*]
28. [New Global Note][*(delete if Registered Note)*]/[Issued under the new safekeeping structure][*(delete if Bearer Note)*]
- [Yes/No]
29. If issued in bearer form:
- (i) Initially represented by a Temporary Global Note or Permanent Global Note:
- [Temporary Global Note/Permanent Global Note]
- [Notes may only be represented initially by a Permanent Global Note if these Final Terms specify that TEFRA C Rules apply]
- (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes:
- [specify] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances set out in the Permanent Global Note]

*(Condition 1(a))*

- |        |  |  |
|--------|--|--|
| (iii)  | Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or Registered Notes: | [Yes/No] <i>[If yes, specify: the Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.]</i>   |
| (iv)   | Coupons to be attached to Definitive Notes <sup>13</sup> :   | [Yes/No/Not applicable] <i>[N.B. this will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems – see provisions contained in Permanent Global Note]</i> |
| (v)    | Talons for future Coupons to be attached to Definitive Notes <sup>14</sup> :                                 | [Yes/No/Not applicable] <i>[N.B. the above comment applies here]</i>   |
| (vi)   | (a) Definitive Notes to be security printed:   | [Yes/No]   |
|        | (b) If the answer to (a) is yes, whether steel engraved plates will be used <sup>15</sup> :                  | [Yes/No/Not applicable]  |
| (vii)  | Definitive Notes to be in ICMA or successor's format:  | [Yes/No] <i>[N.B. the above comment applies here]</i>  |
| (viii) | Issuer or Noteholder to pay costs of security printing:  | Issuer   |
| 30.    | Exchange Date for exchange of Temporary Global Note:   | [specify/Not earlier than 40 days following the Issue Date]  |
| 31.    | Payments:<br><i>(Condition 8)</i>  |  |
| (i)    | Method of payment:   | Condition 8(c) shall apply, subject as provided in the Temporary Global Note or, as the case may be, the Permanent Global Note   |
| (ii)   | Relevant Financial Centre Day:   | A day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London [and specify any additional places] (as defined in Condition 9(c))                         |
| 32.    | Partly Paid Notes:<br><i>(Condition 1)</i>   | [Yes/No]   |

<sup>13</sup> Definitive Notes will typically have coupons attached to them if interest bearing.

<sup>14</sup> Talons will be needed if there are 27 or more coupons.

<sup>15</sup> Answer to (a) and (b) should generally be 'yes' in all cases where Definitive Notes are to be printed.

33. Redenomination:  
(Condition 9)
- (i) Redenomination: [Applicable/Not applicable]
- (ii) Exchange: [Applicable/Not applicable]
34. Other final terms: The "Additional Terms and Conditions relating to Credit-Linked Notes (Single name – Unleveraged)" (the "**Additional Conditions**") set out in the Prospectus apply to the Notes, together with Schedules 1 and 2 hereto. The Notes are Unleveraged Credit-Linked Notes. In the event of any inconsistency between provisions set out in the Additional Conditions, this Part A of these Final Terms and Schedule 1 hereto, the following hierarchy shall apply, namely (i) firstly, Part A of these Final Terms, then (ii) Schedule 1 hereto and then (iii) the Additional Conditions.

## **DISTRIBUTION**

35. (i) If syndicated, names, addresses and underwriting commitments of Relevant Dealer(s)/Lead Manager(s): Not applicable
- (ii) If syndicated, names, addresses and underwriting commitments of other Dealers/Managers (if any): Not applicable
- (iii) Date of Subscription Agreement: Not applicable
- (iv) Stabilising Manager (if any): Not applicable
36. If non-syndicated, name and address of Relevant Dealer: HSBC Bank plc of 8 Canada Square, London E14 5HQ
37. Total commission and concession: Not applicable
38. Selling restrictions: [For Bearer Notes: TEFRA D Rules/TEFRA C Rules/TEFRA Not Applicable]
- United States of America: [Notes may not be offered or sold within the United States of America or to or for the benefit of a US person (as defined in Regulation S)]<sup>16</sup>
- [Not Rule 144A eligible – N.B. *significant additional provisions will be required in order to permit Rule 144A eligibility*]

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<sup>16</sup> Please note that the default selling restrictions are for Regulation S offers and sales only.

Other: *[specify any modifications of, or additions to,  
selling restrictions contained in the Dealer  
Agreement/Not applicable]*

39. Stabilisation: Not applicable

## [LISTING AND ADMISSION TO TRADING APPLICATION]

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

*[In offers of Credit-Linked Notes pursuant to Rule 144A insert:<sup>17</sup>*

## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of these Final Terms and the accompanying Base Prospectus, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that these Final Terms and the accompanying Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the accompanying Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Prospectus or any documents referred to herein.

Each purchaser of Notes sold in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Notes will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR

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<sup>17</sup> Please note that the default selling restrictions are for Regulation S offers and sales only.



OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN A PROSPECTUS SUPPLEMENT OR APPLICABLE FINAL TERMS, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("**SIMILAR LAW**") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

- (4) Each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Base Prospectus.]

#### [RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [(Specify information) has been extracted from (insert name of source of information). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by (insert name of source of information), no facts have been omitted which would render the reproduced inaccurate or misleading.]]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Listing [Application [will be/has been] made to admit the Notes to listing on the Official List of the Financial Services Authority pursuant to listing Rule [17/19]<sup>18</sup>. No assurance can be given as to whether or not, or when such application will be granted/*other (specify)*/Not applicable.]
- (ii) Admission to trading [Application [will be/has been] made for the Notes to be admitted to trading [on the Regulated Market of the London Stock Exchange/*other (specify)* with effect from [ ]. No assurance can be given as to whether or not, or when, such application will be granted.][Application has been made to have the Notes admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable].

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*<sup>19</sup>

*(NB: Notes admitted to trading to the UK Regulated Market will also be admitted to the Official List as a matter of course.)*

### 2. RATINGS

Ratings: [The Notes have not specifically been rated.]/[The Notes have been assigned a rating of [ ] by [ ].]<sup>20</sup>

[The long term senior debt of HSBC Bank plc has been rated:]

[S&P: [•]]  
[Moody's: [•]]  
[Fitch: [•]]  
[[Other]: [•]]

*[Insert legal name of particular credit rating agency entity providing rating]* is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EEA but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

*[Insert legal name of particular credit rating agency entity*

<sup>18</sup> To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securities derivatives.

<sup>19</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>20</sup> Select only if Notes are rated.

*providing rating*] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]

[Each of [Fitch, S&P and Moody's] are established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended).]

\ [For these purposes, ["**S&P**" means Standard and Poor's Credit Market Services Europe Limited,] ["**Moody's**" means Moody's Investor Services Limited] [and] ["**Fitch**" means Fitch Ratings Limited].]

3. **[NOTIFICATION]**

The Financial Services Authority ("**FSA**") [has been requested to provide/has provided – *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the Financial Market Association (Austria), the Financial Services and Markets Authority (Belgium), the Autorité des marchés financiers (France), the Federal Financial Supervisory Authority (Germany), the Central Bank of Ireland (Ireland), the Commissione Nazionale per le Società e la Borsa (Italy), the Commission de Surveillance du Secteur Financier (Luxembourg), the Malta Financial Services Authority (Malta), the Comisión Nacional del Mercado de Valores (Spain) and the Netherlands Authority for the Financial Markets (Netherlands) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.] [Not applicable]

4. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE  
[ISSUE/OFFER]**

*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

"Save as discussed in ["*Subscription and Sale of Notes*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

5. **[REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL  
EXPENSES]**

[(i) Reasons for the offer:

[ ]

*(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

(ii) Estimated net proceeds:

[ ]<sup>21</sup> *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses:

*(Include breakdown of expenses)*<sup>22</sup>

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<sup>21</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount may be less than 100 per cent of the nominal value of the Notes) it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)]*

**6. [Fixed Rate Notes only – YIELD]**

Indication of yield:

[Calculated as *(include details of method of calculation in summary form)* on the Issue Date]

[As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price and the Rate of Interest. It is not an indication of future yield.]]

**7. [Floating Rate Notes only – HISTORIC INTEREST RATES]**

[Details of historic [LIBOR/EURIBOR/other *(specify)*] rates can be obtained from [Reuters].]<sup>23</sup>

**8. [Index-Linked, Equity-Linked or other variable-linked Interest Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

*(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]<sup>24</sup>. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Also include appropriate index disclaimers. Where the underlying is not an index, need to include equivalent information.<sup>25</sup>)*

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a Drawdown Prospectus or a new base prospectus would be required in respect of such final terms)*

The Issuer [intends to provide post-issuance information *(specify what information will be reported and where it can be obtained)*] [does not intend to provide post-issuance information].

**OPERATIONAL INFORMATION**

- |     |   |   |
|-----|---|---|
| 9.  | ISIN Code:  | [[     ]/Not applicable]  |
| 10. | Common Code:  | [[     ]/Not applicable]  |
| 11. | CUSIP:  | [[     ]/Not applicable]  |
| 12. | SEDOL:  | [[     ]/Not applicable]  |
| 13. | Intended to be held in a manner which would allow Eurosystem eligibility: <sup>26</sup> | [Yes/ No]<br>[Note that the designation "Yes" simply means that |

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<sup>22</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>23</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>24</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>25</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount is less than 100 per cent. of the nominal value of the Notes).

<sup>26</sup> Under current ECB collateral eligibility requirements, in order to be eligible as collateral a security must, among other things, be denominated in Euro and listed on a regulated market or certain non-regulated markets such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the

- the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg[, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][*Include this text if "yes" selected, in which case bearer Notes must be issued in NGN form.*]
14. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [CREST/None/specify other]
15. Delivery: Delivery [against/free of] payment
16. Settlement procedures: [Eurobond/Medium Term Note/specify other]
17. (i) Principal Paying Agent<sup>27</sup>/Registrar<sup>28</sup>: [HSBC Bank plc] [specify other]
- (ii) Additional Paying Agent(s) (if any): [None/specify other]
18. Common Depositary: [HSBC Bank plc] [Not applicable]
19. Agent Bank/Calculation Agent: [HSBC Bank plc] [HSBC France] [specify other]
- is Calculation Agent to make calculations? [Yes/No][, provided however that the Agent Bank shall make all calculations in respect of interest payments.]
  - if not, identify calculation agent: [Not applicable/Calculation agent appointment letter required]
20. Notices: (Condition 13) [As provided in Condition 13/specify any other means of effecting communication]
21. City in which specified office of Registrar to be maintained: (Condition 12) [Not applicable/specify other/London]
22. ERISA Considerations: [The Notes may not be purchased by "benefit plan investors". See "*Certain ERISA Considerations*" in the Base Prospectus for further information./give details] [Not applicable]

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*ECB's February 2011 "The Implementation of Monetary Policy in the Euro Area - General Documentation on Eurosystem monetary policy instruments and procedures" brochure.*

<sup>27</sup> Delete if Notes are Registered Notes.

<sup>28</sup> Delete if Notes are Bearer Notes.

## TERMS AND CONDITIONS OF THE OFFER

- |     |  |  |
|-----|--|--|
| 23. | Offer Price:   | [Issue Price/ <i>other specify</i> ]   |
| 24. | Conditions to which the offer is subject:  | [Not applicable/ <i>give details</i> ] |
| 25. | Description of the application process:  | [Not applicable/ <i>give details</i> ] |
| 26. | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:                                | [Not applicable/ <i>give details</i> ] |
| 27. | Details of the minimum and/or maximum amount of application:   | [Not applicable/ <i>give details</i> ] |
| 28. | Details of the method and time limits for paying up and delivering the Notes:  | [Not applicable/ <i>give details</i> ] |
| 29. | Manner in and date on which results of the offer are to be made public:  | [Not applicable/ <i>give details</i> ] |
| 30. | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not applicable/ <i>give details</i> ] |
| 31. | Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:            | [Not applicable/ <i>give details</i> ] |
| 32. | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:      | [Not applicable/ <i>give details</i> ] |
| 33. | Amount of any expenses and taxes specifically charged to the subscriber or purchaser:  | [Not applicable/ <i>give details</i> ] |
| 34. | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.             | [None/ <i>give details</i> ]           |

**SCHEDULE 1**  
**CREDIT-LINKED NOTE SPECIFICATIONS**

1. **General Terms**

Business Day <sup>29</sup> :	[ ]
Business Day Convention:	[Modified] Following Business Day Convention, which shall apply to any date other than (a) the Credit Event Backstop Date or (b) the Succession Event Backstop Date, that falls on a day that is not a Business Day.
Reference Entity:	The entity specified in Schedule 2 and any Successor either (a) identified by the Calculation Agent pursuant to the definition of "Successor" on or following the Trade Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules. The Reference Entity has been designated as a particular "Transaction Type" in Schedule 2. References to " <b>Standard Terms</b> " mean, in respect of a Reference Entity, the standard terms set out in the Credit Derivatives Physical Settlement Matrix dated [insert date of the most recent Matrix], as published by ISDA on its website at <a href="http://www.isda.org">www.isda.org</a> , in relation to its Transaction Type.
Trade Date:	[ ].
Reference Obligation:	Subject to the occurrence of a Succession Event, the obligation(s) (if any) identified as such in respect of such Reference Entity in Schedule 2.
Substitution:	[Applicable/Not applicable]
All Guarantees:	Applicable or Not applicable as specified in the applicable Standard Terms.
Reference Price <sup>30</sup> :	[100 per cent.]

2. **Credit Event Provisions:**

Reference Entity Calculation Amount:	Subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event, an amount (denominated in the same currency) equal to [the Aggregate Principal Amount of the Notes].
Credit Events:	In respect of a Reference Entity, the Credit Events specified in the applicable Standard Terms.

<sup>29</sup> The Conditions provide a fallback to days on which commercial banks and foreign exchange markets are generally open to settle payments in the jurisdiction of the currency of the Calculation Amount if not euro or a Euro Business Day if euro.

<sup>30</sup> If a percentage is not specified, the Conditions provide that the Reference Price will be one hundred percent.



Obligation Category and Characteristics:	In respect of each Reference Entity, the Obligation Category and Obligation Characteristics specified in the applicable Standard Terms.
Excluded Obligations <sup>31</sup> :	[None]
<b>3. Settlement Terms</b>	
Settlement Method:	Auction Settlement
Fallback Settlement Method:	Cash Settlement
Terms relating to Cash Settlement (if the Fallback Settlement Method applies):	
Valuation Date:	Single Valuation Date.  A Business Day as selected by the Issuer in its sole and absolute discretion.
Settlement Currency	[[ ] / [None specified]]
Valuation Obligations:	["Exclude Accrued Interest" or "Include Accrued Interest" as specified in the applicable Standard Terms.]
Valuation Obligation Category and Characteristics:	In respect of each Reference Entity, the Deliverable Obligation Category and Deliverable Obligation Characteristics specified in the Standard Terms.
Determination of Final Price:	The Final Price will be the weighted average of the highest firm bid price obtained for each Valuation Obligation in the Portfolio, expressed as a percentage, determined by the Calculation Agent.  With respect to each Valuation Obligation, the Calculation Agent shall conduct a dealer poll of at least three dealers indicated by the Issuer to the Calculation Agent in its sole and absolute discretion from the Dealer List set out below, with the exception that the Issuer may select a dealer not on the Dealer List if such dealer is a market-maker in the relevant type of Valuation Obligation or other major credit derivatives market participant. On the Valuation Date, the Calculation Agent shall seek to obtain Full Quotations from the selected dealers for an outstanding principal amount of each Valuation Obligation equal to its Valuation Obligation Calculation Amount.  To the extent that the Calculation Agent is unable to obtain at least two Full Quotations for a Valuation Obligation or a Weighted Average Quotation on any day during the ten Business Day period following the Valuation Date, the Calculation Agent shall wait ten Business Days (the last such Business Day, the " <b>Backup Valuation Date</b> ") and shall then repeat the valuation process. In the event that the Calculation Agent is unable to obtain at least two Full Quotations or a Weighted

<sup>31</sup> Unless specified here as an Excluded Obligation, the Reference Obligation will be an Obligation.

Average Quotation during the four Business Day period following the Backup Valuation Date, the Final Price shall be deemed to be any Full Quotation obtained on such fourth Business Day or, if no full quotation is obtained, the weighted average of any firm quotations obtained on such fourth Business Day with respect to the aggregate portion of the amount for which such quotations were obtained, and a quotation deemed to be zero for the balance of the amount for which firm quotations were not obtained on such day.

Dealer List:

[ABN Amro Bank NV  
Bank of America/Merrill Lynch  
Barclays Bank PLC  
BNP Paribas  
Citibank, N.A.  
Commerzbank AG  
Credit Suisse Group  
Deutsche Bank AG  
The Goldman Sachs Group, Inc.  
HSBC Bank plc  
J.P. Morgan Chase & Co.  
Morgan Stanley  
Royal Bank of Scotland Plc  
Societe Generale  
UBS AG  
[or any of their respective affiliates]/market makers  
selected at the Issuer's sole and absolute discretion]

Interest until Credit Event Notice Date:

Applicable

Deduct Hedging Costs

Applicable

## SCHEDULE 2

Reference Entity	Reference Obligation (ISIN)	Seniority	Transaction Type
[ ]	[ ]	[ ]	[ ]

### ADDITIONAL TERMS AND CONDITIONS RELATING TO CREDIT-LINKED NOTES (SINGLE NAME – LEVERAGED)

The section headed "*Terms and Conditions of the Notes*" of this Base Prospectus shall be supplemented and modified by the following "*Additional Terms and Conditions Relating to Credit-Linked Notes (Single name – Leveraged)*" in respect of any issue of Credit-Linked Notes as amended or supplemented by the terms of each Tranche of Notes set out in the Final Terms which are being specified as being "Leveraged" in the relevant Final Terms. In the event of any inconsistency between the "*Terms and Conditions of the Notes*" and the "*Additional Terms and Conditions Relating to Credit-Linked Notes (Single name – Leveraged)*", such "*Additional Terms and Conditions Relating to Credit-Linked Notes (Single name – Leveraged)*" shall prevail and the "*Terms and Conditions of the Notes*" shall be amended accordingly.

#### (1) Interest

If Fixed Rate Note provisions are specified in the relevant Final Terms as being applicable, then Condition 3 (*Fixed Rate Note Provisions*) will apply with the following amendments:

- (i) existing Condition 3(b) (*Accrual of interest*) shall be amended by the substitution of "Interest conditionally payable" for "Accrual of Interest" in the heading and by the insertion of the words "Subject to Condition 3(e) below," at the beginning; and
- (ii) the following provision shall be included as Condition 3(e):

"3(e) *Condition precedent to interest entitlement*

The Issuer's obligation to make any payment of interest in accordance with Condition 3 is subject to the condition precedent that no Credit Event Notice has been given on or before the relevant Interest Payment Date and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to pay interest on the Notes in respect of all or any part of the Interest Period current on the date that is the earlier to occur of (I) the Credit Event Notice Date and (II) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs or in respect of any subsequent period; **provided, however, that**, if "Interest until Credit Event Notice Date" is specified then the Issuer shall pay the interest accrued to, but excluding, the earliest to occur of (i) the Credit Event Notice Date; (ii) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs; (iii) the Scheduled Maturity Date; and (iv) the Maturity Date."

If Floating Rate Note provisions are specified in the relevant Final Terms as being applicable, then Condition 4 (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note Provisions*) will apply with the following amendments:

- (i) existing Condition 4(b) (*Accrual of Interest*) shall be amended by the substitution of "Interest conditionally payable" for "Accrual of Interest" in the heading and by the insertion of the words "Subject to Condition 4(k) below," at the beginning; and
- (ii) the following provision shall be included as Condition 4(k):

"4(k) Condition precedent to interest entitlement

The Issuer's obligation to make any payment of interest in accordance with Condition 4 is subject to the condition precedent that no Credit Event Notice has been given on or before the relevant Interest Payment Date and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to pay interest on the Notes in respect of all or any part of the Interest Period current on the date that is the earlier to occur of (I) the Credit Event Notice Date and (II) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs or in respect of any subsequent period; **provided, however, that**, if "Interest until Credit Event Notice Date" is specified then the Issuer shall pay the interest accrued to, but excluding, the earliest to occur of (i) the Credit Event Notice Date; (ii) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs; (iii) the Scheduled Maturity Date; and (iv) the Maturity Date."

(2) **Redemption and Purchase**

Condition 6 (*Redemption and Purchase*) shall apply with the following amendments:

(a) The following provision shall be substituted for the existing Condition 6(a):

"6(a) *Final Redemption*

- (i) Subject to Condition 6(a)(ii) below and subject as otherwise set out in the Conditions, the Notes will, unless previously redeemed or purchased and cancelled, be redeemed at their principal amount or such other redemption amount as may be set out in or determined in accordance with the Conditions on the Maturity Date specified in the relevant Conditions.
- (ii) The Issuer's obligation to redeem the Notes in accordance with Condition 6(a)(i) above is subject to the condition precedent that no Credit Event Notice has been given and no Trigger Event Option Notice has been delivered (unless, if a Trigger Event Option Notice has been delivered, an Additional Note Issuance has also occurred) on or before the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event) and subsists only so long as a Credit Event Notice has not been given and a Trigger Event Option Notice has not been delivered (unless, if a Trigger Event Option Notice is delivered, an Additional Note Issuance also occurs). Accordingly, the Issuer shall have no obligation to redeem the Notes in accordance with Condition 6(a)(i) above if, on or before the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), a Credit Event Notice has been given or a Trigger Event Option Notice has been delivered (unless, if a Trigger Event Option Notice has been delivered, an Additional Note Issuance has also occurred). In such circumstances, the only obligations of the Issuer with regard to redemption of the Notes shall be to redeem the Notes in accordance with the provisions set out in Part A and subject to the following provisions of this Condition 6.

The following Conditions 6(j), (k), (l), (m), (n), (o), (p), (q) and (r) shall be added to Condition 6 (Condition 6(i) being omitted):

"6(j) *Redemption following the occurrence of a Credit Event*

- (i) Following the occurrence of a Credit Event on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time) and on or prior to the Scheduled Maturity Date, the Issuer may at any time on or before the Notice Delivery Period End Date, and irrespective of whether such Credit Event is continuing and/or any other Credit Event has occurred, give notice thereof to the Noteholders (such notice the "**Credit Event Notice**" and the date on which such notice is given, the "**Credit Event Notice Date**") in accordance with Condition 13 (*Notices*) and Part B of the Conditions. The Issuer shall be under no obligation to give notice of any Credit Event and no delay in giving, or omission to give, notice of any Credit Event shall prejudice the Issuer's right to

give notice with respect to such (or any other) Credit Event provided such notice is given no later than on or prior to the Notice Delivery Period End Date.

For the avoidance of doubt, the Issuer may give a Credit Event Notice whether or not it has already taken any steps to exercise its option under Condition 6(b) (*Redemption for Taxation Reasons*), and any giving of a Credit Event Notice shall supersede and override any earlier exercise of such option.

- (ii) If the Issuer gives a Credit Event Notice, and subject as provided in (iii) below:
  - (a) **provided that** no Trigger Event Option Notice has been or is delivered (unless, if a Trigger Event Option Notice has been delivered, an Additional Note Issuance has also occurred or also occurs), the Issuer shall be obliged to redeem the Notes (and shall be obliged to redeem the Notes only) by payment on the Credit Event Redemption Date of the Credit Event Redemption Amount; and
  - (b) the Issuer shall not be liable to pay interest on the Notes in respect of all or any part of the Interest Period current at the earlier to occur of (A) the relevant Credit Event Notice Date; (B) the relevant Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs (or, in either case, if such date is on or after the Scheduled Maturity Date, the Interest Period to (but excluding) the Scheduled Maturity Date) nor in respect of any subsequent period, and interest shall be treated as having ceased to accrue accordingly; **provided, however, that**, if "Interest until Credit Event Notice Date " is specified then the Issuer shall pay the interest accrued to, but excluding, the earlier to occur of (I) the Credit Event Notice Date; (II) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs; (III) the Scheduled Maturity Date; and (IV) the Maturity Date.
- (iii) This Condition 6(j)(iii) applies if the Reference Entity Calculation Amount is required to be allocated as contemplated in paragraph (e) of the definition of Successor in Condition 6(o). In such circumstances:
  - (a) the Issuer shall be entitled under this Condition 6(j) to give multiple Credit Event Notices, one with respect to each Successor, and where any Credit Event Notice is so given, the conditions precedent to the obligations of the Issuer to pay interest on, and principal of, the Notes shall be treated as unsatisfied only in relation to an amount (the "**Successor Partial Redemption Amount**") of the outstanding principal amount of the Notes equal to the proportion of the Reference Entity Calculation Amount allocated to the relevant Successor;
  - (b) where a Credit Event Notice is so given the provisions of this Condition 6 will apply so as to require the Issuer to redeem the Notes in part only on the relevant Cash Settlement Date, by payment of an amount equal to whichever is the greater of (1) the Successor Partial Redemption Amount minus the Cash Settlement Amount and (2) zero, and on payment of such amount (or, if such amount is zero, on the Cash Settlement Date) the outstanding principal amount of the Notes shall be deemed to have been repaid in an amount equal to the Successor Partial Redemption Amount (which shall be the amount on which interest shall be treated as having ceased to accrue or to accrue (as applicable) as contemplated in (ii) above); and
  - (c) save where the full principal amount of the Notes has been so redeemed, the Issuer shall remain entitled notwithstanding any such partial redemption to give one or more further Credit Event Notices

with respect to any such Successor or any other Reference Entity in respect of which no Credit Event Notice has been effectively given.

- (iv) This Condition 6(j)(iv) applies if one or more Restructuring Credit Events occurs on or prior to the Scheduled Maturity Date (and whether or not such event is continuing). In such circumstances:
  - (a) the Issuer shall be entitled to redeem the Notes in part only by giving a Credit Event Notice with respect to the relevant Restructuring Credit Event and specifying in such notice (A) that partial redemption only of the Notes is required and (B) the portion of the Reference Entity Calculation Amount (being an amount which is (x) less than the outstanding principal amount of the Notes and (y) at least 1,000,000 units of the currency (or if Japanese Yen, 100,000,000 units) in which the Reference Entity Calculation Amount is denominated or an integral multiple thereof) in respect of which such partial redemption is required (the portion of the Reference Entity Calculation Amount being the "**Partial Redemption Portion**" applicable with respect to such Credit Event Notice); and
  - (b) where a Credit Event Notice is given as contemplated in (a) above:
    - (i) the Reference Entity Calculation Amount in respect of the relevant Reference Entity shall thereafter be deemed reduced by an amount equal to the Partial Redemption Portion of the Reference Entity Calculation Amount immediately preceding the giving of the Credit Event Notice; and
    - (ii) the provisions of this Condition 6 will apply so as to require the Issuer to redeem the Notes in part only on the relevant Cash Settlement Date, by payment of an amount in aggregate equal to whichever is the greater of (1) the Partial Redemption Portion minus the relevant Cash Settlement Amount and (2) zero, and on payment of such amount (or, if such amount is zero, on the relevant Cash Settlement Date) the outstanding principal amount of the Notes shall be deemed to have been repaid in an amount equal to the Partial Redemption Portion.

The Issuer shall be entitled to require such a partial redemption (or a redemption in full of the Notes) with respect to each Restructuring Credit Event which may occur and whether or not a partial redemption has been required in respect of another Restructuring Credit Event. For the avoidance of doubt, the Issuer shall, notwithstanding any such partial redemption having been required in connection with a Restructuring Credit Event, remain entitled to give a Credit Event Notice with respect to any other Credit Event and redeem the Notes in accordance with the provisions of this Condition 6 applicable where a Credit Event Notice has been given.

6(k) [RESERVED]

6(l) *Method for Determining Obligations*

- (i) For the purposes of the definition of Obligation in Condition 6(o) the term "**Obligation**" may be defined as each obligation of each Reference Entity described by the specified Obligation Category, and having the specified Obligation Characteristics, if any, in each case, as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice. The following terms shall have the following meanings:

- (1) **"Obligation Category"** means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified, and:
- (A) **"Payment"** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
  - (B) **"Borrowed Money"** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
  - (C) **"Reference Obligations Only"** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
  - (D) **"Bond"** means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
  - (E) **"Loan"** means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
  - (F) **"Bond or Loan"** means any obligation that is either a Bond or a Loan.
- (2) **"Obligation Characteristics"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, and:
- (A) (aa) **"Not Subordinated"** means an obligation that is not Subordinated to (i) the most senior Reference Obligation in priority of payment or (ii) if no Reference Obligation is specified, any unsubordinated Borrowed Money obligations of the Reference Entity; **provided that**, if any of the events set forth under the definition of "Substitute Reference Obligation" has occurred with respect to all of the Reference Obligations or if, pursuant to the definition of "Successor" a Substitute Reference Obligation will be determined in accordance with the definition of "Substitute Reference Obligation" with respect to the Reference Obligation (each, in each case, a **"Prior Reference Obligation"**) and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Valuation Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Valuation

Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date;

(bb) "**Subordination**" means, with respect to an obligation (the "**Subordinated Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**Senior Obligation**"), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "**Subordinated**" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;

- (B) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such (or, if Specified Currency is specified and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be specified collectively as the "**Standard Specified Currencies**");
- (C) "**Not Sovereign Lender**" means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as "Paris Club debt";
- (D) "**Not Domestic Currency**" means any obligation that is payable in any currency other than the Domestic Currency;
- (E) "**Not Domestic Law**" means any obligation that is not governed by the laws of (1) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (2) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;
- (F) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (G) "**Not Domestic Issuance**" means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or



qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

- (ii) If the Obligation Characteristic "Listed" is specified, the Conditions shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if bonds are covered by the selected Obligation Category.
- (iii) In the event that an Obligation is a Qualifying Guarantee, the following will apply:
  - (1) For purposes of the application of the Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
  - (2) For purposes of the application of the Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the specified applicable Obligation Characteristics, if any, from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
  - (3) For purposes of the application of the Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the specified applicable Obligation Characteristics, if any, from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
  - (4) For purposes of the application of the Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.

6(m) *Method for Determining Valuation Obligations*

- (i) For the purpose of the definition of Valuation Obligation in Condition 6(o) the term "**Valuation Obligation**" may be defined as each obligation of each Reference Entity described by the specified Valuation Obligation Category, and having each of the specified Valuation Obligation Characteristics, if any, as of the Valuation Date subject as provided below. The following terms shall have the following meanings:
  - (1) "**Valuation Obligation Category**" means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in Condition 6(l)(i)(1), except that, for the purpose of determining Valuation Obligations, Condition 6(l)(i)(1)(C) shall be amended to state that no Valuation Obligation Characteristics shall be applicable to Reference Obligations Only).
  - (2) "**Valuation Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent, Not

Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, and:

- (A) **"Not Contingent"** means any obligation having as of the Valuation Date and all times thereafter an outstanding principal balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall satisfy the Not Contingent Valuation Obligation Characteristic if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (1) to convert or exchange such obligation or (2) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Valuation Date;

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Valuation Obligation only if the rights referred to in (1) and (2) above of this Condition 6(m)(i)(2)(A) have not been exercised (or such exercise has been effectively rescinded) on or before the Valuation Date;

- (B) **"Assignable Loan"** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (C) **"Consent Required Loan"** means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (D) **"Direct Loan Participation"** means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of a third party, that provides such party with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between the relevant third party or its designee and either (x) the Issuer or its designee (to the extent the Issuer or such designee is then a lender or a member of the relevant lending syndicate), or (y) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);

- (E) **"Transferable"** means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction **provided that** none of the following shall be considered contractual, statutory or regulatory restrictions:
    - (x) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
    - (y) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
  - (F) **"Maximum Maturity"** means an obligation that has a remaining maturity from the Cash Settlement Date of not greater than the period specified;
  - (G) **"Accelerated or Matured"** means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Valuation Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
  - (H) **"Not Bearer"** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream, Luxembourg or any other internationally recognised clearing system.
- (ii) If the Obligation Characteristic "Listed" is specified, the Conditions shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category.
  - (iii) If (a) either of the Valuation Obligation Characteristics "Listed" or "Not Bearer" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Valuation Obligation Category; (b) the Valuation Obligation Characteristic "Transferable" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Valuation Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Valuation Obligation Category); or (c) any of the Valuation Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Valuation Obligation Category;

- (iv) If any of Payment, Borrowed Money, Loan, or Bond or Loan is specified as the Valuation Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Valuation Obligation Characteristics, the Valuation Obligations may include any Loan that satisfies any one of such Valuation Obligation Characteristics specified and need not satisfy all such Valuation Obligation Characteristics; and
- (v) In the event that a Valuation Obligation is a Qualifying Guarantee, the following will apply:
  - (1) For purposes of the application of the Valuation Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
  - (2) For purposes of the application of the Valuation Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the specified applicable Valuation Obligation Characteristics, if any, from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
  - (3) For purposes of the application of the Valuation Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the specified applicable Valuation Obligation Characteristics, if any, from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
  - (4) For purposes of the application of the Valuation Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
  - (5) The terms "outstanding principal balance" and "Due and Payable Amount" (as they are used in various other Conditions), when used in connection with Qualifying Guarantees are to be interpreted to be the then "outstanding principal balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

6(n) *Restructuring Maturity Limitation and Modified Restructuring Maturity Limitation*

- (i) If "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Valuation Obligation may be included in the Portfolio only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date.
- (ii) If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Valuation Obligation may be included in the Portfolio only if it (i) is a Conditionally Transferable Obligation

and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

6(o) *Credit-Linked Note Definitions*

**"Accreted Amount"** means, with respect to an Accreting Obligation, an amount equal to (i) the sum of (a) the original issue price of such obligation and (b) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (ii) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (i)(b) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Valuation Date. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent) only if "Include Accrued Interest" is specified as being applicable. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such obligation's yield to maturity is not specified in, nor implied from, the terms of such obligation, then, for purposes of (i)(b) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (1) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (2) the relevant Valuation Date. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable;

**"Accreting Obligation"** means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (i) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (ii) periodic cash interest is also payable. With respect to any Accreting Obligation, "outstanding principal balance" shall mean the Accreted Amount thereof.

**"Affiliate"** means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "**control**" of any entity or person means ownership of a majority of the voting power of the entity or person.

**"Auction"** has the meaning set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Cancellation Date"** means the date on which an Auction is deemed to be cancelled pursuant to the Transaction Auction Settlement Terms with respect to the relevant Reference Entity.

**"Auction Covered Transaction"** has the meaning set forth in the Transaction Auction Settlement Terms.

**"Auction Final Price"** means the price, if any, specified to be the Auction Final Price in the Transaction Auction Settlement Terms with respect to the Reference Entity (expressed as a percentage) or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-Off Date, the price, if any, specified to be the Auction Final Price in the Parallel Auction Settlement Terms with respect to the Reference Entity (expressed as a percentage).

**"Auction Final Price Determination Date"** means the day, if any, on which the Auction Final Price is determined pursuant to the Transaction Auction Settlement Terms with respect to the Reference Entity.

**"Auction Settlement Date"** means the date that is the number of Business Days specified in the Transaction Auction Settlement Terms (or, if a number of Business Days is not so specified, five Business Days) immediately following the Auction Final Price Determination Date.

**"Bankruptcy"** means a Reference Entity (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes or has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (a) results in a judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (b) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (i) to (vii) above (inclusive) of this definition of Bankruptcy.

**"Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified and such other days as may be specified.

**"Business Day Convention"** means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term "Business Day Convention" and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:

- (i) if "Following" is specified, that date will be the first following day that is a Business Day;
- (ii) if "Modified Following" or "Modified" is specified, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and
- (iii) if "Preceding" is specified, that date will be the first preceding day that is a Business Day.

**"Cash Settlement Amount"** means the amount specified as such (or, if the same is allocated as contemplated in paragraph (e) of the definition of Successor in Condition 6(o), the proportion thereof allocated to the relevant Successor) or, if an amount is not specified, the greater of (a) the Reference Entity Calculation Amount multiplied by the difference between the Reference Price and the Auction Final Price (or the Final Price, if the Fallback Settlement Method applies) and (b) zero; **provided, however, that, if**

"Deduct Hedging Costs" is specified then the Issuer shall increase the Cash Settlement Amount otherwise determined hereunder by an amount equal to the Hedging Costs.

**"Cash Settlement Date"** means the Credit Event Redemption Date.

**"Conditionally Transferable Obligation"** means a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Valuation Obligation other than Bonds, **provided, however, that** a Valuation Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Valuation Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Valuation Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Valuation Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Valuation Obligation shall not be considered to be a requirement for consent for purposes of this definition of Conditionally Transferable Obligation.

For purposes of determining whether a Valuation Obligation satisfies the requirements of the definition of Conditionally Transferable Obligation, such determination shall be made as of the Valuation Date, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents obtained.

**"Convertible Obligation"** means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**"Credit Derivatives Auction Settlement Terms"** means any Credit Derivatives Auction Settlement Terms published by ISDA, in accordance with the Rules, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time in accordance with the Rules.

**"Credit Derivatives Determinations Committees"** means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions, as more fully described in the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the **"Rules"**).

**"Credit Event"** means the occurrence of one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, as specified, as determined by the Issuer or the Calculation Agent in its sole and absolute discretion (save that such determination shall be confirmed by Publicly Available Information). If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon: (i) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, any Underlying Obligor to enter into any Underlying Obligation, (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described, (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described or (iv) the imposition of, or any change in, any exchange controls, capital restrictions or

any other similar restrictions imposed by any monetary or other authority, however described.

**"Credit Event Backstop Date"** means either (a) 60 calendar days prior to the Credit Event Resolution Request Date (if any) or (b) otherwise, the date that is 60 calendar days prior to the earlier of (i) the Credit Event Notice Date and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (C) the Credit Event Notice is effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**"Credit Event Redemption Date"** means, if an Auction Final Price Determination Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, a Parallel Auction Final Price Determination Date occurs, the fifth Business Day following the later of the Auction Settlement Date or the Parallel Auction Settlement Date (as applicable) and the relevant Credit Event Notice Date, **provided that** if:

- (i) an Auction Cancellation Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, a Parallel Auction Cancellation Date occurs;
- (ii) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to sub-paragraph (b) of such definition, the Issuer has not exercised the Movement Option);
- (iii) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine (A) whether or not an event constitutes a Credit Event with respect to the Reference Entity or Obligation thereof nor (B) the date of the occurrence of such event;
- (iv) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that an event constitutes a Credit Event with respect to the Reference Entity or Obligation thereof and the date of the occurrence of such event and the Issuer determines in its sole and absolute discretion that a Reference Transaction would be settled in accordance with the Fallback Settlement Method; or
- (v) no Credit Event Resolution Request Date has occurred on or prior to the first Business Day prior to the Valuation Date,

the Credit Event Redemption Date shall be the tenth Business Day following the Valuation Date (or the Backup Valuation Date, as applicable) and the Issuer shall determine the Final Price in accordance with the Settlement Method set out in Schedule 1 (the **"Fallback Settlement Method"**).

**"Credit Event Resolution Request Date"** means, with respect to a notice to ISDA, delivered in accordance with the ISDA Credit Derivatives Determinations Committee Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Credit Event has occurred with respect to the Reference Entity or Obligation thereof; and



- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

the date, as publicly announced by ISDA to be the date that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the ISDA Credit Derivatives Determinations Committee Rules, of Publicly Available Information with respect to the DC Resolutions referred to in sub-clauses (a) and (b) above.

**"Currency Amount"** means, whenever an amount is denominated in a currency other than the Settlement Currency and is to be determined under these Conditions by reference to a Currency Amount, such amount converted to the relevant Settlement Currency using the Currency Rate.

**"Currency Rate"** means, whenever so required to be determined the rate for conversion of the currency of the Valuation Obligation into the Settlement Currency determined by the Calculation Agent, as of the Valuation Date, in its sole discretion.

**"DC Resolution"** has the meaning given to that term in the Rules.

**"Default Requirement"** means the amount specified as such or its equivalent in the relevant Obligation Currency, or if no amount is so specified, USD10,000,000 or its equivalent in the relevant Obligation Currency in either case as of the occurrence of the relevant Credit Event.

**"Deliverable Obligation Provisions"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**"Deliverable Obligation Terms"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**"Domestic Currency"** means the currency specified as such and any successor currency. If no currency is so specified, the Domestic Currency shall be the lawful currency and any successor currency of (i) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (ii) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

**"Downstream Affiliate"** means an entity whose outstanding Voting Shares were, at the date of the issuance of the Qualifying Guarantee, more than 50 percent owned, directly or indirectly, by the Reference Entity.

**"Due and Payable Amount"** means the amount that is due and payable under (and in accordance with the terms of) a Valuation Obligation as of the relevant Valuation Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

**"Eligible Reference Entity"** means an entity that is in the same Moody's, S&P or Additional Rating Agency industry group (the **"Industry Requirement"**) as the relevant Surviving Reference Entity, where:

**"Moody's"** means Moody's Investors Service, Inc.;

**"S&P"** means Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc; and

**"Additional Rating Agency"** means any rating agency selected by the Issuer in its sole discretion.

**"Eligible Transferee"** means:

- (i) any
  - (a) bank or other financial institution;
  - (b) an insurance or reinsurance company;
  - (c) a mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in (iii)(a) below); and
  - (d) a registered or licensed broker or dealer (other than a natural person or proprietorship);provided, however, in each case that such entity has total assets of at least USD500,000,000;
- (ii) an Affiliate of an entity specified in (i) above;
- (iii) each of a corporation, partnership, proprietorship, organisation, trust or other entity
  - (a) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (A) has total assets of at least USD100,000,000 or (B) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least USD100,000,000; or
  - (b) that has total assets of at least USD500,000,000; or
  - (c) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in (i), (ii), (iii)(b) above or (iv) below; or
- (iv) a Sovereign, Sovereign Agency or Supranational Organisation

(all references in this definition to USD including equivalent amounts in other currencies).

**"Enabling Obligation"** means an outstanding Valuation Obligation that is (a) a Fully Transferable Obligation or a Conditionally Transferable Obligation, as applicable, and (b) has a final maturity date occurring on or prior to the Scheduled Maturity Date and following the Limitation Date immediately preceding the Scheduled Maturity Date (or in circumstances where the Scheduled Maturity Date occurs prior to the 2.5-year Limitation Date, following the final maturity date of the Latest Maturity Restructured Bond or Loan, if any).

**"Equity Securities"** means:

- (a) in the case of a Convertible Obligation, equity securities (including options or warrants) of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and
- (b) in the case of an Exchangeable Obligation, equity securities (including options or warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time.

**"Exchangeable Obligation"** means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holder of such obligation). With respect to any Exchangeable Obligation that is not an Accreting Obligation, "outstanding principal balance" shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**"Excluded Obligation"** means any obligation of a Reference Entity specified as such (if any are so specified).

**"Excluded Valuation Obligation"** means any obligation of a Reference Entity specified as such (if any are so specified).

**"Exercise Cut-off Date"** means:

- (a) with respect to a Credit Event which is a Restructuring for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and:
  - (i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is five Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules; or
  - (ii) a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of No Auction Announcement Date, the date that is 21 calendar days following such No Auction Announcement Date; or
- (b) with respect to a Credit Event which is a Restructuring for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, either:
  - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
  - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
  - (iii) the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

**"Extended Maturity Date"** has the meaning ascribed thereto in Part A.

**"Extension Date"** means the latest of (a) the Scheduled Maturity Date, (b) the Grace Period Extension Date if (i) Grace Period Extension is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (c) the

Repudiation /Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in sub-paragraph (b) of the definition of Repudiation/Moratorium occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Repudiation/Moratorium Extension Condition is satisfied.

**"Failure to Pay"** means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure.

**"Fallback Settlement Method"** has the meaning given in the definition of Credit Event Redemption Date.

**"Final Price"** means a price determined in accordance with Schedule 1 to the Final Terms.

**"Final List"** has the meaning given to such term in the Rules.

**"Full Quotation"** means each firm bid quotation obtained from a selected dealer for an amount of the Valuation Obligation equal to the Quotation Amount.

**"Fully Transferable Obligation"** means a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Valuation Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Valuation Obligation shall not be considered to be a requirement for consent for the purposes of this definition. For purposes of determining whether a Valuation Obligation satisfies the requirements of this definition, such determination shall be made as of the Valuation Date for the Valuation Obligation, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents which have been obtained by the Issuer.

**"GBP"** means the lawful currency of the United Kingdom of Great Britain and Northern Ireland;

**"Governmental Authority"** means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

**"Grace Period"** means with respect to an Obligation the lesser of (i) the applicable grace period with respect to payments under the terms of such Obligation in effect as of the date as of which such obligation is issued or incurred and (ii) a period of thirty calendar days.

**"Grace Period Extension Date"** means, with respect to any Potential Failure to Pay, the date that is the number of days constituting the relevant Grace Period after the date of the commencement of such Potential Failure to Pay.

**"Hedging Costs"** means an amount equal to the aggregate costs to the Issuer and/or its affiliates (if any) of terminating, transferring, liquidating, obtaining or re-establishing in whole or in part any swap agreement, financing arrangement or other hedging

transaction entered into by or on behalf of the Issuer in relation to the issuance of the Notes or an Additional Note Issuance, as determined by the Issuer in its sole and absolute discretion.

"ISDA" means the International Swaps and Derivatives Association, Inc.

"**Limitation Date**" means the first of 20 March, 20 June, 20 September or 20 December in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the "**2.5-year Limitation Date**"), 5 years (the "**5-year Limitation Date**"), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the "**20 year Limitation Date**"), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention.

"**Modified Eligible Transferee**" means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

"**Modified Restructuring Maturity Limitation Date**" means, with respect to a Valuation Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date **provided that**, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. If the Scheduled Maturity Date is later than the 2.5-year Limitation Date and prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Maturity Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only. Subject to the foregoing, in the event that the Scheduled Maturity Date is later than (A) the 2.5-year Limitation Date and no Enabling Obligation exists or (B) the 20-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

"**Movement Option**" means with respect to a Restructuring Credit Event for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified to be applicable in the Standard Terms with respect to the relevant Reference Entity and with respect to which a No Auction Announcement Date has occurred (in accordance with paragraph (b) of such definition), the option of the Issuer (to be exercised in its sole and absolute discretion) to apply to the Notes, for the purposes of determining the Credit Event Redemption Amount, the Parallel Auction Settlement Terms, if any. In order to exercise the Movement Option in the manner set out above, the Issuer must deliver an effective Notice to Exercise Movement Option to the Noteholders in accordance with Condition 13 (*Notices*) of the Notes on or prior to the Movement Option Cut-off Date. If no effective Notice to Exercise Movement Option is delivered by the Issuer to the Noteholders on or prior to the Movement Option Cut-off Date, the Notes will be settled in accordance with the Fallback Settlement Method.

"**Movement Option Cut-off Date**" means the date that is one Business Day prior to the Auction Date.

"**Multiple Holder Obligation**" means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event, is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which constitutes a Restructuring Credit Event **provided that** any Obligation that is a Bond shall be deemed to satisfy the requirements in (ii) of this definition of Multiple Holder Obligation.

**"No Auction Announcement Date"** means, with respect to a Credit Event, the date on which ISDA first publicly announces that (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published; (b) following the occurrence of a Restructuring in respect of which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified to be applicable in the Standard Terms with respect to the relevant Reference Entity, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary.

**"Notice Delivery Period End Date"** has the meaning ascribed thereto in Part A.

**"Notice to Exercise Movement Option"** means, where (a) either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable in the Standard Terms with respect to the relevant Reference Entity and (b) the Fallback Settlement Method would otherwise be applicable pursuant to the Auction Settlement provisions, an irrevocable notice from the Issuer to the Noteholders in accordance with Condition 13 (*Notices*) of the Notes that (i) specifies the Parallel Auction Settlement Terms applicable in accordance with the definition of Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

**"Obligation"** means (i) any obligation of a Reference Entity (either directly or as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee) determined pursuant to the method described in Condition 6(l) (but excluding any Excluded Obligation), (ii) each Reference Obligation, unless specified as an Excluded Obligation, and (iii) any other obligation of a Reference Entity specified as such.

**"Obligation Acceleration"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Obligation Currency"** means the currency or currencies in which an Obligation is denominated.

**"Obligation Default"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Parallel Auction"** means "Auction" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Cancellation Date"** means "Auction Cancellation Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Final Price Determination Date"** means the Auction Final Price Determination Date as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Date"** means "Auction Settlement Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Terms"** means, following the occurrence of a Restructuring where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions applicable to the Reference Transaction.

**"Permissible Deliverable Obligations"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included in the Final List pursuant to the Deliverable Obligation Terms applicable to the relevant Auction.

**"Payment Requirement"** means the amount specified as such or its equivalent in the relevant Obligation Currency, or if Payment Requirement is not so specified, USD1,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**"Portfolio"** means a portfolio of one or more Valuation Obligations with (i) in the case of Valuation Obligations that are Borrowed Money obligations, an outstanding principal balance (including (if Included Accrued Interest is specified) or excluding (if Exclude Accrued Interest is specified) accrued but unpaid interest as determined by the Issuer or the Calculation Agent acting in a commercially reasonable manner) or (ii) in the case of Valuation Obligations that are not Borrowed Money obligations, a Due and Payable Amount (or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount) (the **"Valuation Obligation Calculation Amount"**, which in aggregate shall not exceed the Reference Entity Calculation Amount (or, if a partial redemption is designated in respect of a Restructuring Credit Event, the relevant Partial Redemption Portion) as of the relevant Valuation Date), which is identified by the Issuer to the Calculation Agent not later than the third Business Day immediately preceding the relevant Valuation Date, **provided that** such Portfolio may be amended by the Issuer at the Issuer's discretion up to one Business Day prior to the Valuation Date.

**"Potential Failure to Pay"** means, in the sole and absolute determination of the Issuer, the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations in accordance with the terms of such Obligations at the time of such failure.

**"Potential Repudiation/Moratorium"** means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

**"Publicly Available Information"** means information that reasonably confirms any of the facts relevant to the determination that the Credit Event has occurred and which (i) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information; **provided that**, if the Issuer or the Calculation Agent or any of its respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless the Issuer or the Calculation Agent or its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (ii) is information received from or published by (a) a Reference Entity (or a Sovereign Agency in respect of a Reference Entity which is a Sovereign) or (b) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (iv) of the definition of Bankruptcy above against or by a Reference Entity or (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.

In relation to any information of the type described in (ii), (iii) or (iv) above, the Issuer and the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.

Publicly Available Information need not state (a) in relation to the definition of Downstream Affiliate above, the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity and (b) that such occurrence (1) has met the Payment Requirement or Default Requirement, (2) is the result of exceeding any applicable Grace Period or (3) has met the subjective criteria specified in certain Credit Events.

**"Public Source"** means each source of Publicly Available Information specified as such (or, if a source is not so specified, each of Bloomberg Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

**"Qualifying Affiliate Guarantee"** means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

**"Qualifying Guarantee"** means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **"Underlying Obligation"**) for which another party is the obligor (the **"Underlying Obligor"**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment).

**"Qualifying Participation Seller"** means any participation seller that meets the requirements specified. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**"Reference Price"** means the percentage specified or, if a percentage is not specified, one hundred percent.

**"Reference Transaction"** means a hypothetical credit derivative transaction (a) for which the Deliverable Obligation Terms and the Reference Obligation are (i) the same as the terms applicable for determining Valuation Obligations (the **"Valuation Obligation Terms"**) and the Reference Obligation specified in respect of the Notes or (ii) if and to the extent Valuation Obligation Terms and/or the Reference Obligation are not specified, the Deliverable Obligation Terms and Reference Obligation determined by the Calculation Agent in a commercially reasonable manner to be appropriate in respect of a credit derivative transaction linked to the relevant Reference Entity, (b) with a Scheduled Termination Date matching the Scheduled Maturity Date of the Notes, (c) with a Floating Rate Payer Calculation Amount matching the Reference Entity Calculation Amount, and (d) otherwise having such other characteristics as the Calculation Agent may in its sole discretion determine appropriate by reference to, without limitation, the Issuer's hedging arrangements and/or any credit derivative elections made in relation to the Notes.

**"Relevant City Business Day"** has the meaning given to that term in the Rules.



**"Replacement Reference Entity"** means, with respect to a Surviving Reference Entity, an Eligible Reference Entity selected by the Issuer in its sole and absolute discretion and notified as soon as reasonably practicable to the Noteholders in accordance with Condition 13.

**"Repudiation/Moratorium"** means (a) an authorised officer of a Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement and (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation Moratorium Evaluation Date.

**"Repudiation/Moratorium Evaluation Date"** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date, of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium **provided that**, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied.

**"Repudiation/Moratorium Extension Condition"**. The Repudiation/Moratorium Extension Condition is satisfied if (i) ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium for the purposes of the Reference Transaction has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) or (ii) otherwise, by the delivery of the Issuer to the Noteholders of a Repudiation/Moratorium Extension Notice and a Notice of Publicly Available Information in accordance with Condition 13 (*Notices*), in each case that are effective on or prior to the Business Day following the date that is fourteen calendar days after the Scheduled Maturity Date. In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium for purposes of the Reference Transaction with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium for purposes of the Reference Transaction has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan, Tokyo time)).

**"Repudiation/Moratorium Extension Notice"** means an irrevocable notice from the Issuer to the Noteholders delivered in accordance with Condition 13 (*Notices*) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled

Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign)). A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

"**Resolve**" has the meaning given to that term in the Rules, and "Resolved" and "Resolves" shall be interpreted accordingly.

"**Restructured Bond or Loan**" means an Obligation which is a Bond or Loan and in respect of which a Restructuring that is the subject of a Credit Event Notice has occurred.

**"Restructuring"**

- (a) "**Restructuring**" means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of (i) the Credit Event Backstop Date and (ii) the date as of which such Obligation is issued or incurred:
- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
  - (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
  - (iii) a postponement or other deferral of a date or dates for either (a) the payment or accrual of interest or (b) the payment of principal or premium;
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
  - (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency ("**Permitted Currency**" meaning (a) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership); or (b) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of the McGraw Hill Companies, Inc or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof).
- (b) Notwithstanding the provisions of (a) above, none of the following shall constitute a Restructuring:
- (i) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union

that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;

- (ii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
  - (iii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.
- (c) Unless Multiple Holder Obligation is specified as not applicable then, notwithstanding anything to the contrary in this definition of Restructuring, the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.
- (d) For purposes of (a), (b) and (c) above, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in (a) above shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in (b) above shall continue to refer to the Reference Entity.

**"Restructuring Date"** means, with the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Restructuring Maturity Limitation Date"** means with respect to a Valuation Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, **provided that**, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **"Latest Maturity Restructured Bond or Loan"**) and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan. In the event that the Scheduled Maturity Date is later than (a)(i) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (ii) the 2.5-year Limitation Date, and, in either case, no Enabling Obligation exists or (b) the 20-year Limitation Date, the Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

**"Scheduled Maturity Date"** has the meaning ascribed thereto in Part A.

**"Settlement Currency"** means the currency specified or, if no currency is so specified, the currency of denomination of the Reference Entity Calculation Amount.

**"Sovereign"** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof.

**"Sovereign Agency"** means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

**"Sovereign Restructured Valuation Obligation"** means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant

Credit Event Notice has occurred and (b) described by the specified Valuation Obligation Category and, subject to Condition 6(m)(iv), having each of the specified Valuation Obligation Characteristics, if any, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Valuation Obligation Category or Valuation Obligation Characteristics after such Restructuring.

"**specified**" means, unless otherwise provided, as specified in Schedule 1 to the Final Terms relating to the Notes and/or in the applicable Standard Terms.

"**Substitute Reference Obligation**" means one or more obligations of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that (i) a Reference Obligation is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortization or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (i) ranks *pari passu* in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date) and (ii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to one or more but not all of the Reference Obligations for such Reference Entity, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to all of the Reference Obligations for such Reference Entity, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.

- (e) If (i) more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to all the Reference Obligations of such Reference Entity and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations of such Reference Entity, or (ii) only one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under sub-section (a) of this definition of Substitute Reference Obligation has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the latest of the Maturity Date and the Grace Period Extension Date (if any).
- (f) For purposes of identification of a Reference Obligation, any change in a Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

"**Successor**" shall have the meaning determined in accordance with the following provisions:

- (a) In relation to a Reference Entity that is not a Sovereign, "**Successor**" means, subject to (j) below), the entity or entities, if any, determined as set forth below:
  - (i) if one entity directly or indirectly succeeds to 75 per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
  - (ii) if only one entity directly or indirectly succeeds to more than 25 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor;
  - (iii) if more than one entity each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will each be a Successor and (e) below will apply;
  - (iv) if one or more entities each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will be a Successor and (e) below will apply;
  - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
  - (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to

exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 14 calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable **provided that** the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in (a) above, and subparagraphs (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information.

- (b) **"Succession Event"** means an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, "Succession Event" shall not include any event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date (determined by reference to Greenwich Mean Time).
- (c) For purposes of interpreting this definition of Successor **"succeed"** means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to (a) above shall be made, in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged.
- (d) Where (i) a Reference Obligation has been specified with respect to a Reference Entity, (ii) one or more Successors to the Reference Entity have been identified and (iii) any one or more such Successors have not assumed the Reference Obligation, a Substitute Reference Obligation will be determined in accordance with the definition of Substitute Reference Obligation above.

- (e) Where, pursuant to (a)(iii) or (iv) above, more than one Successor has been identified then, subject to (j) below:
  - (i) each Successor will be treated as a Reference Entity;
  - (ii) the Reference Entity Calculation Amount in respect of each Successor will be the Reference Entity Calculation Amount divided by the number of Successors and update Schedule 2 of the Final Terms accordingly;
  - (iii) the provisions of Condition 6(j)(iii) shall apply; and
  - (iv) the Conditions will otherwise continue to apply except to the extent that modification is required, as determined by the Calculation Agent, to preserve the economic effects of the original Conditions. The Calculation Agent will determine the Reference Obligation, Seniority and Transaction Type in its sole discretion in respect of each Successor.
- (f) **"Relevant Obligations"** means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.
- (g) **"Best Available Information"** means:
  - (i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information or, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of Successor, other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
  - (ii) in the case of a Reference Entity which does not file with its primary securities regulator or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of Successor.
- (h) Information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information.

- (i) In relation to a Sovereign Reference Entity, "**Successor**" means any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.
- (j) Subject to paragraph (k) below, where any Reference Entity (a "**Surviving Reference Entity**") (other than the Reference Entity which is the subject of the Succession Event) is a Successor to any Reference Entity (the "**Legacy Reference Entity**"), then such Surviving Reference Entity shall be deemed to be specified as a Reference Entity once only and the Reference Entity Calculation Amount in respect of such Reference Entity shall be the sum of the Reference Entity Calculation Amount applicable to that Reference Entity immediately prior to the Succession Event and the relevant portion of the Reference Entity Calculation Amount of the Legacy Reference Entity as provided in paragraph (e) above;
- (k) If Substitution is specified as applicable, where any Reference Entity (a "**Surviving Reference Entity**") (other than the Reference Entity which is the subject of the Succession Event) would otherwise be a Successor to any other Reference Entity (the "**Legacy Reference Entity**") pursuant to the foregoing provisions then, at the election of the Issuer at any time:
  - (i) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and
  - (ii) the Replacement Reference Entity selected by the Issuer shall be deemed to be a Successor to the Legacy Reference Entity pursuant to that Succession Event from and including the legally effective date of the Succession Event. The Standard Terms applicable to such Replacement Reference Entity shall be the then current standard terms applicable to such Replacement Reference Entity as at the day it is selected by the Issuer.

"**Succession Event Backstop Date**" means (i) the date that is 90 calendar days prior to the Succession Event Resolution Request Date (if any) (determined by reference to Greenwich Mean Time) or (ii) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Calculation Agent determines that a Succession Event has occurred and (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of "Succession Event Resolution Request Date" are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Calculation Agent determines that a Succession Event has occurred not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

"**Succession Event Resolution Request Date**" means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Succession Event has occurred with respect to the relevant Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the legally effective date of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.



**"Supranational Organisation"** means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

**"TARGET"** means the Trans-European Automated Real-time Gross settlement Express Transfer System.

**"Transaction Auction Settlement Terms"** means, with respect to a Credit Event, the Credit Derivatives Auction Settlement Terms for which the Reference Transaction would be an Auction Covered Transaction. **"USD"** means the lawful currency of the United States of America.

**"Valid Credit Event Resolution Request Date"** means a Credit Event Resolution Request Date which occurs on or prior to the 14th calendar day after the Extension Date (including prior to the Trade Date), **provided that** the Trade Date occurs on or prior to the Auction Final Price Determination Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, the Parallel Auction Final Price Determination Date (as applicable), the Auction Cancellation Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, the Parallel Auction Cancellation Date (as applicable), or the date that is 21 calendar days following the No Auction Announcement Date.

**"Valuation Date"** means the date specified as such in accordance with the applicable Settlement Method.

**"Valuation Obligation"** means, subject to Condition 6(n):

- (i) any obligation of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee determined pursuant to the method described in Condition 6(m) (but excluding any Excluded Valuation Obligation) that (A) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (B) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) in the definition of Credit Event above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor and (C) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Valuation Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being valued apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
- (ii) subject to the second paragraph of the definition of Not Contingent in Condition 6(m)(i)(2)(A), each Reference Obligation, unless specified as an Excluded Valuation Obligation;
- (iii) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Valuation Obligation (but excluding any Excluded Valuation Obligation) that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) of the definition of Credit Event above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Valuation Date, of immediate assertion or demand by or on behalf of the

holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being valued apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and

- (v) any other obligation of a Reference Entity specified as a Valuation Obligation.

**"Voting Shares"** means those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**"Weighted Average Quotation"** means the weighted average of firm quotations obtained from selected dealers, each for an amount of the Valuation Obligation of as large a size as available but less than the Valuation Obligation Calculation Amount.

6(p) *Determinations by the Calculation Agent and Calculation Agent Free to Deal in Notes etc*

- (i) Whenever any matter falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Calculation Agent or such other person, as the case may be, acting in good faith and in a reasonably commercial manner. The Calculation Agent shall not be liable for any loss, liability, cost, claim, action, demand or expense (including without limitation, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) arising out of or in relation to or in connection with its appointment or the exercise of its functions, except such as may result from its own wilful default, negligence or bad faith or that of its officers or agents.
- (ii) Nothing contained herein shall prevent the Calculation Agent from dealing in the Notes or from entering into any related transactions, including without limitation any swap or hedging transactions, with the Issuer (or any of its respective Affiliates) or any holder of the Notes (or any of its Affiliates).

6(q) *Redemption following the occurrence of a Trigger Event*

- (i) From the date on which the Calculation Agent determines (in good faith) that a Trigger Event has occurred up to and including the tenth (10th) Business Day following the day of such determination (whether or not the Trigger Event is continuing), the Issuer may, by providing two (2) Business Days written notice (a **"Trigger Event Option Notice"**), elect to either (i) issue additional Notes with a principal amount equal to the Principal Increase Amount (an **"Additional Note Issuance"**) or (ii) redeem the Notes (a **"Principal Shortfall Redemption"**) (such option, the **"Trigger Event Option"**).

For the avoidance of doubt, the Issuer may give a Trigger Event Option Notice whether or not it has already given a Credit Event Notice or taken any steps to exercise its option under Condition 6(b) (*Redemption for Taxation Reasons*) and any giving of a Trigger Event Option Notice (unless it is subsequently followed by an Additional Note Issuance) shall supersede and override any earlier Credit Event Notice or exercise of such option.

- (ii) If the Issuer elects to exercise the Additional Note Issuance, the Aggregate Principal Amount of the Notes shall be increased by the Principal Increase Amount on the date falling two (2) Business Days following the delivery of the Trigger Event Option Notice. For the avoidance of doubt, there will be no change to the Reference Entity Calculation Amount upon the Additional Note Issuance.

- (iii) If the Issuer elects to exercise the Principal Shortfall Redemption, the Issuer shall redeem all of the Notes on the date falling two (2) Business Days following the delivery of the Trigger Event Option Notice (such second Business Day, the "**Trigger Event Redemption Date**") at an amount equal to the Note Value as of the Trigger Event Redemption Date.
- (iv) A Trigger Event may occur more than once during the term of the Notes. Only one Trigger Event Option Notice may be delivered by the Issuer and an Additional Note Issuance or a Principal Shortfall Redemption can only occur once.

6(r) *Definitions relating to the occurrence of a Trigger Event*

**"Mark to Market Swap Value"** means, on any date, an amount equal to the market value of the Reference Transaction on such date calculated using the offered side of credit default swap rates, as determined by the Calculation Agent in good faith. The Mark to Market Swap Value will be positive if the Reference Transaction is in the money to the seller under such Reference Transaction.

**"Note Value"** has the meaning given to it in the relevant Final Terms.

**"Principal Increase Amount"** means the amount specified as such in the relevant Final Terms.

**"Trigger Event"** shall occur on any Business Day on which (i) the offered side spread on such day on the Reference Transaction is greater than the Trigger Level as determined by the Calculation Agent in good faith; and (ii) no Additional Note Issuance has occurred on such date.

**"Trigger Level"** means the percentage rate per annum specified as such in the relevant Final Terms.

(3) **Meetings of Noteholders, Modification and Substitution**

Condition 15 (*Meetings of Noteholders, Modification and Substitution*) shall be amended by:

- (a) inserting "; or" after the reference to "Notes" in the last line of sub-paragraph (c) and inserting thereafter the following as a new sub-paragraph (d):

"(d) to any modification of the Notes after the Issue Date required in connection with the listing of the Notes on any stock exchange"; and

- (b) inserting the following additional paragraph before the paragraph beginning with "The Issue Agent and the Issuer may also agree":

"The Calculation Agent may from time to time amend any provision of these Conditions to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent and the Issuer determine in a commercially reasonable manner are necessary to reflect market practice for credit derivative transactions."

**PRO FORMA FINAL TERMS FOR CREDIT-LINKED NOTES (SINGLE NAME –  
LEVERAGED)**

*Set out below is the form of Final Terms which will be completed for each Tranche of Credit-Linked Notes (Single name – Leveraged) issued under the Programme.*

*(When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.)*

The terms and conditions of Credit-Linked Notes shall consist of the "Terms and Conditions of the Notes" set out in "Part B - Information about the Notes Generally" and "Part I – Additional Terms and Conditions relating to Credit-Linked Notes (Single Name – Leveraged)" of this Base Prospectus (the "**Base Conditions**") as amended or supplemented by the terms set out in the Final Terms (including the Schedules thereto) (the "**Final Terms**"), substantially in the form which is set out below (terms used in such provisions being deemed to be defined as such for the purposes of this Base Prospectus).

[Notes issued pursuant to these Final Terms are securities to be listed under Listing Rule [17/19]<sup>32</sup>.]

**FINAL TERMS**

Final Terms dated [ ]  
Series No.: [ ]  
Tranche No.: [ ]

**HSBC Bank plc**

**Programme for the Issuance of Notes and Warrants**

**Issue of**

**[Aggregate Principal Amount of Tranche]**

**[Title of Notes] due [●]**

**[(to be consolidated and form a single series with the existing *[Insert details of existing Tranche(s)]*)  
issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

**Linked to [name of Reference Entity]**

**PART A – CONTRACTUAL TERMS**

This document constitutes the Final Terms relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme which [together with the supplemental prospectus[es] dated [●]] constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>33</sup>.

[If these Final Terms indicate that they relate to an issue of Certificates, then all references herein and in the Prospectus to Notes shall be deemed to be references to "Certificates" for the purposes of this Issue.]

<sup>32</sup> *To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securitised derivatives. Notes which include an element of principle protection will generally be eligible for listing under Listing Rule 17 but in some circumstances will be eligible for listing under Listing Rule 19.*

<sup>33</sup> *Only for Notes which are publicly offered and admitted to trading on a regulated market.*

[This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus.]<sup>34</sup> Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus is available for viewing at [address] [and] [website] and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions (the "**Conditions**"), which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Notes. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>35</sup> and must be read in conjunction with the Base Prospectus dated 19 June 2012 which [together with the supplemental prospectus[es] dated [ ]], constitute[s] a [base] prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive]<sup>36</sup>. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus. The Prospectus and the Conditions are available for viewing during normal business hours at [address] [and] [website] and copies may be obtained from [address].

[For Notes offered and sold in the United States of America include:

#### IMPORTANT NOTICES

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("**RSA 421-B**") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

<sup>34</sup> Only for Notes which are publicly offered and admitted to trading on a regulated market.

<sup>35</sup> Only for Notes which are publicly offered and admitted to trading on a regulated market.

<sup>36</sup> Only for Notes which are publicly offered and admitted to trading on a regulated market.

## AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

**It is advisable that prospective investors considering acquiring any Notes understand the risks of transactions involving the Notes and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "Risk Factors" in the Prospectus.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.)*

1.
  - (i) Issuer: HSBC Bank plc
  - (ii) Arranger: HSBC Bank plc
2.
  - (i) Series number: NWP[ ]
  - (ii) [Tranche number: [ ]  
  
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]
  - (iii) Whether issue is of Notes or Certificates: [Notes/Certificates] (if the issue is of Certificates, all references in these Final Terms and in the Prospectus to Notes shall be deemed to be "Certificates for the purposes of this issue")
3. Specified Currency or currencies:
  - (i) of denomination: [ ]
  - (ii) of payment [ ]
4. Aggregate Principal Amount [of Notes admitted to trading]<sup>37</sup>: [ ]
  - [(i) Series:] [ ] plus, if an Additional Note Issuance has occurred, the Principal Increase Amount (subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event)

Principal Increase Amount means [ ] (subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit

<sup>37</sup> Delete for debt securities with a denomination per unit of less than EUR 100,000.

		Event).
	[(ii) Tranche:]	[ ]
5.	(i) Issue Price:	[ ] per cent. of the Aggregate Principal Amount [plus accrued interest from <i>[interest date]</i> ][ <i>In the case of fungible interest-bearing issues only, if applicable</i> ]
	(ii) Commission payable:	[[ ] per cent/None]
	(iii) Selling concession:	[[ ] per cent/None]
6.	(i) Denomination(s): ( <i>Condition 1(b)</i> )	[ ]
	(ii) Calculation Amount <sup>38</sup> :	[ ]
7.	(i) Issue Date:	[ ]
	(ii) Interest Commencement Date:	[ <i>specify</i> /Issue Date/Not applicable]
8.	Maturity Date: ( <i>Condition 6(a)</i> )	Subject to the occurrence of a Potential Credit Event, the earliest of (i) <i>[insert date]</i> (the " <b>Scheduled Maturity Date</b> "), subject to adjustment in accordance with the <i>[insert Business Day Convention]</i> , (ii) if a Credit Event Notice Date occurs, the Credit Event Redemption Date, (iii) the Trigger Event Redemption Date and (iv) the date on which the Notes fall due for redemption pursuant to the occurrence of one or more of the events specified under Conditions 6(b), 6(h) and 10.
	Potential Credit Event:	Notwithstanding anything to the contrary in the Additional Conditions, if facts exist which may result in the determination that a Credit Event has occurred or exists on or prior to the Extension Date (a " <b>Potential Credit Event</b> "), the Maturity Date shall be extended to (1) if a Credit Event Notice is delivered on or prior to the Notice Delivery Period End Date, the Credit Event Redemption Date, or (2) if no Credit Event Notice is delivered on or prior to the Notice Delivery Period End Date, the earlier of (a) the date on which the Issuer notifies the Noteholders that a Potential Credit Event no longer exists, and (b) the third Business Day after the Notice Delivery Period End Date (the " <b>Extended Maturity Date</b> ").  " <b>Notice Delivery Period End Date</b> " means the fifth (5th) Business Day following (a) if a Valid Credit Event Resolution Request Date occurs, the later of (i) the 14th calendar day following the

<sup>38</sup> The applicable Calculation Amount (which is used for the calculation of the redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.

Extension Date and (ii) any of the following (I) if the relevant Credit Event is not a Restructuring, the date on which the Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred; (II) if the relevant Credit Event is a Restructuring, the relevant Exercise Cut-Off Date; (III) the day on which the Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Credit Event has occurred; or (IV) the day that is 14th calendar day following the date on which the Credit Derivatives Determinations Committee has Resolved not to determine whether or not an event constitutes a Credit Event; or (b) otherwise the 14th calendar day following the Extension Date.

For the avoidance of doubt, if the Maturity Date is extended pursuant to the occurrence of a Potential Credit Event, no interest shall accrue in respect of the period from and including the Scheduled Maturity Date to and including the Extended Maturity Date.

9. Interest basis:  
(Conditions 3 to 5)

[ [ ] per cent Fixed Rate]

[[Specify reference rate] +/- [ ] per cent.  
Floating Rate Notes]

[Variable Coupon Amount]

[Zero Coupon]

[Other (specify)]

[further particulars specified below]

[Interest will be treated as having ceased to accrue as from the beginning of any Interest Period in which a Credit Event Notice is given under Condition 6(j)(i) – See Additional Conditions]<sup>39</sup>

10. Redemption basis:  
(Condition 6)

[Redemption at par]

[Credit-Linked Redemption and Redemption following the occurrence of a Trigger Event]

[Dual Currency]

[Partly Paid]

[Instalment]

[Other (specify)]

See Additional Conditions for provisions relating to Redemption following the occurrence of a Credit Event and Redemption following the occurrence of a Trigger Event.

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<sup>39</sup> Include unless the Notes are Zero Coupon Notes.



11. Change of interest or redemption basis: Notwithstanding anything to the contrary in the Additional Conditions, in the event that the Notes are redeemed on the Credit Event Redemption Date, the final redemption amount of the Notes shall be the Credit Event Redemption Amount, **provided that** in the event that the Notes are redeemed on the Trigger Event Redemption Date, the final redemption amount of the Notes shall be the Note Value [/Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis].
12. Put/Call options: Not applicable.
13. (i) Status of the Notes: Unsubordinated, unsecured  
(Condition 2)  
(ii) Date Board approval for issuance of Notes obtained: Not applicable
14. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. Fixed Rate Note provisions: [Applicable/Not Applicable]  
(Condition 3)  
Rate(s) of Interest: [ ] per cent. per annum payable [annually/semi-annually/quarterly/monthly] in arrear
- Interest Payment Date(s): [specify payment dates] in each year, commencing on and including [insert date] [adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "**Business Day**"] / [not adjusted] and ending on the earliest to occur of (i) the Credit Event Redemption Date, (ii) the Scheduled Maturity Date and (iii) the Maturity Date, in each case subject to adjustment in accordance with the [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "**Business Day**"] / [not adjusted].
- Fixed Coupon Amount(s): An amount equal to (a) the product of:
- (i) the Fixed Rate Calculation Amount; and
- (ii) the Rate of Interest,
- divided by (b) the number of Notes on the relevant Interest Payment Date, subject to the Day Count Fraction.
- "Fixed Rate Calculation Amount"** means, on any date, the Reference Entity Calculation Amount.
- Day count fraction: [30/360/Actual/Actual (ICMA/ISDA)/Actual/360/other (specify)] [Not applicable]

Other terms relating to the method of calculating interest for Fixed Rate Notes:

**"Interest Period"** means the period from and including an Interest Payment Date to and excluding the next succeeding Interest Payment Date, with the exception that the first such period shall commence on and include the Issue Date and the last such period shall end on but exclude the earliest of (i) the Credit Event Notice Date (if any), (ii) the Valid Credit Event Resolution Request Date (provided that a Credit Event Notice Date subsequently occurs), (iii) the Scheduled Maturity Date [(adjusted in accordance with the Following Business Day Convention)] and (iv) the Maturity Date, [provided that for the purposes of Interest Periods, the Interest Payment Dates shall not be subject to the [insert Business Day Convention]].

[any other details]

16. Floating Rate Note Provisions:  
(Condition 4)

Applicable

(i) [Interest Period(s)] / [Specified Period]<sup>40</sup>:

[The period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date, with the exception that the first such period shall commence on and include the Issue Date or, in respect of the Additional Libor Amount only, the day on which the Additional Note Issuance is effected, and the last such period shall end on but exclude the earliest of (i) the Credit Event Notice Date (if any), (ii) the Valid Credit Event Resolution Request Date (provided that a Credit Event Notice Date subsequently occurs), (iii) the Scheduled Maturity Date [(adjusted in accordance with the Following Business Day Convention)] and (iv) the Maturity Date [provided that for the purposes of Interest Periods, the Interest Payment Dates shall not be subject to the [insert Business Day Convention]].]<sup>41</sup> / [specify]<sup>42</sup>

(ii) Interest Payment Dates:

[specify payment dates] in each year, commencing on and including [insert date] [adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "Business Day"] / [not adjusted] and ending on the earliest of (i) the Credit Event Redemption Date, (ii) the Scheduled Maturity Date and (iii) the Maturity Date, in each case subject to adjustment in accordance with the [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "Business Day" / [not adjusted].

<sup>40</sup> Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

<sup>41</sup> This option is applicable when "Interest Period(s)" has been selected.

<sup>42</sup> Specify relevant period when "Specified Period" has been selected.

- (iii) First Interest Payment Date: [ ]
- (iv) Interest Amount An amount equal to the sum of the Initial Libor Amount and the Additional Libor Amount (if any).
- "Initial Libor Amount"** means:
- (a) the product of:
- (i) the Initial Libor Calculation Amount (subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event) for the relevant Interest Period; and
- (ii) the relevant Rate of Interest,
- divided by (b) the number of Notes on the relevant Interest Payment Date, subject to the Day Count Fraction.
- "Initial Libor Calculation Amount"** means, on any date, the Aggregate Principal Amount on such date (ignoring for such purposes any Principal Increase Amount).
- "Additional Libor Amount"** means:
- (a) the product of:
- (i) Additional Libor Calculation Amount (subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event) for the relevant Interest Period; and
- (ii) the relevant Rate of Interest,
- divided by (b) the number of Notes on the relevant Interest Payment Date, subject to the Day Count Fraction.
- "Additional Libor Calculation Amount"** means, on any date, the Principal Increase Amount (if any) on such date.
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (vi) Business Centre(s): [Not applicable/*give details*]
- (vii) Screen Rate Determination: [Applicable/Not applicable]
- (1) Reference Rate: [*specify LIBOR or other*]

- (2) Interest Determination Date(s): [ ]
- (3) Relevant Screen Page: [ ]
- (4) Relevant Financial Centre: [ ]
- (5) Designated Maturity: [[•], **provided that** the Designated Maturity in respect of the first Interest Period or, if applicable, in respect of the Additional Libor Amount only, the period in which the Additional Note Issuance is effected, shall be determined through the use of straight-line interpolation by reference to two rates based on the relevant Rate of Interest, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the Interest Period.]
- (viii) ISDA Determination: [Applicable/Not applicable]
- (1) Floating Rate Option: [ ]
- (2) Designated Maturity: [ ]
- (3) Reset Date: [ ]
- (ix) Margin(s): [[•] per cent. per annum or, in respect of the Additional Libor Amount only, a spread per annum to be determined in good faith and in a commercially reasonable manner by the Calculation Agent by reference to the then current funding levels.]
- (x) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/Actual/360/*other (specify)*]
- (xi) Relevant time: [ ]
- (xii) Minimum Rate of Interest: [[ ] per cent. per annum] [Not applicable]
- (xiii) Maximum Rate of Interest: [[ ] per cent. per annum] [Not applicable]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
17. Variable Coupon Amount Note provisions  
(Condition 5) [Applicable/Not applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph).*
- (i) Interest Payment Dates: [ ]
- (ii) Method of calculating interest: [ ]

- |     |  |   |
|-----|--|---|
|     | (iii) Business Centre(s):  | [Not applicable/give details]   |
| 18. | Zero Coupon Note provisions:<br>(Condition 5)  | [Applicable/Not applicable]<br><br><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph).</i> |
|     | (i) Rate of interest on overdue amounts:   | [ ]   |
|     | (ii) Redemption formula:   | [ ]   |
|     |  | See also Additional Conditions  |
| 19. | Index-Linked Interest Note/Other<br>Variable-Linked Interest Note<br>provisions                                      | [Applicable/Not applicable]   |
| 20. | Dual Currency Note provisions/Multi-<br>currency Note provisions   | [Applicable/Not applicable]<br><br><i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>  |
|     | (i) Currencies:  | [ ]   |
|     | (ii) Rate(s) of exchange:  | [give details] <sup>43</sup>  |
|     | (iii) Provisions applicable where<br>calculation by reference to rate<br>of exchange impossible or<br>impracticable: | [Need to include a description of market<br>disruption or settlement disruption events and<br>adjustment provisions.] |

#### PROVISIONS RELATING TO REDEMPTION

- |      |   |  |     |   |      |   |
|------|---|--|-----|---|------|---|
| 21.  | Issuer's optional redemption (Call):<br>(Condition 6(c))  | Not applicable.  |     |   |      |   |
| 22.  | Noteholder's optional redemption (Put):<br>(Condition 6(d))   | Not applicable   |     |   |      |   |
| 23.  | Final Redemption Amount of each Note:<br>(Condition 6(a))   | <table border="0"> <tr> <td>(i)</td> <td>If (a) no Credit Event Notice Date has occurred, (b) no Trigger Event Option Notice has been delivered (unless, if a Trigger Event Option Notice has been delivered, an Additional Note Issuance has also occurred) and (c) no early redemption event has occurred, in each case on or prior to the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), 100 per cent. of Aggregate Principal Amount on the Maturity Date,</td> </tr> <tr> <td>(ii)</td> <td>if (a) a Credit Event Notice Date has occurred and (b) no Trigger Event Option Notice has been or is delivered (unless, if a Trigger Event Option Notice has been or is delivered, an Additional Note</td> </tr> </table> | (i) | If (a) no Credit Event Notice Date has occurred, (b) no Trigger Event Option Notice has been delivered (unless, if a Trigger Event Option Notice has been delivered, an Additional Note Issuance has also occurred) and (c) no early redemption event has occurred, in each case on or prior to the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), 100 per cent. of Aggregate Principal Amount on the Maturity Date, | (ii) | if (a) a Credit Event Notice Date has occurred and (b) no Trigger Event Option Notice has been or is delivered (unless, if a Trigger Event Option Notice has been or is delivered, an Additional Note |
| (i)  | If (a) no Credit Event Notice Date has occurred, (b) no Trigger Event Option Notice has been delivered (unless, if a Trigger Event Option Notice has been delivered, an Additional Note Issuance has also occurred) and (c) no early redemption event has occurred, in each case on or prior to the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), 100 per cent. of Aggregate Principal Amount on the Maturity Date, |  |     |   |      |   |
| (ii) | if (a) a Credit Event Notice Date has occurred and (b) no Trigger Event Option Notice has been or is delivered (unless, if a Trigger Event Option Notice has been or is delivered, an Additional Note   |  |     |   |      |   |

<sup>43</sup> If denomination per unit is less than EUR100,000, include details of where past and future performance and volatility of the relevant rate(s) can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying.

		Issuance has also occurred or also occurs) on or prior to the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), an amount equal to the Credit Event Redemption Amount on the Credit Event Redemption Date;
	(iii)	if a Trigger Event Option Notice has been delivered and the Issuer has elected a Principal Shortfall Redemption on or prior to the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), an amount equal to the Note Value on the Trigger Event Redemption Date, or
	(iv)	if (a) an early redemption event occurs, (b) no Credit Event Notice Date has occurred and (c) no Trigger Event Option Notice has been or is delivered (unless, if a Trigger Event Option Notice has been or is delivered, an Additional Note Issuance has also occurred or also occurs), in each case on or prior to the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), an amount determined in good faith by the Calculation Agent to be the fair market value of the Notes immediately prior to such early redemption, adjusted to account fully for any Hedging Costs, on the date on which the Notes fall due for redemption pursuant to the occurrence of such early redemption event (the " <b>Early Redemption Amount</b> ").
24.	Final Redemption Amount of each Note in cases where the final Redemption Amount is Index-linked to other variable linked:	Not applicable
25.	Instalment Notes: (Condition 6(a))	Not applicable
26.	Early Redemption Amount:	Yes
	(i) Early Redemption Amount (upon redemption for taxation reasons, illegality or following an Event of Default) (Condition 6(b), 6(h) and Condition 10):	As specified in Section 23(iv) above.
	(ii) Other redemption provisions: (Condition 6(i))	(I) If the Issuer gives a Credit Event Notice and no Trigger Event Option Notice has been or is delivered (unless, if a Trigger Event Option Notice has been or is delivered, an Additional Note Issuance has also occurred or also occurs) on or prior to the Maturity Date (subject to extension upon the occurrence of a

Potential Credit Event), the Issuer shall be obliged to redeem the Notes in full or in part by payment of the Credit Event Redemption Amount to the Noteholders on the Credit Event Redemption Date.

The Credit Event Notice shall describe the Credit Event and specify the Reference Entity in respect of which the Credit Event has occurred. If ISDA has not publicly announced that an event that constitutes a Credit Event has occurred with respect to the Reference Entity, it will also include copies of relevant Publicly Available Information (two Public Sources) that support the occurrence of the Credit Event.

(1) Credit Event Redemption Date:

As defined in the Additional Conditions.

(2) Credit Event Redemption Amount:

Subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event, an amount equal to (i) the product of (a) the Aggregate Principal Amount minus the product of (a) the Reference Entity Calculation Amount and (b) (x) 100 per cent. minus (y) the Auction Final Price (if any) or the Final Price, to the extent the Fallback Settlement Method applies, less (ii) any Hedging Costs, subject to a minimum of zero.

(II) If a Trigger Event Option Notice has been delivered and the Issuer has elected a Principal Shortfall Redemption on or prior to the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), an amount equal to the Note Value on the Trigger Event Redemption Date.

(1) Trigger Event Redemption Date:

As defined in the Additional Conditions.

(2) Note Value:

On any date, an amount equal to the sum of (i) the Aggregate Principal Amount on such date

and (ii) the Mark to Market Swap Value on such date minus (iii) the Hedging Costs on such date, **provided that**, solely for the purposes of the definition of "Note Value", on any date on which the Notes fall due for redemption, the Mark to Market Swap Value shall be the amount determined two (2) Business Days prior to such date.

For the purposes of Condition 6(q) *Redemption following the occurrence of a Trigger Event*, **Trigger Level** means [ ].

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. Form of Notes:  
(*Condition 1(a)*)
- (i) Form of Notes: [Bearer Notes/ Registered Notes/ Uncertificated Registered Notes]
- (ii) Bearer Notes exchangeable for Registered Notes: [Yes/No] [*Answer will be no where no Registered Notes or where the issue is wholly or partly a Rule 144A issue*]
28. [*New Global Note*][*(delete if Registered Note)*]/[Issued under the new safekeeping structure][*(delete if Bearer Note)*] [Yes/No]
29. If issued in bearer form:
- (i) Initially represented by a Temporary Global Note or Permanent Global Note: [Temporary Global Note/Permanent Global Note]
- [*Notes may only be represented initially by a Permanent Global Note if these Final Terms specify that TEFRA C Rules apply*]
- (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes: (*Condition 1(a)*) [*specify*] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances set out in the Permanent Global Note]
- (iii) Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or Registered Notes: [Yes/No] [*If yes, specify: the Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.*]
- (iv) Coupons to be attached to Definitive Notes<sup>44</sup>: [Yes/No/Not applicable] [*N.B. this will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon*]

<sup>44</sup> Definitive Notes will typically have coupons attached to them if interest bearing.



*"melt down" of clearing systems – see provisions contained in Permanent Global Note]*

- |        |   |   |
|--------|---|---|
| (v)    | Talons for future Coupons to be attached to Definitive Notes <sup>45</sup> :                | [Yes/No/Not applicable] <i>[N.B. the above comment applies here]</i>  |
| (vi)   | (a) Definitive Notes to be security printed:  | [Yes/No]  |
|        | (b) If the answer to (a) is yes, whether steel engraved plates will be used <sup>46</sup> : | [Yes/No/Not applicable]   |
| (vii)  | Definitive Notes to be in ICMA or successor's format:                                       | [Yes/No] <i>[N.B. the above comment applies here]</i>   |
| (viii) | Issuer or Noteholder to pay costs of security printing:                                     | Issuer  |
| 30.    | Exchange Date for exchange of Temporary Global Note:  | <i>[specify]</i> /Not earlier than 40 days following the Issue Date]  |
| 31.    | Payments:<br>(Condition 8)  |   |
| (i)    | Method of payment:  | Condition 8(c) shall apply, subject as provided in the Temporary Global Note or, as the case may be, the Permanent Global Note  |
| (ii)   | Relevant Financial Centre Day:  | A day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London [and specify any additional places] (as defined in Condition 9(c))  |
| 32.    | Partly Paid Notes:<br>(Condition 1)   | [Yes/No]  |
| 33.    | Redenomination:<br>(Condition 9)  |   |
| (i)    | Redenomination:   | [Applicable/Not applicable]   |
| (ii)   | Exchange:   | [Applicable/Not applicable]   |
| 34.    | Other final terms:  | The "Additional Terms and Conditions relating to Credit-Linked Notes (Single name – Unleveraged)" (the " <b>Additional Conditions</b> ") set out in the Prospectus apply to the Notes, together with Schedules 1 and 2 hereto. The Notes are Unleveraged Credit-Linked Notes. The Notes are Unleveraged Credit-Linked Notes. In the event of any inconsistency between provisions set out in the Additional Conditions, this Part A of these Final Terms and Schedule 1 hereto, the following |

<sup>45</sup> Talons will be needed if there are 27 or more coupons.

<sup>46</sup> Answer to (a) and (b) should generally be 'yes' in all cases where Definitive Notes are to be printed.

hierarchy shall apply, namely (i) firstly, Part A of these Final Terms, then (ii) Schedule 1 hereto and then (iii) the Additional Conditions.

## **DISTRIBUTION**

- |     |       |   |   |
|-----|-------|---|---|
| 35. | (i)   | If syndicated, names, addresses and underwriting commitments of Relevant Dealer(s)/Lead Manager(s): | Not applicable  |
|     | (ii)  | If syndicated, names, addresses and underwriting commitments of other Dealers/Managers (if any):    | Not applicable  |
|     | (iii) | Date of Subscription Agreement:   | Not applicable  |
|     | (iv)  | Stabilising Manager (if any):   | Not applicable  |
| 36. |       | If non-syndicated, name and address of Relevant Dealer:   | HSBC Bank plc of 8 Canada Square, London E14 5HQ  |
| 37. |       | Total commission and concession:  | Not applicable  |
| 38. |       | Selling restrictions:   | [For Bearer Notes: TEFRA D Rules/TEFRA C Rules/TEFRA Not applicable]  |
|     |       | United States of America:   | [Notes may not be offered or sold within the United States of America or to or for the benefit of a US person (as defined in Regulation S) <sup>47</sup><br><br>[Not Rule 144A eligible – N.B. <i>significant additional provisions will be required in order to permit Rule 144A eligibility</i> ] |
|     |       | Other:  | [specify any modifications of, or additions to, selling restrictions contained in the Dealer Agreement/Not applicable]  |
| 39. |       | Stabilisation:  | Not applicable  |

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<sup>47</sup> Please note that the default selling restrictions are for Regulation S offers and sales only.

## [LISTING AND ADMISSION TO TRADING APPLICATION]

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

*[In offers of Credit-Linked Notes pursuant to Rule 144A insert:]*<sup>48</sup>

## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of these Final Terms and the accompanying Base Prospectus, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that these Final Terms and the accompanying Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the accompanying Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Prospectus or any documents referred to herein.

Each purchaser of Notes sold in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Notes will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT

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<sup>48</sup> Please note that the default selling restrictions are for Regulation S offers and sales only.

AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN A PROSPECTUS SUPPLEMENT OR APPLICABLE FINAL TERMS, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("**SIMILAR LAW**") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

- (4) Each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Base Prospectus.]

#### [RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [(Specify information) has been extracted from (insert name of source of information). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by (insert name of source of information), no facts have been omitted which would render the reproduced inaccurate or misleading.]]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

## PART B - OTHER INFORMATION

### 1. LISTING

(i) Listing [Application [will be/has been] made to admit the Notes to listing on the Official List of the Financial Services Authority pursuant to listing Rule [17/19]<sup>49</sup>. No assurance can be given as to whether or not, or when such application will be granted/*other (specify)*/Not applicable.]

(ii) Admission to trading [Application [will be/has been] made for the Notes to be admitted to trading [on the Regulated Market of the London Stock Exchange/*other (specify)* with effect from [ ]]. No assurance can be given as to whether or not, or when, such application will be granted.][Application has been made to have the Notes admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable].

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*<sup>50</sup>

*(NB: Notes admitted to trading to the UK Regulated Market will also be admitted to the Official List as a matter of course.)*

### 2. RATINGS

Ratings: [The Notes have not specifically been rated.]/[The Notes have been assigned a rating of [ ] by [ ]].

[The long term senior debt of HSBC Bank plc has been rated:]

[S&P: [•]]

[Moody's: [•]]

[Fitch: [ ]]

[[Other]: [•]]

*Insert legal name of particular credit rating agency entity providing rating* is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

*Insert legal name of particular credit rating agency entity providing rating* is not established in the EEA but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the

<sup>49</sup> To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securities derivatives.

<sup>50</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

"CRA Regulation").

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation").

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]

[Each of [Fitch, S&P and Moody's] are established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended).]

[For these purposes, ["S&P" means Standard and Poor's Credit Market Services Europe Limited,] ["Moody's" means Moody's Investor Services Limited] [and] ["Fitch" means Fitch Ratings Limited].]

3. **[NOTIFICATION]**

The Financial Services Authority ("FSA") [has been requested to provide/has provided - *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the Financial Market Association (Austria), the Financial Services and Markets Authority (Belgium), the Autorité des marchés financiers (France), the Federal Financial Supervisory Authority (Germany), the Central Bank of Ireland (Ireland), the Commissione Nazionale per le Società e la Borsa (Italy), the Commission de Surveillance du Secteur Financier (Luxembourg), the Malta Financial Services Authority (Malta), the Comisión Nacional del Mercado de Valores (Spain) and the Netherlands Authority for the Financial Markets (Netherlands) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.] [Not applicable]

4. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

"Save as discussed in ["*Subscription and Sale of Notes*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

5. **[REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

[(i) Reasons for the offer:

[ ]

*(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

(ii) Estimated net proceeds:

[ ]<sup>51</sup> (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

(iii) Estimated total expenses:

(Include breakdown of expenses)<sup>52</sup>

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount may be less than 100 per cent of the nominal value of the Notes) it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)]

6. **[Fixed Rate Notes only - YIELD]**

Indication of yield:

[Calculated as (include details of method of calculation in summary form) on the Issue Date]

[As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price and the Rate of Interest. It is not an indication of future yield.]]

7. **[Floating Rate Notes only - HISTORIC INTEREST RATES]**

[Details of historic [LIBOR/EURIBOR/other (specify)] rates can be obtained from [Reuters].]<sup>53</sup>

8. **[Index-Linked, Equity-Linked or other variable-linked Interest Notes only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]<sup>54</sup>. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Also include appropriate index disclaimers. Where the underlying is not an index, need to include equivalent information.<sup>55</sup>)

(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a Drawdown Prospectus or a new base prospectus would be required in respect of such final terms)

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].]

**OPERATIONAL INFORMATION**

9. ISIN Code: [[ ]/Not applicable]

<sup>51</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>52</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>53</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>54</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>55</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount is less than 100 per cent. of the nominal value of the Notes).



- |     |  |  |
|-----|--|--|
| 10. | Common Code:   | [[     ]/Not applicable]   |
| 11. | CUSIP:   | [[     ]/Not applicable]   |
| 12. | SEDOL:   | [[     ]/Not applicable]   |
| 13. | Intended to be held in a manner which would allow Eurosystem eligibility: <sup>56</sup>                            | [Yes/ No]<br>[Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg[, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][Include this text if "yes" selected, in which case bearer Notes must be issued in NGN form.] |
| 14. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | [CREST/None/specify other]   |
| 15. | Delivery:  | Delivery [against/free of] payment   |
| 16. | Settlement procedures:   | [Eurobond/Medium Term Note/specify other]  |
| 17. | (i) Principal Paying Agent <sup>57</sup> / Registrar <sup>58</sup> :   | [HSBC Bank plc] [specify other]<br><br>[None/specify other]  |
|     | (ii) Additional Paying Agent(s) (if any):  |  |
| 18. | Common Depositary:   | [HSBC Bank plc] [Not applicable]   |
| 19. | Agent Bank/Calculation Agent:  | [HSBC Bank plc] [HSBC France] [specify other]  |
|     | • is Calculation Agent to make calculations?   | [Yes/No][, provided however that the Agent Bank shall make all calculations in respect of interest payments.]  |
|     | • if not, identify calculation agent:  | [Not applicable/Calculation agent appointment letter required]   |

<sup>56</sup> Under current ECB collateral eligibility requirements, in order to be eligible as collateral a security must, among other things, be denominated in Euro and listed on a regulated market or certain non-regulated markets such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the ECB's February 2011 "The Implementation of Monetary Policy in the Euro Area - General Documentation on Eurosystem monetary policy instruments and procedures" brochure.

<sup>57</sup> Delete if Notes are Registered Notes.

<sup>58</sup> Delete if Notes are Bearer Notes.

- |     |  |   |
|-----|--|---|
| 20. | Notices:<br>( <i>Condition 13</i> )  | [As provided in Condition 13/specify any other means of effecting communication]  |
| 21. | City in which specified office of Registrar to be maintained:<br>( <i>Condition 12</i> ) | [Not applicable/specify other/London]   |
| 22. | ERISA Considerations:  | [The Notes may not be purchased by "benefit plan investors". See " <i>Certain ERISA Considerations</i> " in the Base Prospectus for further information./give details] [Not applicable] |

**TERMS AND CONDITIONS OF THE OFFER**

- |     |  |                               |
|-----|--|-------------------------------|
| 23. | Offer Price:   | [Issue Price/other specify]   |
| 24. | Conditions to which the offer is subject:  | [Not applicable/give details] |
| 25. | Description of the application process:  | [Not applicable/give details] |
| 26. | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:                                | [Not applicable/give details] |
| 27. | Details of the minimum and/or maximum amount of application:   | [Not applicable/give details] |
| 28. | Details of the method and time limits for paying up and delivering the Notes:  | [Not applicable/give details] |
| 29. | Manner in and date on which results of the offer are to be made public:  | [Not applicable/give details] |
| 30. | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not applicable/give details] |
| 31. | Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:            | [Not applicable/give details] |
| 32. | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:      | [Not applicable/give details] |
| 33. | Amount of any expenses and taxes specifically charged to the subscriber or purchaser:  | [Not applicable/give details] |
| 34. | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.             | [None/give details]           |

## SCHEDULE 1 CREDIT-LINKED NOTE SPECIFICATIONS

### 1. General Terms

Business Day <sup>59</sup> :	[ ]
Business Day Convention:	[Modified] Following Business Day Convention, which shall apply to any date other than (a) the Credit Event Backstop Date or (b) the Succession Event Backstop Date, that falls on a day that is not a Business Day.
Reference Entity:	The entity specified in Schedule 2 and any Successor either (a) identified by the Calculation Agent pursuant to the definition of "Successor" on or following the Trade Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules. The Reference Entity has been designated as a particular "Transaction Type" in Schedule 2. References to "Standard Terms" mean, in respect of a Reference Entity, the standard terms set out in the Credit Derivatives Physical Settlement Matrix dated [insert date of the most recent Matrix], as published by ISDA on its website at <a href="http://www.isda.org">www.isda.org</a> , in relation to its Transaction Type.
Trade Date:	[ ].
Reference Obligation:	Subject to the occurrence of a Succession Event, the obligation(s) (if any) identified as such in respect of such Reference Entity in Schedule 2.
Substitution:	[Applicable/Not applicable]
All Guarantees:	Applicable or Not applicable as specified in the applicable Standard Terms.
Reference Price <sup>60</sup> :	[100 per cent.]

### 2. Credit Event Provisions:

Reference Entity Calculation Amount:	Subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event, an amount (denominated in the same currency) equal to [the Aggregate Principal Amount of the Notes].
Credit Events:	In respect of a Reference Entity, the Credit Events specified in the applicable Standard Terms.

<sup>59</sup> The Conditions provide a fallback to days on which commercial banks and foreign exchange markets are generally open to settle payments in the jurisdiction of the currency of the Calculation Amount if not euro or a Euro Business Day if euro.

<sup>60</sup> If a percentage is not specified, the Conditions provide that the Reference Price will be one hundred percent.

Obligation Category and Characteristics:	In respect of each Reference Entity, the Obligation Category and Obligation Characteristics specified in the applicable Standard Terms.
Excluded Obligations <sup>61</sup> :	[None]
<b>3. Settlement Terms</b>	
Settlement Method:	Auction Settlement
Fallback Settlement Method:	Cash Settlement
Terms relating to Cash Settlement (if the Fallback Settlement Method applies):	
Valuation Date:	Single Valuation Date.
	A Business Day as selected by the Issuer in its sole and absolute discretion.
Settlement Currency:	[[ ] / [None specified]]
Valuation Obligations:	["Exclude Accrued Interest" or "Include Accrued Interest" as specified in the applicable Standard Terms.]
Valuation Obligation Category and Characteristics:	In respect of each Reference Entity, the Deliverable Obligation Category and Deliverable Obligation Characteristics specified in the Standard Terms.
Determination of Final Price:	<p>The Final Price will be the weighted average of the highest firm bid price obtained for each Valuation Obligation in the Portfolio, expressed as a percentage, determined by the Calculation Agent.</p> <p>With respect to each Valuation Obligation, the Calculation Agent shall conduct a dealer poll of at least three dealers indicated by the Issuer to the Calculation Agent in its sole and absolute discretion from the Dealer List set out below, with the exception that the Issuer may select a dealer not on the Dealer List if such dealer is a market-maker in the relevant type of Valuation Obligation or other major credit derivatives market participant. On the Valuation Date, the Calculation Agent shall seek to obtain Full Quotations from the selected dealers for an outstanding principal amount of each Valuation Obligation equal to its Valuation Obligation Calculation Amount.</p> <p>To the extent that the Calculation Agent is unable to obtain at least two Full Quotations for a Valuation Obligation or a Weighted Average Quotation on any day during the ten Business Day period following the Valuation Date, the Calculation Agent shall wait ten Business Days (the last such Business Day, the "<b>Backup Valuation Date</b>") and shall then repeat the valuation process. In the event that the Calculation Agent is unable to obtain at least two Full Quotations or a Weighted Average Quotation during the four</p>

<sup>61</sup> Unless specified here as an Excluded Obligation, the Reference Obligation will be an Obligation.

Business Day period following the Backup Valuation Date, the Final Price shall be deemed to be any Full Quotation obtained on such fourth Business Day or, if no full quotation is obtained, the weighted average of any firm quotations obtained on such fourth Business Day with respect to the aggregate portion of the amount for which such quotations were obtained, and a quotation deemed to be zero for the balance of the amount for which firm quotations were not obtained on such day.

4. Dealer List:

[ABN Amro Bank NV  
Bank of America/Merrill Lynch  
Barclays Bank PLC  
BNP Paribas  
Citibank, N.A.  
Commerzbank AG  
Credit Suisse Group  
Deutsche Bank AG  
The Goldman Sachs Group, Inc.  
HSBC Bank plc  
J.P. Morgan Chase & Co.  
Morgan Stanley  
Royal Bank of Scotland Plc  
Societe Generale  
UBS AG  
[or any of their respective affiliates]/market makers  
selected at the Issuer's sole and absolute discretion]

Interest until Credit Event Notice Date: Applicable

Deduct Hedging Costs Applicable

**SCHEDULE 1**

<b>Reference Entity</b>	<b>Reference Obligation (ISIN)</b>	<b>Seniority</b>	<b>Transaction Type</b>
[ ]	[ ]	[ ]	[ ]

## ADDITIONAL TERMS AND CONDITIONS RELATING TO CREDIT-LINKED NOTES (BASKET)

The section headed "*Terms and Conditions of the Notes*" of this Base Prospectus shall be supplemented and modified by the following "*Additional Terms and Conditions Relating to Credit-Linked Notes (Basket)*" in respect of any issue of Credit-Linked Notes as amended or supplemented by the terms of each Tranche of Notes set out in the Final Terms which are being specified as being "linked to a basket of Reference Entities" in the relevant Final Terms. In the event of any inconsistency between the "*Terms and Conditions of the Notes*" and the "*Additional Terms and Conditions Relating to Credit-Linked Notes (Basket)*", such "*Additional Terms and Conditions Relating to Credit-Linked Notes (Basket)*" shall prevail and the "*Terms and Conditions of the Notes*" shall be amended accordingly.

### (1) Interest

If Fixed Rate Note provisions are specified in the relevant Final Terms as being applicable, then Condition 3 (*Fixed Rate Note Provisions*) will apply provided that any accrual of interest shall be subject to the conditions for the determination of Fixed Coupon Amounts pursuant to Condition 3(d) (Calculation of interest amount) as may be amended by Part A paragraph 15 of the Final Terms.

If Floating Rate Note provisions are specified in the relevant Final Terms as being applicable, then Condition 4 (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note Provisions*) will apply provided that any accrual of interest shall be subject to the conditions for the determination of the Interest Amounts pursuant to Condition 4(g) (Calculation of Interest Amount) as may be amended by Part A paragraph 16 of the Final Terms.

### (2) Redemption and Purchase

Condition 6 (*Redemption and Purchase*) shall apply with the following amendments:

- (i) The following provision shall be substituted for the existing Condition 6(a):

**"6(a) Final Redemption**

Subject as otherwise set out in the Conditions, the Notes will, unless previously redeemed in full or purchased and cancelled, be redeemed at the Final Redemption Amount on the Maturity Date specified in the relevant Conditions."

- (ii) The following Conditions 6(j), (k), (l), (m), (n), (o) and (p) shall be added to Condition 6 (Condition 6(i) being omitted):

**"6(j) Redemption following the occurrence of a Credit Event**

- (i) Following the occurrence of a Credit Event in respect of a Reference Entity on or after a Credit Event Backstop Date (determined by reference to Greenwich Mean Time) and on or prior to the Scheduled Maturity Date, the Issuer may at any time on or before the Notice Delivery Period End Date in respect of such Reference Entity and irrespective of whether such Credit Event is continuing and/or any other Credit Event has occurred, give notice thereof to the Noteholders (such notice a "**Credit Event Notice**" and the date on which such notice is given, a "**Credit Event Notice Date**") in accordance with Condition 13 (*Notices*) and Part B of the Conditions. The Issuer shall be under no obligation to give notice of any Credit Event and no delay in giving, or omission to give, notice of any Credit Event shall prejudice the Issuer's right to give notice with respect to such (or any other) Credit Event provided such notice is given no later than on or prior to the Notice Delivery Period End Date in respect of a Credit Event in respect of a Reference Entity.
- (ii) For the avoidance of doubt, the Issuer may give Credit Event Notices in respect of all, but not some only, of the Reference Entities, whether or not it has already taken any steps to exercise its option under Condition 6(b) (*Redemption for Taxation Reasons*), and any giving of such Credit Event Notices shall supersede and override any earlier exercise of such option.

If the Issuer gives a Credit Event Notice, and subject as provided in (iii) below the Issuer shall be obliged to redeem the relevant portion of the Notes by payment on the relevant Credit Event Redemption Date of the Credit Event Redemption Amount in respect of the relevant Reference Entity.

- (iii) This Condition 6(j)(iii) applies if the Reference Entity Calculation Amount in respect of a Reference Entity is required to be allocated as contemplated in paragraph (e) of the definition of Successor in Condition 6(o). In such circumstances:
  - (a) the Issuer shall be entitled under this Condition 6(j) to give multiple Credit Event Notices, one with respect to each Successor of the relevant Reference Entity;
  - (b) where a Credit Event Notice is so given, the provisions of Condition 6(ii) will apply in respect of the relevant Successor; and
  - (c) save where the full principal amount of the Notes has been so redeemed, the Issuer shall remain entitled notwithstanding any such partial redemption to give one or more further Credit Event Notices with respect to any such Successor or any other Reference Entity in respect of which no Credit Event Notice has been effectively given.
- (iv) This Condition 6(j)(iv) applies if one or more Restructuring Credit Events occurs on or prior to the Scheduled Maturity Date (and whether or not such event is continuing). In such circumstances:
  - (a) the Issuer shall be entitled to give a Credit Event Notice with respect to the relevant Restructuring Credit Event and specify in such notice (A) that partial exercise in respect of the relevant Reference Entity is required and (B) the portion of the Reference Entity Calculation Amount (being an amount which is (x) less than such Reference Entity Calculation Amount and (y) at least 1,000,000 units of the currency (or if Japanese Yen, 100,000,000 units) in which the relevant Reference Entity Calculation Amount is denominated or an integral multiple thereof) in respect of which such partial exercise is required (such portion of the relevant Reference Entity Calculation Amount being the "**Partial Redemption Portion**" applicable with respect to such Credit Event Notice); and
  - (b) where a Credit Event Notice is given as contemplated in (a) above:
    - (i) the Reference Entity Calculation Amount in respect of the relevant Reference Entity shall thereafter be deemed reduced by an amount equal to the Partial Redemption Portion of the Reference Entity Calculation Amount immediately preceding the giving of the Credit Event Notice; and
    - (ii) the provisions of Condition 6(ii) will apply in respect of the relevant Reference Entity and Partial Redemption Portion.

The Issuer shall be entitled to require such a partial exercise in respect of a Reference Entity with respect to each Restructuring Credit Event which may occur and whether or not a partial exercise in respect of a Reference Entity has been required in respect of another Restructuring Credit Event in respect of such Reference Entity. For the avoidance of doubt, the Issuer shall, notwithstanding any such partial exercise in respect of a Reference Entity having been required in connection with a Restructuring Credit Event in respect of such Reference Entity, remain entitled to give a Credit Event Notice with respect to any other Credit Event and redeem the Notes in accordance with the provisions of this Condition 6 applicable where a Credit Event Notice has been given.



"6(k) [RESERVED]"

"6(l) *Method for Determining Obligations*

For the purposes of the definition of Obligation in Condition 6(o) the term "**Obligation**" may be defined as each obligation of each Reference Entity described by the specified Obligation Category, and having the specified Obligation Characteristics, if any, in each case, as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice. The following terms shall have the following meanings:

- (1) "**Obligation Category**" means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified, and:
  - (A) "**Payment**" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
  - (B) "**Borrowed Money**" means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
  - (C) "**Reference Obligations Only**" means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
  - (D) "**Bond**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
  - (E) "**Loan**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
  - (F) "**Bond or Loan**" means any obligation that is either a Bond or a Loan.
- (2) "**Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, and:
  - (A) (aa) "**Not Subordinated**" means an obligation that is not Subordinated to (i) the most senior Reference Obligation in priority of payment or (ii) if no Reference Obligation is specified, any unsubordinated Borrowed Money obligations of the Reference Entity; **provided that**, if any of the events set forth under the definition of "Substitute Reference Obligation" has occurred with respect to all of the Reference Obligations or if, pursuant to the definition of "Successor" a Substitute Reference Obligation will be determined in accordance with the definition of "Substitute Reference Obligation" with respect to the Reference Obligation (each, in each case, a "**Prior Reference Obligation**") and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Valuation Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Valuation Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable shall be determined as of the date as of which the relevant Reference Obligation

or Prior Reference Obligation, as applicable, was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date;

(bb) "**Subordination**" means, with respect to an obligation (the "**Subordinated Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**Senior Obligation**"), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "**Subordinated**" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;

- (B) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such (or, if Specified Currency is specified and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be specified collectively as the "**Standard Specified Currencies**");
- (C) "**Not Sovereign Lender**" means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as "Paris Club debt";
- (D) "**Not Domestic Currency**" means any obligation that is payable in any currency other than the Domestic Currency;
- (E) "**Not Domestic Law**" means any obligation that is not governed by the laws of (1) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (2) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;
- (F) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (G) "**Not Domestic Issuance**" means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

If the Obligation Characteristic "Listed" is specified, the Conditions shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if bonds are covered by the selected Obligation Category.

In the event that an Obligation is a Qualifying Guarantee, the following will apply:

- (1) For purposes of the application of the Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
- (2) For purposes of the application of the Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the specified applicable Obligation Characteristics, if any, from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (3) For purposes of the application of the Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the specified applicable Obligation Characteristics, if any, from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (4) For purposes of the application of the Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor."

"6(m) *Method for Determining Valuation Obligations*

For the purpose of the definition of Valuation Obligation in Condition 6(o) the term "**Valuation Obligation**" may be defined as each obligation of each Reference Entity described by the specified Valuation Obligation Category, and having each of the specified Valuation Obligation Characteristics, if any, as of the Valuation Date subject as provided below. The following terms shall have the following meanings:

- (1) "**Valuation Obligation Category**" means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in Condition 6(l)(i)(1), except that, for the purpose of determining Valuation Obligations, Condition 6(l)(i)(1)(C) shall be amended to state that no Valuation Obligation Characteristics shall be applicable to Reference Obligations Only).
- (2) "**Valuation Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, and:
  - (A) "**Not Contingent**" means any obligation having as of the Valuation Date and all times thereafter an outstanding principal balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall satisfy the Not Contingent Valuation Obligation Characteristic if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (1) to convert or exchange such obligation or (2) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Valuation Date;

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Valuation Obligation only if the rights referred to in (1) and (2) above of this Condition 6(m)(i)(2)(A) have not been exercised (or such exercise has been effectively rescinded) on or before the Valuation Date;

- (B) "**Assignable Loan**" means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (C) "**Consent Required Loan**" means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (D) "**Direct Loan Participation**" means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of a third party, that provides such party with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between the relevant third party or its designee and either (x) the Issuer or its designee (to the extent the Issuer or such designee is then a lender or a member of the relevant lending syndicate), or (y) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);
- (E) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction **provided that** none of the following shall be considered contractual, statutory or regulatory restrictions:
  - (x) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
  - (y) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
- (F) "**Maximum Maturity**" means an obligation that has a remaining maturity from the Credit Event Redemption Date of not greater than the period specified;
- (G) "**Accelerated or Matured**" means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Valuation Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
- (H) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream, Luxembourg or any other internationally recognised clearing system.

If the Obligation Characteristic "Listed" is specified, the Conditions shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category.

If (a) either of the Valuation Obligation Characteristics "Listed" or "Not Bearer" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Valuation Obligation Category; (b) the Valuation Obligation Characteristic "Transferable" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Valuation Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Valuation Obligation Category); or (c) any of the Valuation Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Valuation Obligation Category;

If any of Payment, Borrowed Money, Loan, or Bond or Loan is specified as the Valuation Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Valuation Obligation Characteristics, the Valuation Obligations may include any Loan that satisfies any one of such Valuation Obligation Characteristics specified and need not satisfy all such Valuation Obligation Characteristics; and

In the event that a Valuation Obligation is a Qualifying Guarantee, the following will apply:

- (1) For purposes of the application of the Valuation Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
- (2) For purposes of the application of the Valuation Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the specified applicable Valuation Obligation Characteristics, if any, from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (3) For purposes of the application of the Valuation Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the specified applicable Valuation Obligation Characteristics, if any, from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (4) For purposes of the application of the Valuation Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (5) The terms "outstanding principal balance" and "Due and Payable Amount" (as they are used in various other Conditions), when used in connection with Qualifying Guarantees are to be interpreted to be the then "outstanding principal balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee."

"6(n) *Restructuring Maturity Limitation and Modified Restructuring Maturity Limitation*

If "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and

Restructuring is the only Credit Event specified in a Credit Event Notice, then a Valuation Obligation may be included in the Portfolio only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date.

If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Valuation Obligation may be included in the Portfolio only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date."

"6(o) *Credit-Linked Note Definitions*

**"Accreted Amount"** means, with respect to an Accreting Obligation, an amount equal to (i) the sum of (a) the original issue price of such obligation and (b) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (ii) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (i)(b) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Valuation Date. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent) only if "Include Accrued Interest" is specified as being applicable. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such obligation's yield to maturity is not specified in, nor implied from, the terms of such obligation, then, for purposes of (i)(b) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (1) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (2) the relevant Valuation Date. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable;

**"Accreting Obligation"** means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (i) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (ii) periodic cash interest is also payable. With respect to any Accreting Obligation, "outstanding principal balance" shall mean the Accreted Amount thereof.

**"Affiliate"** means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, **"control"** of any entity or person means ownership of a majority of the voting power of the entity or person.

**"Auction"** has the meaning set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Cancellation Date"** means the date on which an Auction is deemed to be cancelled pursuant to the Transaction Auction Settlement Terms with respect to the relevant Reference Entity.

**"Auction Covered Transaction"** has the meaning set forth in the Transaction Auction Settlement Terms.

**"Auction Final Price"** means, in respect of each Reference Entity in relation to which a Credit Event Notice Date has occurred, the price, if any, specified to be the Auction Final Price in the Transaction Auction Settlement Terms with respect to such Reference Entity (expressed as a

percentage) or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-Off Date, the price, if any, specified to be the Auction Final Price in the Parallel Auction Settlement Terms with respect to such Reference Entity (expressed as a percentage).

**"Auction Final Price Determination Date"** means the day, if any, on which the Auction Final Price is determined pursuant to the Transaction Auction Settlement Terms with respect to the relevant Reference Entity.

**"Auction Settlement Date"** means the date that is the number of Business Days specified in the Transaction Auction Settlement Terms (or, if a number of Business Days is not so specified, five Business Days) immediately following the Auction Final Price Determination Date.

**"Bankruptcy"** means a Reference Entity (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes or has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (a) results in a judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (b) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (i) to (vii) above (inclusive) of this definition of Bankruptcy.

**"Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified and such other days as may be specified.

**"Business Day Convention"** means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term "Business Day Convention" and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:

- (1) if "Following" is specified, that date will be the first following day that is a Business Day;
- (2) if "Modified Following" or "Modified" is specified, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and
- (3) if "Preceding" is specified, that date will be the first preceding day that is a Business Day.

**"Conditionally Transferable Obligation"** means a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Valuation Obligation other than Bonds, **provided, however, that** a Valuation Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the

Reference Entity or the guarantor, if any, of a Valuation Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Valuation Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Valuation Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Valuation Obligation shall not be considered to be a requirement for consent for purposes of this definition of Conditionally Transferable Obligation.

For purposes of determining whether a Valuation Obligation satisfies the requirements of the definition of Conditionally Transferable Obligation, such determination shall be made as of the Valuation Date, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents obtained.

**"Convertible Obligation"** means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**"Credit Derivatives Auction Settlement Terms"** means any Credit Derivatives Auction Settlement Terms published by ISDA, in accordance with the Rules, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time in accordance with the Rules.

**"Credit Derivatives Determinations Committees"** means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions, as more fully described in the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the **"Rules"**).

**"Credit Event"** means the occurrence of one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, as specified, as determined by the Issuer or the Calculation Agent in its sole and absolute discretion (save that such determination shall be confirmed by Publicly Available Information). If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon: (i) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, any Underlying Obligor to enter into any Underlying Obligation, (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described, (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described or (iv) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Credit Event Backstop Date"** means either (a) 60 calendar days prior to the Credit Event Resolution Request Date in respect of a Reference Entity (if any) or (b) otherwise, the date that is 60 calendar days prior to the earlier of (i) the Credit Event Notice Date in respect of such Reference Entity and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (C) the Credit Event Notice in respect of such Reference Entity is effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date in respect of such Reference Entity. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.



**"Credit Event Redemption Date"** means in respect of each Reference Entity in relation to which a Credit Event Notice Date has occurred if an Auction Final Price Determination Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, a Parallel Auction Final Price Determination Date occurs, the fifth Business Day following the later of the Auction Settlement Date or the Parallel Auction Settlement Date (as applicable) and the relevant Credit Event Notice Date, **provided that** if:

- (1) an Auction Cancellation Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, a Parallel Auction Cancellation Date occurs;
- (2) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to sub-paragraph (b) of such definition, the Issuer has not exercised the Movement Option);
- (3) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine (A) whether or not an event constitutes a Credit Event with respect to the Reference Entity or Obligation thereof nor (B) the date of the occurrence of such event;
- (4) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that an event constitutes a Credit Event with respect to the Reference Entity or Obligation thereof and the date of the occurrence of such event and the Issuer determines in its sole and absolute discretion that a Reference Transaction would be settled in accordance with the Fallback Settlement Method; or
- (5) no Credit Event Resolution Request Date has occurred on or prior to the first Business Day prior to the Valuation Date,

the Credit Event Redemption Date shall be the tenth Business Day following the Valuation Date (or the Backup Valuation Date, as applicable) and the Issuer shall determine the Final Price in accordance with the Settlement Method set out in Schedule 1 (the **"Fallback Settlement Method"**).

**"Credit Event Resolution Request Date"** means, with respect to a notice to ISDA, delivered in accordance with the ISDA Credit Derivatives Determinations Committee Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (1) whether an event that constitutes a Credit Event has occurred with respect to the Reference Entity or Obligation thereof; and
- (2) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

the date, as publicly announced by ISDA to be the date that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the ISDA Credit Derivatives Determinations Committee Rules, of Publicly Available Information with respect to the DC Resolutions referred to in sub-clauses (a) and (b) above.

**"Currency Amount"** means, whenever an amount is denominated in a currency other than the Settlement Currency and is to be determined under these Conditions by reference to a Currency Amount, such amount converted to the relevant Settlement Currency using the Currency Rate.

**"Currency Rate"** means, whenever so required to be determined the rate for conversion of the currency of the Valuation Obligation into the Settlement Currency determined by the Calculation Agent, as of the Valuation Date, in its sole discretion.

**"DC Resolution"** has the meaning given to that term in the Rules.

**"Default Requirement"** means the amount specified as such or its equivalent in the relevant Obligation Currency, or if no amount is so specified, USD10,000,000 or its equivalent in the relevant Obligation Currency in either case as of the occurrence of the relevant Credit Event.

**"Deliverable Obligation Provisions"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**"Deliverable Obligation Terms"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**"Domestic Currency"** means the currency specified as such and any successor currency. If no currency is so specified, the Domestic Currency shall be the lawful currency and any successor currency of (i) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (ii) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

**"Downstream Affiliate"** means an entity whose outstanding Voting Shares were, at the date of the issuance of the Qualifying Guarantee, more than 50 percent owned, directly or indirectly, by the Reference Entity.

**"Due and Payable Amount"** means the amount that is due and payable under (and in accordance with the terms of) a Valuation Obligation as of the relevant Valuation Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

**"Eligible Reference Entity"** means an entity that is in the same Moody's, S&P or Additional Rating Agency industry group (the **"Industry Requirement"**) as the relevant Surviving Reference Entity, where:

**"Moody's"** means Moody's Investors Service, Inc.;

**"S&P"** means Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc; and

**"Additional Rating Agency"** means any rating agency selected by the Issuer in its sole discretion.

**"Eligible Transferee"** means:

any

- (i) bank or other financial institution;
- (ii) an insurance or reinsurance company;
- (iii) a mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in (iii)(a) below); and
- (iv) a registered or licensed broker or dealer (other than a natural person or proprietorship);

provided, however, in each case that such entity has total assets of at least USD500,000,000;

- (v) an Affiliate of an entity specified in (i) above;
- (vi) each of a corporation, partnership, proprietorship, organisation, trust or other entity
  - (1) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (A) has total assets of at least USD100,000,000 or (B) is one of a group of investment vehicles under common control or

management having, in the aggregate, total assets of at least USD100,000,000;  
or

- (2) that has total assets of at least USD500,000,000; or
- (3) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in (i), (ii), (iii)(b) above or (iv) below; or

(vii) a Sovereign, Sovereign Agency or Supranational Organisation

(all references in this definition to USD including equivalent amounts in other currencies).

**"Enabling Obligation"** means an outstanding Valuation Obligation that is (a) a Fully Transferable Obligation or a Conditionally Transferable Obligation, as applicable, and (b) has a final maturity date occurring on or prior to the Scheduled Maturity Date and following the Limitation Date immediately preceding the Scheduled Maturity Date (or in circumstances where the Scheduled Maturity Date occurs prior to the 2.5-year Limitation Date, following the final maturity date of the Latest Maturity Restructured Bond or Loan, if any).

**"Equity Securities"** means:

- (1) in the case of a Convertible Obligation, equity securities (including options or warrants) of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and
- (2) in the case of an Exchangeable Obligation, equity securities (including options or warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time.

**"Exchangeable Obligation"** means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holder of such obligation). With respect to any Exchangeable Obligation that is not an Accreting Obligation, "outstanding principal balance" shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**"Excluded Obligation"** means any obligation of a Reference Entity specified as such (if any are so specified).

**"Excluded Valuation Obligation"** means any obligation of a Reference Entity specified as such (if any are so specified).

**"Exercise Cut-off Date"** means:

- (a) with respect to a Credit Event which is a Restructuring for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and:
  - (i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is five Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules; or

- (ii) a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of No Auction Announcement Date, the date that is 21 calendar days following such No Auction Announcement Date; or
- (b) with respect to a Credit Event which is a Restructuring for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, either:
  - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
  - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
  - (iii) the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

**"Extended Maturity Date"** has the meaning ascribed thereto in Part A.

**"Extension Date"** means in respect of each Reference Entity the latest of (a) the Scheduled Maturity Date, (b) the Grace Period Extension Date if (i) Grace Period Extension is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (c) the Repudiation /Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in sub-paragraph (b) of the definition of Repudiation/Moratorium occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Repudiation/Moratorium Extension Condition is satisfied.

**"Failure to Pay"** means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure.

**"Fallback Settlement Method"** has the meaning given in the definition of Credit Event Redemption Date.

**"Final Price"** means a price determined in accordance with Schedule 1 to the Final Terms.

**"Final List"** has the meaning given to such term in the Rules.

**"Full Quotation"** means each firm bid quotation obtained from a selected dealer for an amount of the Valuation Obligation equal to the Quotation Amount.

**"Fully Transferable Obligation"** means a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Valuation Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Valuation Obligation

be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Valuation Obligation shall not be considered to be a requirement for consent for the purposes of this definition. For purposes of determining whether a Valuation Obligation satisfies the requirements of this definition, such determination shall be made as of the Valuation Date for the Valuation Obligation, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents which have been obtained by the Issuer.

"**GBP**" means the lawful currency of the United Kingdom of Great Britain and Northern Ireland;

"**Governmental Authority**" means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

"**Grace Period**" means with respect to an Obligation the lesser of (i) the applicable grace period with respect to payments under the terms of such Obligation in effect as of the date as of which such obligation is issued or incurred and (ii) a period of thirty calendar days.

"**Grace Period Extension Date**" means, with respect to any Potential Failure to Pay, the date that is the number of days constituting the relevant Grace Period after the date of the commencement of such Potential Failure to Pay.

"**Hedging Costs**" means an amount equal to the aggregate costs to the Issuer and/or its affiliates (if any) of terminating, transferring, liquidating, obtaining or re-establishing in whole or in part any swap agreement, financing arrangement or other hedging transaction entered into by or on behalf of the Issuer in relation to the issuance of the Notes, as determined by the Issuer in its sole and absolute discretion.

"**ISDA**" means the International Swaps and Derivatives Association, Inc.

"**Limitation Date**" means the first of 20 March, 20 June, 20 September or 20 December in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the "**2.5-year Limitation Date**"), 5 years (the "**5-year Limitation Date**"), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the "**20 year Limitation Date**"), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention.

"**Modified Eligible Transferee**" means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

"**Modified Restructuring Maturity Limitation Date**" means, with respect to a Valuation Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date **provided that**, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. If the Scheduled Maturity Date is later than the 2.5-year Limitation Date and prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Maturity Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only. Subject to the foregoing, in the event that the Scheduled Maturity Date is later than (A) the 2.5-year Limitation Date and no Enabling Obligation exists or (B) the 20-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

"**Movement Option**" means with respect to a Restructuring Credit Event for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified to be applicable in the Standard Terms with respect to the relevant Reference Entity and with respect to which a No Auction Announcement Date has occurred (in accordance with

paragraph (b) of such definition), the option of the Issuer (to be exercised in its sole and absolute discretion) to apply, for the purposes of determining the Credit Event Redemption Amount, the Parallel Auction Settlement Terms, if any. In order to exercise the Movement Option in the manner set out above, the Issuer must deliver an effective Notice to Exercise Movement Option to the Noteholders in accordance with Condition 13 (*Notices*) of the Notes on or prior to the Movement Option Cut-off Date. If no effective Notice to Exercise Movement Option is delivered by the Issuer to the Noteholders on or prior to the Movement Option Cut-off Date, such Restructuring Credit Event will be settled in accordance with the Fallback Settlement Method.

**"Movement Option Cut-off Date"** means the date that is one Business Day prior to the Auction Date.

**"Multiple Holder Obligation"** means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event, is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which constitutes a Restructuring Credit Event **provided that** any Obligation that is a Bond shall be deemed to satisfy the requirements in (ii) of this definition of Multiple Holder Obligation.

**"No Auction Announcement Date"** means, with respect to a Credit Event, the date on which ISDA first publicly announces that (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published; (b) following the occurrence of a Restructuring in respect of which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified to be applicable in the Standard Terms with respect to the relevant Reference Entity, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary.

**"Notice Delivery Period End Date"** has the meaning ascribed thereto in Part A.

**"Notice to Exercise Movement Option"** means, where (a) either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable in the Standard Terms with respect to the relevant Reference Entity and (b) the Fallback Settlement Method would otherwise be applicable pursuant to the Auction Settlement provisions, an irrevocable notice from the Issuer to the Noteholders in accordance with Condition 13 (*Notices*) of the Notes that (i) specifies the Parallel Auction Settlement Terms applicable in accordance with the definition of Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

**"Obligation"** means (i) any obligation of a Reference Entity (either directly or as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee) determined pursuant to the method described in Condition 6(l) (but excluding any Excluded Obligation), (ii) each Reference Obligation, unless specified as an Excluded Obligation, and (iii) any other obligation of a Reference Entity specified as such.

**"Obligation Acceleration"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Obligation Currency"** means the currency or currencies in which an Obligation is denominated.

**"Obligation Default"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default,

event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Parallel Auction"** means "Auction" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Cancellation Date"** means "Auction Cancellation Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Final Price Determination Date"** means the Auction Final Price Determination Date as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Date"** means "Auction Settlement Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Terms"** means, following the occurrence of a Restructuring where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions applicable to the Reference Transaction.

**"Permissible Deliverable Obligations"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included in the Final List pursuant to the Deliverable Obligation Terms applicable to the relevant Auction.

**"Payment Requirement"** means the amount specified as such or its equivalent in the relevant Obligation Currency, or if Payment Requirement is not so specified, USD1,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**"Portfolio"** means a portfolio of one or more Valuation Obligations with (i) in the case of Valuation Obligations that are Borrowed Money obligations, an outstanding principal balance (including (if Included Accrued Interest is specified) or excluding (if Exclude Accrued Interest is specified) accrued but unpaid interest as determined by the Issuer or the Calculation Agent acting in a commercially reasonable manner) or (ii) in the case of Valuation Obligations that are not Borrowed Money obligations, a Due and Payable Amount (or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount) (the **"Valuation Obligation Calculation Amount"**), which in aggregate shall not exceed the Reference Entity Calculation Amount (or, in respect of the designation of a Partial Redemption Portion following a Restructuring Credit Event, such Partial Redemption Portion) as of the relevant Valuation Date), which is identified by the Issuer to the Calculation Agent not later than the third Business Day immediately preceding the relevant Valuation Date, **provided that** such Portfolio may be amended by the Issuer at the Issuer's discretion up to one Business Day prior to the Valuation Date.

**"Potential Failure to Pay"** means, in the sole and absolute determination of the Issuer, the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations in accordance with the terms of such Obligations at the time of such failure.

**"Potential Repudiation/Moratorium"** means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

**"Publicly Available Information"** means information that reasonably confirms any of the facts relevant to the determination that the Credit Event has occurred and which (i) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information; **provided that**, if the Issuer or the Calculation Agent or any of its

respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless the Issuer or the Calculation Agent or its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (ii) is information received from or published by (a) a Reference Entity (or a Sovereign Agency in respect of a Reference Entity which is a Sovereign) or (b) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (iv) of the definition of Bankruptcy above against or by a Reference Entity or (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.

In relation to any information of the type described in (ii), (iii) or (iv) above, the Issuer and the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.

Publicly Available Information need not state (a) in relation to the definition of Downstream Affiliate above, the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity and (b) that such occurrence (1) has met the Payment Requirement or Default Requirement, (2) is the result of exceeding any applicable Grace Period or (3) has met the subjective criteria specified in certain Credit Events.

**"Public Source"** means each source of Publicly Available Information specified as such (or, if a source is not so specified, each of Bloomberg Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

**"Qualifying Affiliate Guarantee"** means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

**"Qualifying Guarantee"** means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **"Underlying Obligation"**) for which another party is the obligor (the **"Underlying Obligor"**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment).

**"Qualifying Participation Seller"** means any participation seller that meets the requirements specified. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**"Reference Price"** means the percentage specified or, if a percentage is not specified, one hundred percent.

**"Reference Transaction"** means a hypothetical credit derivative transaction (a) for which the Deliverable Obligation Terms and the Reference Obligation are (i) the same as the terms applicable for determining Valuation Obligations (the **"Valuation Obligation Terms"**) and the Reference Obligation specified in respect of the Reference Entity or (ii) if and to the extent Valuation Obligation Terms and/or the Reference Obligation are not specified, the Deliverable Obligation Terms and Reference Obligation determined by the Calculation Agent in a commercially reasonable manner to be appropriate in respect of a credit derivative transaction linked to the relevant Reference Entity, (b) with a Scheduled Termination Date matching the



Scheduled Maturity Date of the Notes and (c) otherwise having such other characteristics as the Calculation Agent may in its sole discretion determine appropriate by reference to, without limitation, the Issuer's hedging arrangements and/or any credit derivative elections made in relation to that portion of the Notes corresponding to the relevant Reference Entity.

**"Relevant City Business Day"** has the meaning given to that term in the Rules.

**"Replacement Reference Entity"** means, with respect to a Surviving Reference Entity, an Eligible Reference Entity selected by the Issuer in its sole and absolute discretion and notified as soon as reasonably practicable to the Noteholders in accordance with Condition 13.

**"Repudiation/Moratorium"** means (a) an authorised officer of a Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement and (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation Moratorium Evaluation Date.

**"Repudiation/Moratorium Evaluation Date"** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date, of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium **provided that**, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied.

**"Repudiation/Moratorium Extension Condition"**. The Repudiation/Moratorium Extension Condition is satisfied if (i) ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium for the purposes of the Reference Transaction has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) or (ii) otherwise, by the delivery of the Issuer to the Noteholders of a Repudiation/Moratorium Extension Notice and a Notice of Publicly Available Information in accordance with Condition 13 (*Notices*), in each case that are effective on or prior to the Business Day following the date that is fourteen calendar days after the Scheduled Maturity Date. In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium for purposes of the Reference Transaction with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium for purposes of the Reference Transaction has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan, Tokyo time)).

**"Repudiation/Moratorium Extension Notice"** means an irrevocable notice from the Issuer to the Noteholders delivered in accordance with Condition 13 (*Notices*) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign)). A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

**"Resolve"** has the meaning given to that term in the Rules, and "Resolved" and "Resolves" shall be interpreted accordingly.

**"Restructured Bond or Loan"** means an Obligation which is a Bond or Loan and in respect of which a Restructuring that is the subject of a Credit Event Notice has occurred.

**"Restructuring"**

- (a) **"Restructuring"** means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of (i) the Credit Event Backstop Date and (ii) the date as of which such Obligation is issued or incurred:
- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
  - (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
  - (iii) a postponement or other deferral of a date or dates for either (a) the payment or accrual of interest or (b) the payment of principal or premium;
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
  - (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency ("**Permitted Currency**" meaning (a) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership); or (b) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of the McGraw Hill Companies, Inc or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof).
- (b) Notwithstanding the provisions of (a) above, none of the following shall constitute a Restructuring:
- (i) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;

- (ii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (iii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.
- (c) Unless Multiple Holder Obligation is specified as not applicable then, notwithstanding anything to the contrary in this definition of Restructuring, the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.
- (d) For purposes of (a), (b) and (c) above, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in (a) above shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in (b) above shall continue to refer to the Reference Entity.

**"Restructuring Date"** means, with the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Restructuring Maturity Limitation Date"** means with respect to a Valuation Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, **provided that**, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **"Latest Maturity Restructured Bond or Loan"**) and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan. In the event that the Scheduled Maturity Date is later than (a)(i) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (ii) the 2.5-year Limitation Date, and, in either case, no Enabling Obligation exists or (b) the 20-year Limitation Date, the Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

**"Scheduled Maturity Date"** has the meaning ascribed thereto in Part A.

**"Settlement Currency"** means the currency specified or, if no currency is so specified, the currency of denomination of the Reference Entity Calculation Amount.

**"Shortfall Amount"** means, in respect of each Credit Event Redemption Amount, the excess of the Hedging Costs in respect of the relevant redemption over the applicable Recovery Amount.

**"Sovereign"** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof.

**"Sovereign Agency"** means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

**"Sovereign Restructured Valuation Obligation"** means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the specified Valuation Obligation Category and, subject to Condition 6(m)(iv), having each of the specified Valuation Obligation Characteristics, if any, in each case, immediately preceding the date on which such Restructuring is legally

effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Valuation Obligation Category or Valuation Obligation Characteristics after such Restructuring.

"**specified**" means, unless otherwise provided, as specified in Schedule 1 to the Final Terms relating to the Notes and/or in the applicable Standard Terms.

"**Substitute Reference Obligation**" means one or more obligations of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that (i) a Reference Obligation is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortization or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (i) ranks *pari passu* in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date) and (ii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to one or more but not all of the Reference Obligations for such Reference Entity, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to all of the Reference Obligations for such Reference Entity, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- (e) If (i) more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to all the Reference Obligations of such Reference Entity and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations of such Reference Entity, or (ii) only one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under sub-section (a) of this definition of Substitute Reference Obligation has occurred with respect to such Reference Obligation and the Calculation Agent determines that no

Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the latest of the Maturity Date and the Grace Period Extension Date (if any).

- (f) For purposes of identification of a Reference Obligation, any change in a Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

"**Successor**" shall have the meaning determined in accordance with the following provisions:

- (a) In relation to a Reference Entity that is not a Sovereign, "**Successor**" means, subject to (i) below), the entity or entities, if any, determined as set forth below:
- (i) if one entity directly or indirectly succeeds to 75 per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
  - (ii) if only one entity directly or indirectly succeeds to more than 25 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor;
  - (iii) if more than one entity each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will each be a Successor and (e) below will apply;
  - (iv) if one or more entities each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will be a Successor and (e) below will apply;
  - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
  - (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 14 calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable **provided that** the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in (a)

above, and subparagraphs (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information.

- (b) **"Succession Event"** means an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, "Succession Event" shall not include any event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin off or other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date (determined by reference to Greenwich Mean Time).
- (c) For purposes of interpreting the definition of Successor **"succeed"** means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to (a) above shall be made, in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged.
- (d) Where (i) a Reference Obligation has been specified with respect to a Reference Entity, (ii) one or more Successors to the Reference Entity have been identified and (iii) any one or more such Successors have not assumed the Reference Obligation, a Substitute Reference Obligation will be determined in accordance with the definition of Substitute Reference Obligation above.
- (e) Where, pursuant to (a)(iii) or (iv) above, more than one Successor has been identified then, subject to (j) below:
  - (i) each Successor will be treated as a Reference Entity;
  - (ii) the Reference Entity Calculation Amount in respect of each Successor will be the Reference Entity Calculation Amount divided by the number of Successors;
  - (iii) the provisions of Condition 6(j)(iii) shall apply; and
  - (iv) the Conditions will otherwise continue to apply except to the extent that modification is required, as determined by the Calculation Agent, to preserve the economic effects of the original Conditions. The Calculation Agent will determine the Reference Obligation, Seniority, Transaction Type and Spread, if applicable, in its sole discretion in respect of each Successor and update Schedule 2 of the Final Terms accordingly.

- (f) **"Relevant Obligations"** means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.
- (g) **"Best Available Information"** means:
- (i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information or, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of Successor, other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
  - (ii) in the case of a Reference Entity which does not file with its primary securities regulator or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of Successor.
- (h) Information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information.
- (i) In relation to a Sovereign Reference Entity, **"Successor"** means any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.
- (j) Subject to paragraph (j) below, where any Reference Entity (a **"Surviving Reference Entity"**) (other than the Reference Entity the subject of the Succession Event) is a Successor to any Reference Entity (the **"Legacy Reference Entity"**), then such Surviving Reference Entity shall be deemed to be specified as a Reference Entity once only and the Reference Entity Calculation Amount in respect of such Reference Entity shall be the sum of the Reference Entity Calculation Amount applicable to that Reference Entity immediately prior to the Succession Event and the relevant portion of the Reference Entity Calculation Amount of the Legacy Reference Entity as provided in paragraph (d) above
- (k) If Substitution is specified as applicable, where any Reference Entity (a **"Surviving Reference Entity"**) (other than the Reference Entity the subject of the Succession Event) would otherwise be a Successor to any other Reference Entity (the **"Legacy Reference Entity"**) pursuant to the foregoing provisions then, at the election of the Issuer at any time:
- (i) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and

- (ii) the Replacement Reference Entity selected by the Issuer shall be deemed to be a Successor to the Legacy Reference Entity pursuant to that Succession Event from and including the legally effective date of the Succession Event. The Standard Terms applicable to such Replacement Reference Entity shall be the then current standard terms applicable to such Replacement Reference Entity as at the day it is selected by the Issuer.

**"Succession Event Backstop Date"** means, in respect of each Reference Entity, (i) the date that is 90 calendar days prior to the Succession Event Resolution Request Date (if any) (determined by reference to Greenwich Mean Time) or (ii) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Calculation Agent determines that a Succession Event has occurred and (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of "Succession Event Resolution Request Date" are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Calculation Agent determines that a Succession Event has occurred not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**"Succession Event Resolution Request Date"** means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Succession Event has occurred with respect to the relevant Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the legally effective date of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

**"Supranational Organisation"** means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

**"TARGET"** means the Trans-European Automated Real-time Gross settlement Express Transfer System.

**"Transaction Auction Settlement Terms"** means, with respect to a Credit Event, the Credit Derivatives Auction Settlement Terms for which the Reference Transaction would be an Auction Covered Transaction.

**"USD"** means the lawful currency of the United States of America.

**"Valid Credit Event Resolution Request Date"** means, in respect of each Reference Entity, a Credit Event Resolution Request Date which occurs on or prior to the 14th calendar day after the Extension Date (including prior to the Trade Date), **provided that** the Trade Date occurs on or prior to the Auction Final Price Determination Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, the Parallel Auction Final Price Determination Date (as applicable), the Auction Cancellation Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, the Parallel Auction Cancellation Date (as applicable), or the date that is 21 calendar days following the No Auction Announcement Date.

**"Valuation Date"** means the date specified as such in accordance with the applicable Settlement Method.



**"Valuation Obligation"** means, in respect of each Reference Entity, subject to Condition 6(n):

- (i) any obligation of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee determined pursuant to the method described in Condition 6(m) (but excluding any Excluded Valuation Obligation) that (A) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (B) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) in the definition of Credit Event above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor and (C) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Valuation Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being valued apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
- (ii) subject to the second paragraph of the definition of Not Contingent in Condition 6(m)(i)(2)(A), each Reference Obligation, unless specified as an Excluded Valuation Obligation;
- (iii) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Valuation Obligation (but excluding any Excluded Valuation Obligation) that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) of the definition of Credit Event above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Valuation Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being valued apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (iv) any other obligation of a Reference Entity specified as a Valuation Obligation.

**"Voting Shares"** means those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**"Weighted Average Quotation"** means the weighted average of firm quotations obtained from selected dealers, each for an amount of the Valuation Obligation of as large a size as available but less than the Valuation Obligation Calculation Amount."

**"6(p)** *Determinations by the Calculation Agent and Calculation Agent Free to Deal in Notes etc*

- (i) Whenever any matter falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Calculation Agent or such other person, as the case may be, acting in good faith and in a reasonably commercial manner. The Calculation Agent shall not be liable for any loss, liability, cost, claim, action, demand or expense (including without limitation, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) arising out of or in relation to or in connection with its appointment or the exercise of its functions, except such as may result from its own wilful default, negligence or bad faith or that of its officers or agents.

- (ii) Nothing contained herein shall prevent the Calculation Agent from dealing in the Notes or from entering into any related transactions, including without limitation any swap or hedging transactions, with the Issuer (or any of its respective Affiliates) or any holder of the Notes (or any of its Affiliates)."

**Meetings of Noteholders, Modification and Substitution**

Condition 15 (*Meetings of Noteholders, Modification and Substitution*) shall be amended by:

- (1) inserting "; or" after the reference to "Notes" in the last line of sub-paragraph (c) and inserting thereafter the following as a new sub-paragraph (d):

"(d) to any modification of the Notes after the Issue Date required in connection with the listing of the Notes on any stock exchange"; and

- (2) inserting the following additional paragraph before the paragraph beginning with "The Issue Agent and the Issuer may also agree":

"The Calculation Agent may from time to time amend any provision of these Conditions to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent and the Issuer determine in a commercially reasonable manner are necessary to reflect market practice for credit derivative transactions."

## PRO FORMA FINAL TERMS FOR CREDIT-LINKED NOTES (BASKET)

*Set out below is the form of Final Terms which will be completed for each Tranche of Credit-Linked Notes (Basket) issued under the Programme.*

*(When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.)*

The terms and conditions of Credit-Linked Notes shall consist of the "Terms and Conditions of the Notes" set out in "Part B – Information about the Notes Generally" and "Part I - Additional Terms and Conditions relating to Credit-Linked Notes (Basket)" of this Base Prospectus (the "**Base Conditions**") as amended or supplemented by the terms set out in the Final Terms (including the Schedules thereto) (the "**Final Terms**"), substantially in the form which is set out below (terms used in such provisions being deemed to be defined as such for the purposes of this Base Prospectus).

[Notes issued pursuant to these Final Terms are securities to be listed under Listing Rule [17/19]<sup>62</sup>.]

### FINAL TERMS

Final Terms dated [ ]  
Series No.: [ ]  
Tranche No.: [ ]

### HSBC Bank plc

#### Programme for the Issuance of Notes and Warrants

#### Issue of

[Aggregate Principal Amount of Tranche]

[Title of Notes] due [•]

[(to be consolidated and form a single series with the existing [Insert details of existing Tranche(s)]) issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]

Linked to [name of Reference Entities]

### PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme which [together with the supplemental prospectus[es] dated [•]] constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>63</sup>.

[If these Final Terms indicate that they relate to an issue of Certificates, then all references herein and in the Prospectus to Notes shall be deemed to be references to "Certificates" for the purposes of this Issue.]

[This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus.]<sup>64</sup> Full information on

<sup>62</sup> *To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securitised derivatives. Notes which include an element of principle protection will generally be eligible for listing under Listing Rule 17 but in some circumstances will be eligible for listing under Listing Rule 19.*

<sup>63</sup> *Only for Notes which are publicly offered and admitted to trading on a regulated market.*

<sup>64</sup> *Only for Notes which are publicly offered and admitted to trading on a regulated market.*

the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. [The Prospectus is available for viewing at [address] [and] [website] and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions (the "**Conditions**"), which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Notes. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>65</sup> and must be read in conjunction with the Base Prospectus dated 19 June 2012 which [together with the supplemental prospectus[es] dated [ ]], constitute[s] a [base] prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive]<sup>66</sup>. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus. The Prospectus and the Conditions are available for viewing during normal business hours at [address] [and] [website] and copies may be obtained from [address].

[For Notes offered and sold in the United States of America include:

#### IMPORTANT NOTICES

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

<sup>65</sup> Only for Notes which are publicly offered and admitted to trading on a regulated market.

<sup>66</sup> Only for Notes which are publicly offered and admitted to trading on a regulated market.

## AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

**It is advisable that prospective investors considering acquiring any Notes understand the risks of transactions involving the Notes and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "Risk Factors" in the Prospectus.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)*

1. (i) Issuer: HSBC Bank plc
- (ii) Arranger: HSBC Bank plc
2. (i) Series number: NWP [ ]
- (ii) [Tranche number: [ ]
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]
- (iii) Whether issue is of Notes or Certificates: [Notes/Certificates] (if the issue is of Certificates, all references in these Final Terms and in the Prospectus to Notes shall be deemed to be "Certificates for the purposes of this issue")
3. Specified Currency or currencies:
- (i) of denomination: [ ]
- (ii) of payment [ ]
4. Aggregate Principal Amount [of Notes admitted to trading]<sup>67</sup>: [ ]
- [(i) Series:] [ ]
- [(ii) Tranche:] [ ]
- [(iii) Outstanding Principal:] [[On any day, an amount equal to the Aggregate Principal Amount on such date minus (i) the Reference Entity Calculation Amount in respect of

<sup>67</sup> Delete for debt securities with a denomination per unit of less than EUR 100,000.

each Reference Entity in respect of which a Credit Event Notice Date has occurred (or, in respect of the designation of a Partial Redemption Portion following a Restructuring Credit Event, such Partial Redemption Portion) and (ii) the aggregate of any Shortfall Amount(s), subject to a minimum of zero, as determined by the Calculation Agent in its sole and absolute discretion.]

5. (i) Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from *[interest date]*][*In the case of fungible interest-bearing issues only, if applicable*]
- (ii) Commission payable: [[ ] per cent/None]
- (iii) Selling concession: [[ ] per cent/None]
6. (i) Denomination(s): [ ]  
(*Condition 1(b)*)
- (ii) Calculation Amount<sup>68</sup>: [ ].
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [*specify*/Issue Date/Not applicable]
8. Maturity Date:  
(*Condition 6(a)*) Subject to the occurrence of a Potential Credit Event, the earliest of (i) *[insert date]* (the "**Scheduled Maturity Date**"), subject to adjustment in accordance with the *[insert Business Day Convention]*, (ii) if a Credit Event Notice Date has occurred with respect to all Reference Entities, the last Credit Event Redemption Date to occur and (iii) the date on which the Notes fall due for redemption pursuant to the occurrence of one or more of the events specified under Conditions 6(b), 6(h) and 10.

Potential Credit Event: Notwithstanding anything to the contrary in the Additional Conditions, if facts exist which may result in the determination that one or more Credit Events has occurred or exists on or prior to the Extension Date (a "**Potential Credit Event**"), the Maturity Date shall be extended to (1) if one or more Credit Event Notices are delivered on or prior to the applicable Notice Delivery Period End Date, the last Credit Event Redemption Date to occur, or (2) if no Credit Event Notices are delivered on or prior to the applicable Notice Delivery Period End Date, the earlier of (a) the date on which the Issuer notifies the Noteholders that no Potential Credit Events exist, and (b) the third Business Day after the last Notice Delivery Period End Date to occur (the

<sup>68</sup> The applicable Calculation Amount (which is used for the calculation of the redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.

"Extended Maturity Date").

"Notice Delivery Period End Date" means, in respect of each Reference Entity, the fifth (5th) Business Day following (a) if a Valid Credit Event Resolution Request Date occurs in respect of such Reference Entity, the later of (i) the 14th calendar day following the Extension Date in respect of such Reference Entity and (ii) any of the following (I) if the relevant Credit Event is not a Restructuring, the date on which the Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred in respect of such Reference Entity; (II) if the relevant Credit Event in respect of such Reference Entity is a Restructuring, the relevant Exercise Cut-Off Date; (III) the day on which the Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Credit Event has occurred in respect of such Reference Entity; or (IV) the day that is 14th calendar day following the date on which the Credit Derivatives Determinations Committee has Resolved not to determine whether or not an event constitutes a Credit Event in respect of such Reference Entity; or (b) otherwise the 14th calendar day following the Extension Date in respect of such Reference Entity.

For the avoidance of doubt, if the Maturity Date is extended pursuant to the occurrence of a Potential Credit Event, no interest shall accrue in respect of the period from and including the Scheduled Maturity Date to and including the Extended Maturity Date.

9. Interest basis:  
(Conditions 3 to 5)

[[ ] [plus the Margin]]

[[Specify reference rate] [plus the Margin]]

[Variable Coupon Amount]

[Zero Coupon]

[Other (specify)]

(further particulars specified below)

[In respect of the relevant portion of interest attributable to any Reference Entity in relation to which a Credit Event Notice Date has occurred, interest will be treated as having ceased to accrue on the relevant portion of Notes redeemed in accordance with Condition 6(j)(i) as from the beginning of any Interest Period in which the relevant Credit Event Notice is given under Condition 6(j)(i) – See Additional Conditions]<sup>69</sup>

10. Redemption basis:  
(Condition 6)

[Redemption at par]

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<sup>69</sup> Do not include if the Notes are Zero Coupon Notes.

[Credit-Linked Redemption.]

[Dual Currency]

[Partly Paid]

[Instalment]

[*Other (specify)*]

See Additional Conditions for provisions relating to Redemption following the occurrence of a Credit Event.

- |     |  |  |
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| 11. | Change of interest or redemption basis:                  | The interest and payment basis in respect of the Notes are as set out in the Final Terms.  |
| 12. | Put/Call options:  | Not applicable.  |
| 13. | (i) Status of the Notes:<br>( <i>Condition 2</i> )       | Unsubordinated, unsecured  |
|     | (ii) Date Board approval for issuance of Notes obtained: | Not applicable   |
| 14. | Method of distribution:                                  | [Syndicated/Non-syndicated]  |
| 15. | Fixed Rate Note provisions:<br>( <i>Condition 3</i> )    | [Applicable/Not Applicable]  |
|     | Rate(s) of Interest:                                     | [ ] per cent. per annum [plus the Margin] payable [annually/semi-annually/quarterly/monthly] in arrear   |
|     | [Margin:   | <p>[On any day, a percentage equal to the weighted average of the Spreads in respect of the Reference Entities, as determined using the following formula:</p> <p>(i) the aggregate of the amount in respect of each Reference Entity equal to the product of (A) the Spread applicable to such Reference Entity and (B) the Reference Entity Calculation Amount in respect of such Reference Entity (each as set out in Schedule [•]),</p> <p>divided by</p> <p>(ii) the aggregate of the Reference Entity Calculation Amounts in respect of the Reference Entities,</p> <p>provided that the Reference Entity Calculation Amount in respect of any Reference Entity in respect of which a Credit Event Notice Date has occurred or, in respect of the designation of a Partial Redemption Portion following a Restructuring Credit Event, an amount equal to such Partial Redemption Portion, will be deemed to be zero from the earlier of (i) the Credit Event Notice Date</p> |



and (ii) the Credit Event Resolution Request Date]

[specify rate]% p.a.]

Interest Payment Date(s): [specify payment dates] in each year, commencing on and including [ ] and ending on the earlier of (i) the Scheduled Maturity Date and (iii) the Maturity Date, in each case subject to adjustment in accordance with the [specify Business Day Convention]

Fixed Coupon Amount(s): [Notwithstanding Condition 3(d) (*Calculation of interest amount*), an amount in respect of each Note equal to such Note's pro rata share of (a) the sum of all Daily Fixed Amounts in respect of the relevant Interest Period divided by (b) [ ]]

**"Daily Fixed Amount"** means, in respect of each day in an Interest Period, the product of (a) the applicable Fixed Rate Calculation Amount and (b) the applicable Rate of Interest for such day.]

**"Fixed Rate Calculation Amount"** means, on any day, an amount equal to the Aggregate Principal Amount minus the Reference Entity Calculation Amount (or, in respect of the designation of a Partial Redemption Portion following a Restructuring Credit Event, such Partial Redemption Portion) in respect of each Reference Entity in respect of which a Credit Event Notice Date has occurred from the earlier to occur of (i) the relevant Credit Event Notice Date and (ii) the Credit Event Resolution Request Date.]

Day count fraction: [[30/360/Actual/Actual (ICMA/ISDA)/Actual/360/other (specify)]] [Not applicable]

Other terms relating to the method of calculating interest for Fixed Rate Notes: **"Interest Period"** the period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date, with the exception that the first such period shall commence on and include the Issue Date.

[any other details]

16. Floating Rate Note Provisions: [Applicable / Not applicable]  
(Condition 4)

(i) [Interest Period(s)] / [Specified Period]<sup>70</sup>: [The period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date, with the exception that the first such period shall commence on and include the Issue Date.]<sup>71</sup> / [specify]<sup>72</sup>

<sup>70</sup> Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

<sup>71</sup> This option is applicable when "Interest Period(s)" has been selected.

<sup>72</sup> Specify relevant period when "Specified Period" has been selected.

- (ii) Interest Payment Dates: [specify payment dates] in each year, commencing on and including [ ] and ending on the earlier of (i) the Scheduled Maturity Date and (ii) the Maturity Date, in each case subject to adjustment in accordance with the [specify Business Day Convention] [not adjusted]
- (iii) First Interest Payment Date: [ ]
- (iv) Interest Amount: [Notwithstanding Condition 4(g) (*Calculation of Interest Amount*), an amount in respect of each Note equal to such Note's pro rata share of (a) the sum of all Daily Floating Amounts in respect of the relevant Interest Period divided by (b) [ ]].
- ["**Daily Floating Amount**" means, in respect of each day in an Interest Period, the product of (a) the applicable Floating Rate Calculation Amount and (b) the applicable Rate of Interest for such day.]
- ["**Floating Rate Calculation Amount**" means, on any day, an amount equal to the Aggregate Principal Amount minus the Reference Entity Calculation Amount (or, in respect of the designation of a Partial Redemption Portion following a Restructuring Credit Event, such Partial Redemption Portion) in respect of each Reference Entity in respect of which a Credit Event Notice Date has occurred from the earlier to occur of (i) the relevant Credit Event Notice Date and (ii) the Credit Event Resolution Request Date.]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (vi) Business Centre(s): [Not applicable/*give details*]
- (vii) Screen Rate Determination: [Applicable/Not applicable]
- (1) Reference Rate: [specify LIBOR or other]
- (2) Interest Determination Date(s): [ ]
- (3) Relevant Screen Page: [ ]
- (4) Relevant Financial Centre: [ ]

- (5) Designated Maturity: [ ]
- (viii) ISDA Determination: [Applicable/Not applicable]
- (1) Floating Rate Option: [ ]
- (2) Designated Maturity: [ ]
- (3) Reset Date: [ ]
- (ix) Margin(s): [On any day, a percentage equal to the weighted average of the Spreads in respect of the Reference Entities, as determined using the following formula:
- (i) the aggregate of the amount in respect of each Reference Entity equal to the product of (A) the Spread applicable to such Reference Entity and (B) the Reference Entity Calculation Amount in respect of such Reference Entity (each as set out in Schedule [•]),
- divided by
- (ii) the aggregate of the Reference Entity Calculation Amounts in respect of the Reference Entities,
- provided that** the Reference Entity Calculation Amount in respect of any Reference Entity in respect of which a Credit Event Notice Date has occurred or, in respect of the designation of a Partial Redemption Portion following a Restructuring Credit Event, an amount equal to such Partial Redemption Portion, will be deemed to be zero from the earlier of (i) the Credit Event Notice Date and (ii) the Credit Event Resolution Request Date]
- [specify rate]% p.a..
- (x) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/Actual/360/other (specify)]
- (xi) Relevant time: [ ]
- (xii) Minimum Rate of Interest: [[ ] per cent. per annum] [Not applicable]
- (xiii) Maximum Rate of Interest: [[ ] per cent. per annum] [Not applicable]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set

out in the Conditions:

- |       |   |   |
|-------|---|---|
| 17.   | Variable Coupon Amount Note provisions<br>(Condition 5)   | [Applicable/Not applicable]<br><br>(If not applicable, delete the remaining sub-paragraphs of this paragraph).  |
| (i)   | Interest Payment Dates:   | [ ]   |
| (ii)  | Method of calculating interest:   | [ ]   |
| (iii) | Business Centre(s):   | [Not applicable/give details]   |
| 18.   | Zero Coupon Note provisions:<br>(Condition 5)   | [Applicable/Not applicable]<br><br>(If not applicable, delete the remaining sub-paragraphs of this paragraph).  |
| (i)   | Rate of interest on overdue amounts:  | [ ]   |
| (ii)  | Redemption formula:   | [ ]   |
|       |   | See also Additional Conditions  |
| 19.   | Index-Linked Interest Note/Other Variable-Linked Interest Note provisions                             | [Applicable/Not applicable]   |
| 20.   | Dual Currency Note provisions/Multi-currency Note provisions  | [Applicable/Not applicable]<br><br>(If not applicable, delete the remaining sub-paragraphs of this paragraph)   |
| (i)   | Currencies:   | [ ]   |
| (ii)  | Rate(s) of exchange:  | [give details] <sup>73</sup>  |
| (iii) | Provisions applicable where calculation by reference to rate of exchange impossible or impracticable: | [Need to include a description of market disruption or settlement disruption events and adjustment provisions.] |
| 21.   | Issuer's optional redemption (Call):<br>(Condition 6(c))  | Not applicable.   |
| 22.   | Noteholder's optional redemption (Put):<br>(Condition 6(d))   | Not applicable  |
| 23.   | Final Redemption Amount of each Note:   | An amount in respect of each Note equal to such Note's <i>pro rata</i> share of the Outstanding Principal       |

<sup>73</sup> If denomination per unit is less than EUR100,000, include details of where past and future performance and volatility of the relevant rate(s) can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying.

(Condition 6(a))		on the Maturity Date (after any reductions to be made thereto on such day).
24.	Final Redemption Amount of each Note in cases where the final Redemption Amount is Index-linked to other variable linked:	Not applicable
25.	Instalment Notes: (Condition 6(a))	Not applicable
26.	Early Redemption Amount:	Yes
(i)	Early Redemption Amount (upon redemption for taxation reasons, illegality or following an Event of Default) (Condition 6(b), 6(h) and Condition 10):	The Early Redemption Amount shall be determined in good faith by the Calculation Agent in its absolute discretion to be the fair market value of the Notes immediately prior to the early redemption date less any Hedging Costs, subject to a minimum of zero.
(ii)	Other redemption provisions: (Condition 6(i))	<p>If the Issuer gives a Credit Event Notice, the Issuer shall be obliged to redeem the Notes in full or in part, as the case may be, by payment of the Credit Event Redemption Amount to the Noteholders on the Credit Event Redemption Date.</p> <p>Each Credit Event Notice shall describe the relevant Credit Event and specify the Reference Entity in respect of which the Credit Event has occurred. If ISDA has not publicly announced that an event that constitutes a Credit Event has occurred with respect to the Reference Entity, it will also include copies of relevant Publicly Available Information (two Public Sources) that support the occurrence of the Credit Event in respect of such Reference Entity.</p>
(1)	Credit Event Redemption Date:	As defined in the Additional Conditions.
(2)	Credit Event Redemption Amount:	In respect of a Reference Entity in respect of which a Credit Event Notice Date has occurred, an amount equal to (i) the product of (a) the Reference Entity Calculation Amount in respect of such Reference Entity (or, in respect of the designation of a Partial Redemption Portion following a Restructuring Credit Event, such Partial Redemption Portion), and (b) either (x) the Auction Final Price (if any); or (y) the Final Price, to the extent the Fallback Settlement Method applies (the " <b>Recovery Amount</b> "), less (ii) any Hedging Costs, subject to a minimum of zero.
27.	Form of Notes: (Condition 1(a))	
(i)	Form of Notes:	[Bearer Notes/ Registered Notes/ Uncertificated

- Registered Notes]
- (ii) Bearer Notes exchangeable for Registered Notes: [Yes/No] *[Answer will be no where no Registered Notes or where the issue is wholly or partly a Rule 144A issue]*
28. *[New Global Note][delete if Registered Note)]/[Issued under the new safekeeping structure][delete if Bearer Note)]* [Yes/No]
29. If issued in bearer form:
- (i) Initially represented by a Temporary Global Note or Permanent Global Note: [Temporary Global Note/Permanent Global Note]  
*[Notes may only be represented initially by a Permanent Global Note if these Final Terms specify that TEFRA C Rules apply]*
- (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes: *(Condition 1(a))* *[specify]* [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances set out in the Permanent Global Note]
- (iii) Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or Registered Notes: [Yes/No] *[If yes, specify: the Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.]*
- (iv) Coupons to be attached to Definitive Notes<sup>74</sup>: [Yes/No/Not applicable] *[N.B. this will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems – see provisions contained in Permanent Global Note]*
- (v) Talons for future Coupons to be attached to Definitive Notes<sup>75</sup>: [Yes/No/Not applicable] *[N.B. the above comment applies here]*
- (vi) (a) Definitive Notes to be security printed: [Yes/No]
- (b) If the answer to (a) is yes, whether steel engraved plates will be used<sup>76</sup>: [Yes/No/Not applicable]
- (vii) Definitive Notes to be in ICMA or successor's [Yes/No] *[N.B. the above comment applies here]*

<sup>74</sup> Definitive Notes will typically have coupons attached to them if interest bearing.

<sup>75</sup> Talons will be needed if there are 27 or more coupons.

<sup>76</sup> Answer to (a) and (b) should generally be 'yes' in all cases where Definitive Notes are to be printed.

format:

- |        |   |   |
|--------|---|---|
| (viii) | Issuer or Noteholder to pay costs of security printing: | Issuer  |
| 30.    | Exchange Date for exchange of Temporary Global Note:    | [specify/Not earlier than 40 days following the Issue Date]   |
| 31.    | Payments:<br>(Condition 8)                              |   |
| (i)    | Method of payment:                                      | Condition 8(c) shall apply, subject as provided in the Temporary Global Note or, as the case may be, the Permanent Global Note  |
| (ii)   | Relevant Financial Centre Day:                          | A day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London [and [(specify any additional places)]] (as defined in Condition 9(c))  |
| 32.    | Partly Paid Notes:<br>(Condition 1)                     | [Yes/No]  |
| 33.    | Redenomination:<br>(Condition 9)                        |   |
| (i)    | Redenomination:   | [Applicable/Not applicable]   |
| (ii)   | Exchange:   | [Applicable/Not applicable]   |
| 34.    | Other final terms:                                      | The "Additional Terms and Conditions relating to Credit-Linked Notes (Basket)" (the " <b>Additional Conditions</b> ") set out in the Prospectus apply to the Notes, together with Schedules 1 and 2 hereto. The Notes are Credit-Linked Notes linked to a basket of Reference Entities. The Notes are Unleveraged Credit-Linked Notes. In the event of any inconsistency between provisions set out in the Additional Conditions, this Part A of these Final Terms and Schedule 1 hereto, the following hierarchy shall apply, namely (i) firstly, Part A of these Final Terms, then (ii) Schedule 1 hereto and then (iii) the Additional Conditions. |

## DISTRIBUTION

- |     |   |                |
|-----|---|----------------|
| 35. | (i) If syndicated, names, addresses and underwriting commitments of Relevant Dealer(s)/Lead Manager(s): | Not applicable |
|     | (ii) If syndicated, names, addresses and underwriting commitments of other Dealers/Managers (if         | Not applicable |

	any):	
(iii)	Date of Subscription Agreement:	Not applicable
(iv)	Stabilising Manager (if any):	Not applicable
36.	If non-syndicated, name and address of Relevant Dealer:	HSBC Bank plc of 8 Canada Square, London E14 5HQ
37.	Total commission and concession:	Not applicable
38.	Selling restrictions:	[For Bearer Notes: TEFRA D Rules/TEFRA C Rules/TEFRA Not applicable]
	United States of America:	[Notes may not be offered or sold within the United States of America or to or for the benefit of a US person (as defined in Regulation S) <sup>77</sup>
		[Not Rule 144A eligible – N.B. <i>significant additional provisions will be required in order to permit Rule 144A eligibility</i> ]
	Other:	[ <i>specify any modifications of, or additions to, selling restrictions contained in the Dealer Agreement/Not applicable</i> ]
39.	Stabilisation:	Not applicable

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<sup>77</sup> Please note that the default selling restrictions are for Regulation S offers and sales only.



## [LISTING AND ADMISSION TO TRADING APPLICATION]

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

[In offers of Credit-Linked Notes pursuant to Rule 144A insert:<sup>78</sup>

## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of these Final Terms and the accompanying Base Prospectus, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that these Final Terms and the accompanying Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the accompanying Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Prospectus or any documents referred to herein.

Each purchaser of Notes sold in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Notes will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR

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<sup>78</sup> Please note that the default selling restrictions are for Regulation S offers and sales only.

OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN A PROSPECTUS SUPPLEMENT OR APPLICABLE FINAL TERMS, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("**SIMILAR LAW**") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

- (4) Each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Base Prospectus.]

#### [RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [(Specify information) has been extracted from (insert name of source of information). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by (insert name of source of information), no facts have been omitted which would render the reproduced inaccurate or misleading.]]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Listing [Application [will be/has been] made to admit the Notes to listing on the Official List of the Financial Services Authority pursuant to listing Rule [17/19]<sup>79</sup>. No assurance can be given as to whether or not, or when such application will be granted/*other (specify)*/Not applicable.]
- (ii) Admission to trading [Application [will be/has been] made for the Notes to be admitted to trading [on the Regulated Market of the London Stock Exchange/*other (specify)* with effect from [ ]. No assurance can be given as to whether or not, or when, such application will be granted.][Application has been made to have the Notes admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable].

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*<sup>80</sup>

*(NB: Notes admitted to trading to the UK Regulated Market will also be admitted to the Official List as a matter of course.)*

### 2. RATINGS

Ratings: [The Notes have not specifically been rated.]/[The Notes have been assigned a rating of [ ] by [ ].]<sup>81</sup>

[The long term senior debt of HSBC Bank plc has been rated:]

[S&P: [•]]  
[Moody's: [•]]  
[Fitch: [•]]  
[[Other]: [•]]

*[Insert legal name of particular credit rating agency entity providing rating]* is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EEA but the rating it has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

*[Insert legal name of particular credit rating agency entity*

<sup>79</sup> To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securities derivatives.

<sup>80</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>81</sup> Select only if Notes are rated.

*providing rating*] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]

[Each of [Fitch, S&P and Moody's] are established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended).]

\ [For these purposes, ["**S&P**" means Standard and Poor's Credit Market Services Europe Limited,] ["**Moody's**" means Moody's Investor Services Limited] [and] ["**Fitch**" means Fitch Ratings Limited].]

### 3. [NOTIFICATION]

The Financial Services Authority ("**FSA**") [has been requested to provide/has provided – *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the Financial Market Association (Austria), the Financial Services and Markets Authority (Belgium), the Autorité des marchés financiers (France), the Federal Financial Supervisory Authority (Germany), the Central Bank of Ireland (Ireland), the Commissione Nazionale per le Società e la Borsa (Italy), the Commission de Surveillance du Secteur Financier (Luxembourg), the Malta Financial Services Authority (Malta), the Comisión Nacional del Mercado de Valores (Spain) and the Netherlands Authority for the Financial Markets (Netherlands) with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.] [Not applicable]

### 4. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

*Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

"Save as discussed in ["*Subscription and Sale of Notes*"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

### 5. [REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]

[(i) Reasons for the offer:

[ ]

*(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

(ii) Estimated net proceeds:

[ ]<sup>82</sup> *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses:

*(Include breakdown of expenses)*<sup>83</sup>

<sup>82</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount may be less than 100 per cent of the nominal value of the Notes) it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)]*

6. **[Fixed Rate Notes only – YIELD]**

Indication of yield:

[Calculated as *(include details of method of calculation in summary form)* on the Issue Date]

[As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price and the Rate of Interest. It is not an indication of future yield.]]

7. **[Floating Rate Notes only – HISTORIC INTEREST RATES]**

[Details of historic [LIBOR/EURIBOR/other *(specify)*] rates can be obtained from [Reuters].]<sup>84</sup>

8. **[Index-Linked, Equity-Linked or other variable-linked Interest Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

*(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]<sup>85</sup>. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Also include appropriate index disclaimers. Where the underlying is not an index, need to include equivalent information.<sup>86</sup>)*

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently whether a Drawdown Prospectus or a new base prospectus would be required in respect of such final terms)*

The Issuer [intends to provide post-issuance information *(specify what information will be reported and where it can be obtained)*] [does not intend to provide post-issuance information].]

**OPERATIONAL INFORMATION**

- |     |   |   |
|-----|---|---|
| 9.  | ISIN Code:  | [[ ]/Not applicable]  |
| 10. | Common Code:  | [[ ]/Not applicable]  |
| 11. | CUSIP:  | [[ ]/Not applicable]  |
| 12. | SEDOL:  | [[ ]/Not applicable]  |
| 13. | Intended to be held in a manner which would allow Eurosystem eligibility: <sup>87</sup> | [Yes/ No]<br>[Note that the designation "Yes" simply means that |

<sup>83</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>84</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>85</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>86</sup> Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount is less than 100 per cent. of the nominal value of the Notes).

<sup>87</sup> Under current ECB collateral eligibility requirements, in order to be eligible as collateral a security must, among other things, be denominated in Euro and listed on a regulated market or certain non-regulated markets such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the

- the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg[, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][*Include this text if "yes" selected, in which case bearer Notes must be issued in NGN form.*]
14. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [CREST/None/specify other]
15. Delivery: Delivery [against/free of] payment
16. Settlement procedures: [Eurobond/Medium Term Note/specify other]
17. (i) Principal Paying Agent<sup>88</sup>/Registrar<sup>89</sup>: [HSBC Bank plc] [specify other]
- (ii) Additional Paying Agent(s) (if any): [None/specify other]
18. Common Depositary: [HSBC Bank plc] [Not applicable]
19. Agent Bank/Calculation Agent: [HSBC Bank plc] [HSBC France] [specify other]
- is Calculation Agent to make calculations? [Yes/No][, provided however that the Agent Bank shall make all calculations in respect of interest payments.]
  - if not, identify calculation agent: [Not applicable/Calculation agent appointment letter required]
20. Notices: [As provided in Condition 13/(specify any other means of effecting communication)]  
(Condition 13)
21. City in which specified office of Registrar to be maintained: [Not applicable/specify other/London]  
(Condition 12)
22. ERISA Considerations: [The Notes may not be purchased by "benefit plan investors". See "*Certain ERISA Considerations*" in the Base Prospectus for further information./give details] [Not applicable]

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ECB's February 2011 "*The Implementation of Monetary Policy in the Euro Area - General Documentation on Eurosystem monetary policy instruments and procedures*" brochure.

<sup>88</sup> Delete if Notes are Registered Notes.

<sup>89</sup> Delete if Notes are Bearer Notes.

## TERMS AND CONDITIONS OF THE OFFER

- |     |  |  |
|-----|--|--|
| 23. | Offer Price:   | [Issue Price/ <i>other specify</i> ]   |
| 24. | Conditions to which the offer is subject:  | [Not applicable/ <i>give details</i> ] |
| 25. | Description of the application process:  | [Not applicable/ <i>give details</i> ] |
| 26. | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:                                | [Not applicable/ <i>give details</i> ] |
| 27. | Details of the minimum and/or maximum amount of application:   | [Not applicable/ <i>give details</i> ] |
| 28. | Details of the method and time limits for paying up and delivering the Notes:  | [Not applicable/ <i>give details</i> ] |
| 29. | Manner in and date on which results of the offer are to be made public:  | [Not applicable/ <i>give details</i> ] |
| 30. | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | [Not applicable/ <i>give details</i> ] |
| 31. | Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:            | [Not applicable/ <i>give details</i> ] |
| 32. | Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:      | [Not applicable/ <i>give details</i> ] |
| 33. | Amount of any expenses and taxes specifically charged to the subscriber or purchaser:  | [Not applicable/ <i>give details</i> ] |
| 34. | Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.             | [None/ <i>give details</i> ]           |



## SCHEDULE 1 CREDIT-LINKED NOTE SPECIFICATIONS

### 1. General Terms

Business Day <sup>90</sup> :	[ ]
Business Day Convention:	[Modified] Following Business Day Convention, which shall apply to any date other than (a) the Credit Event Backstop Date or (b) the Succession Event Backstop Date, that falls on a day that is not a Business Day.
Reference Entity:	Each entity specified in Schedule 2 and any Successor either (a) identified by the Calculation Agent pursuant to the definition of "Successor" on or following the Trade Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules. Each Reference Entity has been designated as a particular "Transaction Type" in Schedule 2. References to " <b>Standard Terms</b> " mean, in respect of each Reference Entity, the standard terms set out in the Credit Derivatives Physical Settlement Matrix dated [(specify relevant date)], as published by ISDA on its website at www.isda.org, in relation to its Transaction Type.
Trade Date:	[ ].
Reference Obligation:	Subject to the occurrence of a Succession Event in respect of a Reference Entity, the obligation(s) (if any) identified as such in respect of such Reference Entity in Schedule 2.
Substitution:	[Applicable/Not applicable]
All Guarantees:	Applicable or Not applicable as specified in the applicable Standard Terms.
Reference Price <sup>91</sup> :	[100 per cent.]

### 2. Credit Event Provisions:

Reference Entity Calculation Amount:	Subject to the occurrence of a Succession Event or the designation of a Partial Redemption Portion following a Restructuring Credit Event, in respect of each Reference Entity an amount equal to the amount specified as such in respect of such Reference Entity in Schedule 2.
Credit Events:	In respect of each Reference Entity, the Credit

<sup>90</sup> The Conditions provide a fallback to days on which commercial banks and foreign exchange markets are generally open to settle payments in the jurisdiction of the currency of the Calculation Amount if not euro or a Euro Business Day if euro.

<sup>91</sup> If a percentage is not specified, the Conditions provide that the Reference Price will be one hundred percent.

	Events specified in the applicable Standard Terms.
Obligation Category and Characteristics:	In respect of each Reference Entity, the Obligation Category and Obligation Characteristics specified in the applicable Standard Terms.
Excluded Obligations <sup>92</sup> :	[None]
<b>3. Settlement Terms</b>	
Settlement Method:	Auction Settlement
Fallback Settlement Method:	Cash Settlement
Terms relating to Cash Settlement (if the Fallback Settlement Method applies):	
Valuation Date:	Single Valuation Date.
	A Business Day as selected by the Issuer in its sole and absolute discretion.
Settlement Currency:	[[ ] / [None specified]]
Valuation Obligations:	["Exclude Accrued Interest" or "Include Accrued Interest" as specified in the applicable Standard Terms.]
Valuation Obligation Category and Characteristics:	In respect of each Reference Entity, the Deliverable Obligation Category and Deliverable Obligation Characteristics specified in the Standard Terms.
Determination of Final Price:	<p>In respect of each Reference Entity in respect of which a Credit Event Notice Date has occurred, the Final Price will be the weighted average of the highest firm bid price obtained for each Valuation Obligation in the Portfolio, expressed as a percentage, determined by the Calculation Agent.</p> <p>With respect to each Valuation Obligation, the Calculation Agent shall conduct a dealer poll of at least three dealers indicated by the Issuer to the Calculation Agent in its sole and absolute discretion from the Dealer List set out below, with the exception that the Issuer may select a dealer not on the Dealer List if such dealer is a market-maker in the relevant type of Valuation Obligation or other major credit derivatives market participant. On the Valuation Date, the Calculation Agent shall seek to obtain Full Quotations from the selected dealers for an outstanding principal amount of each Valuation Obligation equal to its Valuation Obligation Calculation Amount.</p> <p>To the extent that the Calculation Agent is unable to obtain at least two Full Quotations for a Valuation Obligation or a Weighted Average Quotation on any day during the ten Business Day period following the Valuation Date, the Calculation Agent shall wait ten Business Days (the last such Business Day, the "<b>Backup Valuation</b>")</p>

<sup>92</sup> Unless specified here as an Excluded Obligation, the Reference Obligation will be an Obligation.

**Date**") and shall then repeat the valuation process. In the event that the Calculation Agent is unable to obtain at least two Full Quotations or a Weighted Average Quotation during the four Business Day period following the Backup Valuation Date, the Final Price shall be deemed to be any Full Quotation obtained on such fourth Business Day or, if no full quotation is obtained, the weighted average of any firm quotations obtained on such fourth Business Day with respect to the aggregate portion of the amount for which such quotations were obtained, and a quotation deemed to be zero for the balance of the amount for which firm quotations were not obtained on such day.

Dealer List:

[ABN Amro Bank NV  
Bank of America/Merrill Lynch  
Barclays Bank PLC  
BNP Paribas  
Citibank, N.A.  
Commerzbank AG  
Credit Suisse Group  
Deutsche Bank AG  
The Goldman Sachs Group, Inc.  
HSBC Bank plc  
J.P. Morgan Chase & Co.  
Morgan Stanley  
Royal Bank of Scotland Plc  
Societe Generale  
UBS AG  
[or any of their respective affiliates]/market makers  
selected at the Issuer's sole and absolute discretion]

Interest until Credit Event Notice Date:

Applicable

Deduct Hedging Costs

Applicable

**SCHEDULE 2**

<b>Reference Entity</b>	<b>Reference Obligation (ISIN)</b>	<b>Seniority</b>	<b>Transaction Type</b>	<b>Reference Entity Calculation Amount</b>	<b>Spread</b>
[ ]					
[ ]	[ ]	[ ]	[ ]		

## ADDITIONAL TERMS AND CONDITIONS RELATING TO EMERGING MARKET CREDIT-LINKED NOTES

The section headed "*Terms and Conditions of the Notes*" of this Base Prospectus shall be supplemented and modified by the following "*Additional Terms and Conditions Relating to Emerging Market Credit-Linked Notes*" in respect of any issue of Credit-Linked Notes as amended or supplemented by the terms of each Tranche of Notes set out in the Final Terms which are specified as being "Emerging Market Credit-Linked Notes" in the relevant Final Terms. In the event of any inconsistency between the "*Terms and Conditions of the Notes*" and the "*Additional Terms and Conditions Relating to Emerging Market Credit-Linked Notes*", such "*Additional Terms and Conditions Relating to Emerging Market Credit-Linked Notes*" shall prevail and the "*Terms and Conditions of the Notes*" shall be amended accordingly.

### 1. Interest Amounts

On each Interest Payment Date, subject to no Early Redemption Event or Credit Event having occurred or subsisting, the Issuer will pay an amount of interest in respect of each Calculation Amount, in the Settlement Currency, equal to the quotient of:

- (i) (A) the amount actually received in the Reference Obligation Currency by the Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation on the immediately preceding Reference Obligation Coupon Payment Date (such amount, the "**Reference Obligation Coupon**") less (B) an amount equal to any applicable taxes and/or incidental transaction costs incurred in connection with the Notional Holder's holding and/or the payment of interest on such Reference Obligation and/or any conversion of any amounts received in connection with the Reference Obligation in the Reference Obligation Currency to the Settlement Currency, for the avoidance of doubt, without any double counting in respect of any Adjustment Event; and

- (ii) the aggregate of all the Calculation Amounts in respect of all Notes outstanding on such day,

converted by the Calculation Agent from the Reference Obligation Currency at the Exchange Rate on the related Exchange Rate Calculation Date, (each an "**Interest Amount**").

### 2. Final Redemption

Subject to no Early Redemption Event or Credit Event having occurred or subsisting (in respect of which the Issuer intends to elect to redeem the Notes pursuant to paragraph 3 or paragraph 4, as applicable), on the Maturity Date the Issuer will pay an amount in respect of each Calculation Amount, in the Settlement Currency, equal to the quotient of:

- (i) (A) the amount actually received in the Reference Obligation Currency by a Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation on the Reference Obligation Redemption Date (the "**Reference Obligation Redemption Amount**") less (B) an amount equal to any applicable taxes and or transaction costs incurred in connection with the Notional Holder's holding and/or the redemption of such Reference Obligation and/or any conversion of any amounts received in connection with the Reference Obligation in the Reference Obligation Currency to the Settlement Currency, for the avoidance of doubt, without any double counting in respect of any Adjustment Event; and

- (ii) the aggregate of all the Calculation Amounts in respect of all Notes outstanding on such day,

converted by the Calculation Agent from the Reference Obligation Currency at the Exchange Rate on the related Exchange Rate Calculation Date.

### 3. Early Redemption as a result of a Credit Event

As soon as reasonably practicable following the occurrence of a Credit Event, the Issuer will notify the Noteholders:

- (i) of the occurrence of such Credit Event; and

- (ii) whether the Issuer will redeem all (but not some only) of the Notes as a result of the occurrence of such Credit Event.

If the Issuer elects to redeem the Notes, the Issuer will notify the Noteholders whether such redemption will be by way of Physical Settlement or Cash Settlement on or before the tenth Business Day following the occurrence of such Early Redemption Event (such notice being either a "**Notice of Cash Settlement**" or "**Notice of Physical Settlement**").

#### **4. Early Redemption as a result of an Early Redemption Event**

As soon as reasonably practicable following the occurrence of an Early Redemption Event, the Issuer will notify the Noteholders:

- (i) of the occurrence of such Early Redemption Event; and
- (ii) whether the Issuer will redeem all (but not some only) of the Notes as a result of the occurrence of such Early Redemption Event.

If the Issuer elects to redeem the Notes, the Issuer will deliver a Notice of Cash Settlement or Notice of Physical Settlement (as applicable) to the Noteholders on or before the tenth Business Day following the occurrence of such Early Redemption Event.

#### **5. Physical Settlement**

If Physical Settlement applies, the Issuer shall redeem all the Notes by Delivery (or procuring Delivery on its behalf) on or prior to the Physical Settlement Date to each Noteholder of such Noteholder's *pro rata* share (rounded down as necessary pursuant to the following paragraph) of an amount of Obligations with an aggregate outstanding principal amount equal to (i) the Reference Obligation Principal Amount less (ii) an outstanding principal amount of Obligations the sale proceeds of which the Calculation Agent (in its sole and absolute discretion, acting in a commercially reasonable manner) determines are required to cover all taxes, costs and expenses incurred by the Issuer (or its designated agent or affiliate) in relation to such Delivery. If it is illegal, impossible or impracticable to Deliver Obligations to a Noteholder, Cash Settlement shall be deemed to apply in respect of the relevant Notes, *mutatis mutandis* and the Physical Settlement Date shall be deemed to be the date of the Notice of Cash Settlement.

If the nominal amount of the Obligations to be Delivered in respect of each Note to be redeemed is not equal to an authorised denomination (or integral multiple thereof) of such Obligations then the nominal amount of Obligations to be Delivered will be rounded down to the nearest authorised denomination or multiple thereof, or, if none, zero. In such circumstances (a "**Partial Cash Settlement Event**"), the Issuer shall in addition pay an amount in respect of each Note on the Physical Settlement Date equal to such Note's *pro rata* share of an amount equal to the product of (i) the principal amount of such Obligations and (ii) the Final Price (for which purposes the Valuation Process shall be construed accordingly and the Valuation Date shall be two Business Days following the date of the Notice of Physical Settlement), less an amount equal to all taxes, costs and expenses incurred by the Issuer or its designated agent or affiliate in relation to such settlement, as determined by the Calculation Agent in its sole and absolute discretion, acting in a commercially reasonable manner, converted into the Settlement Currency at the Exchange Rate on the day that is the number of days preceding the Physical Settlement Date in order for such conversion to settle on the Physical Settlement Date and rounded down to the nearest sub-unit of the Settlement Currency.

If the Calculation Agent determines, in its sole and absolute discretion, that it is unlawful, impossible, or otherwise impracticable to convert such amount, including but not limited to as a result of an Inconvertibility Event, notwithstanding the above, the Issuer may pay the relevant amount in the Reference Obligation Currency, rounded down to the nearest sub-unit of the Reference Obligation Currency.

#### **6. Cash Settlement**

If Cash Settlement applies, the Issuer shall redeem all the Notes on the Cash Settlement Date by payment (or procuring payment on its behalf) to each Noteholder of such Noteholder's *pro rata* share of an amount equal to the product of (i) the Reference Obligation Principal Amount and (ii) the Final Price, less an amount equal to all taxes, costs and expenses incurred by the Issuer or its designated agent or affiliate in

relation to such settlement, as determined by the Calculation Agent in its sole and absolute discretion, acting in a commercially reasonable manner converted into the Settlement Currency at the Exchange Rate on the day that is the number of days preceding the Cash Settlement Date in order for such conversion to settle on the related Cash Settlement Date and rounded down to the nearest sub-unit of the Settlement Currency (the "**Cash Settlement Amount**").

If the Calculation Agent determines, in its sole and absolute discretion, that it is unlawful, impossible, or otherwise impracticable to redeem any outstanding Note by payment of the Cash Settlement Amount, including but not limited to as a result of an Inconvertibility Event, notwithstanding the above, the Issuer may redeem such Note by payment of the relevant amount in the Reference Obligation Currency, rounded down to the nearest sub-unit of the Reference Obligation Currency.

7. **Adjustment Provisions**

Upon the occurrence of an Adjustment Event, notwithstanding anything to the contrary in the Conditions of the Notes, any amounts payable (or which subsequently become due and payable) by the Issuer in respect of each Note shall be reduced by such Note's *pro rata* share of any loss suffered, or costs or expenses incurred, by the Issuer (or its agents or affiliates) in connection with the Notes as a result of the occurrence of the Adjustment Event, so as to put the Issuer, its agents or affiliates, as the case may be, in the same position in which a Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation would have been but for the occurrence of the Adjustment Event, as determined by the Calculation Agent acting in its sole and absolute discretion, acting in a commercially reasonable manner, and for the avoidance of doubt, without any double counting.

8. **Local Settlement Provisions**

Each Noteholder must deliver a written notice (the "**Notice of Noteholder's Details**") to the Paying Agent and to Euroclear or Clearstream, Luxembourg, with a copy to the Issuer, no later than three Business Days following the delivery of the Notice of Cash Settlement or Notice of Physical Settlement, as the case may be. The Notice of Noteholder's Details must:

- (1) specify (i) all the "KYC Information" requested by the Issuer in the Notice of Cash Settlement or Notice of Physical Settlement, including the name and address of the relevant Noteholder; (ii) a valid local account in the specified Financial Centre ("**Noteholder's Local Account**") to be used by the Issuer to effect Cash Settlement or Physical Settlement, as the case may be, and (iii) a contact person from whom the Issuer may obtain any additional details for such Cash Settlement or Physical Settlement;
- (2) specify the nominal amount of Notes which are the subject of the Notice of Noteholder's Details and the number of the Noteholder's account at Euroclear or Clearstream, Luxembourg to be debited with such Notes and irrevocably instruct and authorise Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Noteholder's account with such Notes on or before the redemption date;
- (3) authorise the production of such Notice of Noteholder's Details in any applicable administrative or legal proceedings; and
- (4) attach a screenshot from the relevant clearing system verifying that the Noteholder is the legal owner of the Notes and confirming that transfer of such Notes is blocked.

No Notice of Noteholder's Details may be withdrawn after receipt thereof by Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be. After delivery of a Notice of Noteholder's Details, the relevant Noteholder may not sell, transfer or assign the Notes which are the subject of such Notice for settlement purposes.

Failure to properly complete and deliver a Notice of Noteholder's Details may result in such notice being treated as null and void.

**Provided that** the Issuer has received a valid Notice of Noteholder's Details (and any additional information that the Issuer in its sole and absolute discretion, acting in a commercially reasonable manner, deems necessary to verify the ownership of the Notes), the Issuer shall redeem (or appoint an affiliate or agent to settle on its behalf) the Notes pursuant to paragraph 5 (*Physical Settlement*) and/or

paragraph 6 (*Cash Settlement*) (as applicable) by paying and/or delivering to the Noteholder's Local Account on the redemption date.

Neither the Issuer nor its agent(s) or affiliate(s) shall be responsible for any delay in payment that is caused as a result of it or any agent or representative of it, taking reasonable steps to verify that the person delivering the notice is a Noteholder holding through Euroclear and shall pay no interest or other payment in respect of any such delay.

The Issuer is not obliged to effect Cash Settlement or Physical Settlement, as the case may be, through the relevant clearing system.

#### 9. **Additional Definitions**

Capitalised terms used but not defined in these Additional terms and Conditions or in the Conditions shall have the meanings given to them in the relevant Final Terms. In addition, the following terms shall have the following meanings:

**"Adjustment Event"** means the occurrence of any of the following events: (i) a Market Disruption Event; (ii) a Residual Risk Event; (iii) a Settlement Event; (iv) a Custodial Event; or (v) a Tax Event.

**"Business Day"** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposit) in the Business Centre(s) specified in the Final Terms.

**"Cash Settlement Date"** means 5 Business Days following the date on which the Final Price is determined.

**"Credit Event"** means the occurrence of one or more of a Failure to Pay, an Obligation Default, an Obligation Acceleration, a Repudiation/Moratorium and a Restructuring (as determined by the Calculation Agent in its sole and absolute discretion). If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation,
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation, however described,
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Custodial Event"** means the Custodian is dissolved, becomes insolvent or is unable to pay its debts as they become due, makes a general assignment, arrangement or composition with or for the benefit of its creditors, institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any law, has a secured party take possession of all or substantially all its assets, or takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

**"Custodian"** means, if the Issuer or any of its affiliates (or any agent thereof) is holding the Reference Obligation by way of a custody arrangement with a custodian (howsoever described), such custodian or any custodian appointed by the custodian.

**"Dealer"** means a dealer (other than the Issuer or a Noteholder or any affiliate thereof) in obligations of the same type as the Reference Obligation for which Full Quotations are to be obtained, selected by the Calculation Agent in good faith and in a commercially reasonable manner.



**"Default Requirement"** means USD 1,000,000 or its equivalent in any other currency, as of the occurrence of the relevant Credit Event, as determined by the Calculation Agent.

**"Deliver"** means to deliver, novate, transfer, assign or sell, as appropriate, in the manner customary for the settlement of the relevant Obligation (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Obligations to the Noteholders free and clear of any and all liens, charges, claims or encumbrances (including, without limitation, any counterclaim, defence or right of set-off by or of the Reference Entity) **provided that** to the extent that the Deliverable Obligations consist of Direct Loan Participations, **"Deliver"** means to create (or procure the creation) of a participation in favour of the Noteholder. **"Delivery"** and **"Delivered"** will be construed accordingly. In the case of a loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such loan at that time.

**"Direct Loan Participation"** means a loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favor of the Noteholder that provides the Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant loan which are received by such participation seller, any such agreement to be entered into between the Noteholder and the Issuer.

**"Early Redemption Event"** means the occurrence of an Inconvertibility Event.

**"Exchange Rate"** means, on any date, the spot exchange rate at or around the Determination Time on such date at which the Issuer is actually able to convert the Reference Obligation Currency into the Settlement Currency for delivery in two Business Days, as reported by the Specified Source which appears on the Screen Page if so specified in the relevant Final Terms, as determined by the Calculation Agent in its sole and absolute discretion, acting in a commercially reasonable manner.

**"Exchange Rate Calculation Date"** means each date on which a Notional Holder would actually receive a Reference Obligation Redemption Amount or a Reference Obligation Coupon, or if such day is not a Business Day, the next following Business Day.

**"Failure to Pay"** means the failure by the Reference Entity to make, when and where due, without regard to any applicable grace period, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations.

**"Final Price"** means the price of the Reference Obligation, expressed as a percentage, determined in accordance with the Valuation Process.

**"Full Quotation"** means each firm quotation obtained at 11.00 a.m. (London time) by the Calculation Agent from a Dealer, expressed as a percentage, for an amount of the Reference Obligation equal to the Reference Obligation Principal Amount for settlement in accordance with the then current market practice in respect of the Reference Obligation, as determined by the Calculation Agent.

**"Governmental Authority"** means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

**"Hard Currency"** means any of the lawful currencies of Canada, the Federal Republic of Germany, Japan, the Republic of France, the Republic of Italy, the United Kingdom and the United States of America and the Euro (and any successor currency to any such currency).

**"Inconvertibility Event"** means the occurrence of any event or existence of any condition, including without limitation any such event or condition that occurs as a result of the enactment, promulgation, execution, ratification, interpretation or application of any change in or amendment to any law, rule or regulation by the Government of the Reference Obligation Jurisdiction, any political subdivision thereof or authority of any kind in the Reference Obligation Jurisdiction, whether or not such authority is acting as de facto or de jure government, that generally:

- (i) has the direct or indirect effect of hindering, limiting or restricting the convertibility of the Reference Obligation Currency (including the proceeds of any obligations) into Hard Currency,

or the transfer of Hard Currency from the Reference Obligation Jurisdiction to other countries (including, without limitation, by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on repatriation of the Reference Obligation Currency into Hard Currency); or

- (ii) results in the unavailability of Hard Currency in the interbank foreign exchange market located in the Reference Obligation Jurisdiction in accordance with normal commercial practice; or
- (iii) results in (a) the Relevant FX Rate or (b) the rate at which the Specified Organisation fixes or values its foreign currency contracts ceasing to correspond to executable rates in the Reference Obligation Jurisdiction spot market; or
- (iv) has the direct or indirect effect of hindering, limiting or restricting payments under any contracts executed at the Specified Organisation.

**"Interest Payment Date"** means two Business Days following each Reference Obligation Coupon Payment Date.

**"Market Disruption Event"** means on any Business Day, the occurrence or existence of an event on such day, due to market conditions (including but not limited to (i) market volatility, (ii) market liquidity, and (iii) regulatory or artificial market limitations), pursuant to which the Calculation Agent is unable to determine any amount or rate falling to be determined by it pursuant to the Conditions.

**"Notional Holder"** means a notional broker dealer domiciled in the same jurisdiction and with the same tax status as the Issuer and/or any other jurisdiction where any affiliate of the Issuer which may hold the Reference Obligation may be domiciled and with the same tax status, as determined by the Calculation Agent in its sole and absolute discretion, acting in a commercially reasonable manner. References in these Conditions to amounts being "actually received" (or similar) by the Notional Holder shall be deemed to mean amounts that would be received by the Notional Holder if it were the holder of the Reference Obligation.

**"Obligation"** means any obligation of a Reference Entity for the payment or repayment of money (whether such obligation is present or future, contingent or otherwise), including, without limitation, the Reference Obligation.

**"Obligation Acceleration"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Obligation Default"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise become due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Obligation Exchange"** means the voluntary or mandatory transfer (other than in accordance with the terms in effect as of the later of the Issue Date or date of issuance of the relevant Obligation) of any securities, obligations or assets to holders of Obligations in exchange for such Obligations. When so transferred, such securities, obligations, or assets will be deemed to be Obligations.

**"Payment Requirement"** means USD 1,000,000 or its equivalent in any other currency, as of the occurrence of the relevant Failure to Pay, as determined by the Calculation Agent in its sole and absolute discretion.

**"Permitted Currency"** means (1) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership) or (2) the legal tender of any country which, as of the date of such change, is a member of the Organization for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any

successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof.

**"Physical Settlement Date"** means 10 Business Days following the date of the Notice of Physical Settlement, or if a Partial Cash Settlement Event has occurred, the date the Final Price is determined, if later.

**"Reference Entity"** has the meaning given to it in the relevant Final Terms, or any Successor thereto.

**"Reference Obligation"** means the following obligation of the Reference Entity specified as such in the Final Terms. If the Reference Obligation is subdivided, consolidated, reclassified or altered, or any other similar event occurs as determined by the Calculation Agent, then the Calculation Agent will make such adjustments to the Conditions of the Notes, including to amounts payable hereunder and any other terms as it determines appropriate to account for such event and preserve the economic integrity of the Notes to the extent practicable. If the Reference Obligations are converted into other securities in accordance with the terms of any voluntary or involuntary exchange or restructuring program following the occurrence of an Early Redemption Event, then such other securities shall become the Reference Obligation (it being understood that any elections under the terms of any such exchange or restructuring shall, for the purposes of the Notes, be deemed to be made by the Calculation Agent).

**"Reference Obligation Coupon Payment Date"** means each date on which a Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation would actually receive a payment of interest or other distribution (howsoever described) in respect of the Reference Obligation. Such dates are expected to be (but may not be the dates specified as such in the relevant Final Terms).

**"Reference Obligation Currency"** has the meaning given to it in the relevant Final Terms.

**"Reference Obligation Jurisdiction"** has the meaning given to it in the relevant Final Terms.

**"Reference Obligation Principal Amount"** has the meaning given to it in the relevant Final Terms.

**"Reference Obligation Redemption Date"** means the date on which a Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation would actually receive a payment in respect of the final redemption in whole of the Reference Obligation.

**"Repudiation/Moratorium"** means an event pursuant to which an authorised officer of a Reference Entity or a Governmental Authority (x) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount not less than the Default Requirement, or (b) declares or imposes a moratorium, standstill or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement.

**"Residual Risk Event"** means any event, action or circumstance which:

- (i) results in (or is likely to result in) the Notional Holder or its agents or affiliates receiving less than the full value of any principal, interest or other amounts due on the Reference Obligations on the date such amounts are due; or
- (ii) affects in any way (or is likely to affect in any way) the cost to the Notional Holder or its agent of acquiring, holding or redeeming the Reference Obligation, or of hedging, directly or indirectly, the obligations of the Issuer or any of its affiliates in respect of these Notes, or of converting any amount of Reference Obligation Currency into Hard Currency (or any other freely convertible and transferable currency) or vice versa.

**"Restructuring"** means, with respect to one or more Obligations, including as a result of an Obligation Exchange, and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form which binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation, or is announced (or otherwise decreed) by the Reference Entity or any Governmental Authority in a form that binds all holders of such Obligation, and such event is not provided for under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
- (iv) a change in the ranking in priority of payment of any Obligation, causing the subordination of such Obligation; or
- (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

Notwithstanding the above, none of the following shall constitute a Restructuring with respect to any Obligation:

- (a) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business, and
- (b) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

If an Obligation Exchange has occurred, the determination as to whether one of the events described in (i) to (v) above has occurred will be based on a comparison of the terms of the Obligation immediately before such Obligation Exchange and the terms of the resulting Obligation immediately following such Obligation Exchange.

**"Settlement Currency"** has the meaning given to it in the relevant Final Terms.

**"Settlement Event"** means the failure of the Custodian to do any of the following:

- (i) deliver or credit any Reference Obligation Currency amount, or Obligations owned by the Notional Holder, to the account of the Notional Holder (or any of its agents or affiliates) as instructed by the Notional Holder (or any of its agents or affiliates);
- (ii) deliver Reference Obligation Currency to a third party when requested to do so by the Notional Holder (or any of its agents or affiliates);
- (iii) surrender any Obligations owned by the Notional Holder (or any of its agents or affiliates) when requested to do so by the Notional Holder (or any of its agents or affiliates);
- (iv) purchase or sell any Obligations or take any other action when instructed to do so by the Notional Holder (or any of its agents or affiliates); or
- (v) perform in a full and timely manner all of its obligations to the Notional Holder under any custodial or similar arrangements entered into by the Notional Holder (or any of its agents or affiliates) at any time in relation to Obligations and/or Reference Obligation Currency (which shall include, for the avoidance of doubt, a repudiation or termination of any such arrangements without the prior consent of the Issuer (or any of its agents or affiliates)).

**"Successor"** means the direct or indirect successor to the Reference Obligation, as determined by the Calculation Agent.

**"Tax Event"** means:

- (i) (A) the enactment, promulgation, execution, ratification or adoption of, or any change in or amendment to, any rule, law, regulation or statute (or in the applicability or official interpretation of any rule, law, regulation or statute) by any Governmental Authority, (B) the issuance of any order or decree by any Governmental Authority, (C) any action being taken by a taxing authority in any jurisdiction, or (D) the occurrence of any other act or event at any time relating to withholding or deduction for or on account of tax in relation to any directly or indirectly holding of the Reference Obligations, which (in the case of (A), (B), (C) or (D) above) will (or there is a substantial likelihood that it will) adversely affect the economic value of the Notes and/or any hedging transaction to the Issuer;
- (ii) the imposition of taxes on the transfer of any Hard Currency out of the jurisdiction of the Reference Obligation Jurisdiction;
- (iii) the imposition of any additional taxes on debt of the Reference Entity issued in the Reference Obligation Jurisdiction, or
- (iv) the imposition of any taxes on any conversion of Domestic Currency into Hard Currency,

unless an amount equal to such taxes are deducted from the Reference Obligation Coupon and/or the Reference Obligation Redemption Amount for the purposes of determining the interest amount and/or the final redemption amount (as the case may be) of the Notes.

**"Trade Date"** has the meaning given to it in the relevant Final Terms.

**"Valuation Date"** means two Business Days following the date of the Notice of Cash Settlement (or, if Conditions 6(b), 6(h) or 10 apply, following the date of the relevant event giving rise to the redemption of the Notes).

**"Valuation Process"** means the process of determining the Final Price, as follows. On the Valuation Date the Calculation Agent shall attempt to obtain Full Quotations from three or more Dealers. If the Calculation Agent obtains one or more Full Quotations, the highest Full Quotation obtained by the Calculation Agent shall be the Final Price. If the Calculation Agent does not obtain any Full Quotations, the Calculation Agent shall attempt to obtain Full Quotations from three or more Dealers on each day for the following four Business Days. If the Calculation Agent obtains one or more Full Quotations on any such day, the highest Full Quotation obtained by the Calculation Agent shall be the Final Price. If the Calculation Agent does not obtain any Full Quotations, the Final Price shall be zero. The Calculation Agent shall, as soon as practicable after obtaining all Full Quotations, notify the Noteholders in writing of each such Full Quotation that it receives in connection with the calculation of the Final Price and shall provide to the Noteholders a written computation showing its calculation of the Final Price.

## PRO FORMA FINAL TERMS FOR EMERGING MARKET CREDIT-LINKED NOTES

*Set out below is the form of Final Terms which will be completed for each Tranche of Emerging Market Credit-Linked Notes issued under the Programme.*

*(When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether a drawdown prospectus or a new base prospectus would be required in respect of such terms or information.)*

The terms and conditions of Credit-Linked Notes shall consist of the "Terms and Conditions of the Notes" set out in "Part B - Information about the Notes Generally" and "Part I – Additional Terms and Conditions relating to Emerging Market Credit-Linked Notes" of this Base Prospectus (the "**Base Conditions**") as amended or supplemented by the terms set out in the Final Terms (including the Schedules thereto) (the "**Final Terms**"), substantially in the form which is set out below (terms used in such provisions being deemed to be defined as such for the purposes of this Base Prospectus).

[Notes issued pursuant to these Final Terms are securities to be listed under Listing Rule [17/19]<sup>93</sup>.]

### FINAL TERMS

Final Terms dated [ ]  
Series No.: [ ]  
Tranche No.: [ ]

#### HSBC Bank plc

#### Programme for the Issuance of Notes and Warrants

#### Issue of

[Aggregate Principal Amount of Tranche]

[Title of Notes] due [•]

[(to be consolidated and form a single series with the existing *[Insert details of existing Tranche(s)]*) issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]

Linked to [name of Reference Entity]

### PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Notes (the "**Conditions**") set forth in the Base Prospectus dated 19 June 2012 in relation to the above Programme which [together with the supplemental prospectus[es] dated [•]] constitute[s] a base prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>94</sup>.

[This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus.]<sup>95</sup> Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms

<sup>93</sup> *To be included in respect of all issues which are to be admitted to listing. Delete as appropriate. Please refer to the Listing Rules. Listing Rule 17 applies to debt securities, asset backed securities and convertible securities. Listing Rule 19 applies to securitised derivatives. Notes which include an element of principle protection will generally be eligible for listing under Listing Rule 17 but in some circumstances will be eligible for listing under Listing Rule 19.*

<sup>94</sup> *Only for Notes which are publicly offered and admitted to trading on a regulated market.*

<sup>95</sup> *Only for Notes which are publicly offered and admitted to trading on a regulated market.*

and the Prospectus. [The Prospectus is available for viewing at [address] [and] [website] and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011] Conditions, which are defined in, and incorporated by reference into, the Base Prospectus dated 19 June 2012 and which are applicable to the Notes. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**")]<sup>96</sup> and must be read in conjunction with the Base Prospectus dated 19 June 2012 which [together with the supplemental prospectus[es] dated [ ]], constitute[s] a [base] prospectus ("**Prospectus**") [for the purposes of the Prospectus Directive]<sup>97</sup>. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus. The Prospectus and the [2005/2006/2007/2008/2009/2010/2011] Conditions are available for viewing during normal business hours at [address] [and] [website] and copies may be obtained from [address].

[For Notes offered and sold in the United States of America include:

#### IMPORTANT NOTICES

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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<sup>96</sup> Only for Notes which are publicly offered and admitted to trading on a regulated market.

<sup>97</sup> Only for Notes which are publicly offered and admitted to trading on a regulated market.

## AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

**It is advisable that prospective investors considering acquiring any Notes understand the risks of transactions involving the Notes and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in the Prospectus and these Final Terms. Prospective investors should consider carefully the risk factors set forth under "Risk Factors" in the Prospectus.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.)*

1.
  - (i) Issuer: HSBC Bank plc
  - (ii) Arranger(s): HSBC Bank plc
2.
  - (i) Series number: [    ]
  - (ii) Tranche number: 1
  - (iii) Whether issue is of Notes or Notes Certificates:
3. Specified Currency or Currencies:
  - (i) of denomination: [    ]
  - (ii) of payment: [    ]
4. Aggregate Principal Amount [of Notes admitted to trading]:
  - (i) Series: [    ]
  - (ii) Tranche: [    ]
5.
  - (i) Issue Price: [    ] per cent. of the Aggregate Principal Amount
  - (ii) Commission payable: None
  - (iii) Selling concession: None
6.
  - (i) Denomination(s) *(Condition 1(b))*: [    ]
  - (ii) Calculation Amount: [    ]
7.
  - (i) Issue Date: [    ]
  - (ii) Interest Commencement Date: Issue Date



- |     |   |  |
|-----|---|--|
| 8.  | Maturity Date:<br>( <i>Condition 6(a)</i> )           | Two Business Days following the Reference Obligation Redemption Date, subject to the provisions of paragraph 3 ( <i>Early Redemption as a result of a Credit Event</i> ) and paragraph 4 ( <i>Early Redemption as a result of an Early Redemption Event</i> ) of the Special Conditions set out in the Annex hereto. |
| 9.  | Interest basis:<br>( <i>Conditions 3 to 5</i> )       | Amounts will be payable to the Noteholders pursuant to paragraph 1 ( <i>Interest Amounts</i> ) of the Special Conditions set out in the Annex hereto.  |
| 10. | Redemption basis:<br>( <i>Condition 6</i> )           | Unless redeemed or purchased and cancelled earlier, and save as otherwise provided herein, the Notes will be redeemed pursuant to paragraph 2 ( <i>Final Redemption</i> ) of the Special Conditions set out in the Annex hereto.   |
| 11. | Change of interest or redemption basis:               | Not applicable   |
| 12. | Put/Call options:                                     | Not applicable   |
| 13. | (i) Status of the Notes:<br>( <i>Condition 2</i> )    | Unsubordinated, unsecured  |
|     | (ii) Date approval for issuance of<br>Notes obtained: | Not applicable   |
| 14. | Method of distribution:                               | Non-syndicated   |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- |     |  |                |
|-----|--|----------------|
| 15. | Fixed Rate Note provisions:<br>( <i>Condition 3</i> )                      | Not applicable |
| 16. | Floating Rate Note provisions:<br>( <i>Condition 4</i> )                   | Not applicable |
| 17. | Variable Coupon Amount Note provisions:<br>( <i>Condition 5</i> )          | Not applicable |
| 18. | Zero Coupon Note provisions:<br>( <i>Condition 5</i> )                     | Not Applicable |
| 19. | Index-Linked Interest Note/other variable-linked interest Note Provisions: | Not Applicable |
| 20. | Dual Currency Note provisions/Multi-currency Note provisions:              | Not Applicable |

**PROVISIONS RELATING TO REDEMPTION**

- |     |  |                |
|-----|--|----------------|
| 21. | Issuer's optional redemption (Call):<br>( <i>Condition 6(c)</i> )    | Not applicable |
| 22. | Noteholder's optional redemption (Put):<br>( <i>Condition 6(d)</i> ) | Not applicable |

- |     |  |  |
|-----|--|--|
| 23. | Final Redemption Amount of each Note:<br>( <i>Condition 6(a)</i> )   | The Notes will be redeemed pursuant to Condition 6(a) ( <i>Final Redemption</i> ).   |
| 24. | Final Redemption Amount of each Note in cases where the Final Redemption Amount is Index-Linked or other variable-linked:                                  | Not applicable   |
| 25. | Instalment Notes:<br>( <i>Condition 6(a)</i> )   | Not applicable   |
| 26. | Early Redemption Amount:   | Yes  |
|     | (i) Early Redemption Amount (upon redemption for taxation reasons, illegality or following an Event of Default):<br>( <i>Conditions 6(b), 6(h) or 10</i> ) | An amount in respect of each Calculation Amount equal to such Calculation Amount's <i>pro rata</i> share of the Cash Settlement Amount |
|     | (ii) Other redemption provisions:<br>( <i>Condition 6(i)</i> )   | Not Applicable   |

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

- |     |   |   |
|-----|---|---|
| 27. | Form of Notes:<br>( <i>Condition 1(a)</i> )   |   |
|     | (i) Form of Notes:  | Bearer Notes  |
|     | (ii) Bearer Notes exchangeable for Registered Notes:  | No  |
| 28. | New Global Note:  | No  |
| 29. | If issued in bearer form:   |   |
|     | (i) Initially represented by a Temporary Global Note or Permanent Global Note:  | Temporary Global Note   |
|     | (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes:<br>( <i>Condition 1(a)</i> ) | Yes, the Temporary Global Note will be exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in certain circumstances specified in the Permanent Global Note. |
|     | (iii) Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or Registered Notes:                              | No  |
|     | (iv) Coupons to be attached to Definitive Notes:  | Yes   |
|     | (v) Talons for future Coupons to be attached to Definitive Notes:   | No  |
|     | (vi) (a) Definitive Notes to be security printed:   | Yes   |
|     | (b) if the answer to (a) is yes, whether steel engraved plates will be  | Yes   |

used:

- (vii) Definitive Notes to be in ICMA or successor's format: No
- (viii) Issuer or Noteholder to pay costs of security printing: Issuer
- 30. Exchange Date for exchange of Temporary Global Note: Not earlier than 40 days following the Issue Date
- 31. Payments:  
(*Condition 8*)
  - (i) Method of payment: Condition 8(a) shall apply
  - (ii) Relevant Financial Centre Day: [*specify all places*]
  - (iii) Local banking day specified for payments in respect of the Notes in global form: No
- 32. Partly Paid Notes:  
(*Condition 1*) No
 

If yes, specify number, amounts and dates for, and method of, payment of instalments of subscription monies and any further additional provisions (including forfeiture dates in respect of late payments of partly paid instalments) Not applicable
- 33. Redenomination:  
(*Condition 9*)
  - (i) Redenomination: Not applicable
  - (ii) Exchange: Not applicable
- 34. Other final terms: As set out in the Schedule 1
- 35. Valuation Date: Not applicable

#### DISTRIBUTION

- 36. (i) If syndicated, names of Relevant Dealer(s)/Lead Manager(s): Not applicable
- (ii) If syndicated, names of other Dealers/Managers (if any): Not applicable
- (iii) Date of Subscription Agreement: Not applicable
- (iv) Stabilising Manager(s) (if any): Not applicable
- 37. If non-syndicated, name of Relevant Dealer: HSBC Bank plc
- 38. Total commission and concession: Not applicable
- 39. Selling restrictions: [TEFRA C Rules/ TEFRA D Rules/TEFRA Not Applicable]

United States of America:	Notes may not be offered or sold within the United States of America or to or for the account or the benefit of a US person (as defined in Regulation S)
Non-exempt Offer:	Not applicable
Additional selling restrictions:	Not applicable
40. Stabilisation:	Not applicable

#### [LISTING AND ADMISSION TO TRADING APPLICATION]

These Final Terms comprise the final terms required for issue and admission to trading of the Notes described herein pursuant to the Programme for the Issuance of Notes and Warrants of HSBC Bank plc.]

[In offers of Credit-Linked Notes pursuant to Rule 144A insert:<sup>98</sup>

#### TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of these Final Terms and the accompanying Base Prospectus, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that these Final Terms and the accompanying Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of these Final Terms and the accompanying Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Prospectus or any documents referred to herein.

Each purchaser of Notes sold in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.

<sup>98</sup> Please note that the default selling restrictions are for Regulation S offers and sales only.

- (3) The purchaser understands that certificates representing Restricted Notes will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN A PROSPECTUS SUPPLEMENT OR APPLICABLE FINAL TERMS, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("**SIMILAR LAW**") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

- (4) Each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Base Prospectus.]

**[RESPONSIBILITY]**

The Issuer accepts responsibility for the information contained in these Final Terms. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced inaccurate or misleading.]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

**SCHEDULE 1**  
**ADDITIONAL FINAL TERMS FOR EMERGING MARKET CREDIT-LINKED NOTES**

Trade Date: ☐

Business Centres (for purposes of definition of Business Day (paragraph 9)): ☐

Settlement Currency: ☐

**Terms relating to determination of Exchange Rate (paragraph 9):**

Determination Time: ☐ [a.m/p.m.] (☐ time)

Specified Source: [Not applicable/☐

Specified Screen Page: [Not applicable/☐

**Terms relating to Inconvertibility Event (paragraph 9):**

Relevant FX Rate: ☐

Specified Organisation: ☐

**Terms relating to Reference Entity and Reference Obligation:**

Name of Reference Entity: ☐

Reference Obligation: ☐

Maturity: ☐

Coupon: ☐ per cent.

Issued Amount: ☐

Minimum Denomination: ☐

Expected Reference Obligation Coupon Payment Dates: ☐, ☐, ☐, ☐.

Reference Obligation Currency: ☐

Reference Obligation Jurisdiction: ☐

Reference Obligation Principal Amount: ☐

## PART B - OTHER INFORMATION

### 1. LISTING

- (i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of the Financial Services Authority [on or around the Issue Date/ *[insert date]*] pursuant to Listing Rule [17/19]. No assurance can be given as to whether or not, or when, such application will be granted/*other (specify)*/Not applicable]
- (ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading [on the Regulated Market/*other (specify)*] with effect from [the Issue Date/ *[insert date]*]. No assurance can be given as to whether or not, or when, such application will be granted.] [Not applicable]

### 2. RATINGS

[The Notes have not specifically been rated.]/[The Notes have been assigned a rating of [ ] by [ ].]<sup>99</sup>

Ratings: [The long term senior debt of HSBC Bank plc has been rated:]

[S&P: [•]]  
 [Moody's: [•]]  
 [Fitch: [•]]  
 [[Other]: [•]]

*[Insert legal name of particular credit rating agency entity providing rating]* is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EEA but the rating it has given to the Notes is endorsed by *[insert legal name of credit rating agency]*, which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the

<sup>99</sup> *Select only if Notes are rated.*



CRA Regulation.]

[Each of [Fitch, S&P and Moody's] are established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended).]

[For these purposes, ["**S&P**"] means Standard and Poor's Credit Market Services Europe Limited,] ["**Moody's**"] means Moody's Investor Services Limited] [and] ["**Fitch**"] means Fitch Ratings Limited].]

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE]**

Save as discussed in "*Subscription and Sale of Notes*", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."]

4. **[REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

[(i) Reasons for the offer:

[ ]

*(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

(ii) Estimated net proceeds:

[ ]<sup>100</sup> *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses:

*(Include breakdown of expenses)*<sup>101</sup>

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i.e. if the Final Redemption Amount may be less than 100 per cent of the nominal value of the Notes) it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)]*

**OPERATIONAL INFORMATION**

- |     |   |                                       |
|-----|---|---------------------------------------|
| 5.  | ISIN Code:  | [[ ]/Not applicable]                  |
| 6.  | Common Code:  | [ ]                                   |
| 7.  | CUSIP:  | [Not applicable]                      |
| 8.  | SEDOL:  | [Not applicable]                      |
| 9.  | Intended to be held in a manner which would allow Eurosystem eligibility: | No                                    |
| 10. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg   | [None] [CREST] <i>[specify other]</i> |

<sup>100</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

<sup>101</sup> Not required for debt securities with a denomination per unit of at least EUR100,000.

and the relevant identification number(s):

- |     |   |   |
|-----|---|---|
| 11. | Delivery:   | Delivery against payment  |
| 12. | Settlement procedures:  | Medium Term Note  |
| 13. | (i) Principal Paying Agent/Registrar:   | [HSBC Bank plc] [ <i>specify other</i> ]  |
|     | (ii) Additional Paying Agent(s) (if any):   | None  |
| 14. | Common Depositary:  | [HSBC Bank plc] [Not applicable]  |
| 15. | Agent Bank/Calculation Agent:   | <p>HSBC Bank plc. The Calculation Agent shall have no liability for good faith errors or omissions in respect of any calculations or determinations contemplated herein, and its calculations and determinations shall, in the absence of manifest error, be final, conclusive and binding on the Issuer and the Noteholders.</p> |
|     | <ul style="list-style-type: none"> <li>• is Calculation Agent to make calculations?</li> <li>• if not, identify calculation agent:</li> </ul> | <p>Yes</p> <p>Not applicable</p>  |
| 16. | Notices:<br>( <i>Condition 13</i> )   | As per Condition 13   |
| 17. | City in which specified office of Registrar to be maintained:<br>( <i>Condition 14</i> )  | [Not applicable] [London]   |
| 18. | ERISA Considerations:   | <p>[The Notes may not be purchased by "benefit plan investors". See "<i>Certain ERISA Considerations</i>" in the Base Prospectus for further information./<i>give details</i>] [Not applicable]</p>   |

**REGISTERED AND HEAD  
OFFICE OF THE ISSUER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**PRINCIPAL PAYING  
AGENT, PRINCIPAL  
WARRANT AGENT, ISSUE  
AGENT, REGISTRAR,  
TRANSFER AGENT AND  
AUTHENTICATION  
AGENT**

**DEALER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**CALCULATION AGENT**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**HSBC France**  
15, rue Vernet  
75008 Paris  
France

**REGISTRAR**

**HSBC Bank USA, National  
Association Corporate Trust**  
452 Fifth Avenue  
New York, New York, 10018  
USA

**LEGAL ADVISERS TO THE  
ISSUER AND THE DEALER**

*as to English law*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
United Kingdom