

## BASE PROSPECTUS



**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**

#### **Market Access Notes**

On 24 February 1999, HSBC Bank plc (the "**Issuer**") established a Programme for the Issuance of Notes and Warrants (the "**Programme**").

This document (which expression includes all documents incorporated by reference herein) has been prepared for the purpose of providing disclosure information with regard to certain types of notes ("**Notes**") issued under the Programme, namely Notes which have a redemption amount payable at maturity or on earlier redemption 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 of the Notes (the "**Settlement Currency**").

This document has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus (as from time to time supplemented, the "**Base Prospectus**"). In relation to any Notes, this Base Prospectus must be read as a whole and together also with the relevant final terms (the "**Final Terms**"). Any Notes issued on or after the date of this Base Prospectus and which are the subject of Final Terms which refer to this Base Prospectus are issued subject to the provisions described herein. This does not affect any Notes already in issue or any Notes issued under any other base prospectus published in connection with the Programme. This Base Prospectus will be valid until 12 months from the date hereof.

**This Base Prospectus has been prepared for the purpose of providing disclosure information with regard to Notes only (and not warrants), and only Notes may be issued under this Base Prospectus.**

Applications have been made to admit Notes to listing on the Official List of the FCA and to trading on 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.

**Information on how to use this Base Prospectus is set out on page iii and a table of contents is set out on page xiii.**

The Notes have not been and will not be registered under the United States Securities Act 1933, as amended (the "**Securities Act**") or 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, U.S. 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-U.S. persons 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.

The Issuer has been assigned the following long term credit ratings: AA- by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"); Aa3 by Moody's Investors Service Limited ("**Moody's**"); and AA- by Fitch Ratings Limited ("**Fitch**"). Each of Standard & Poor's, Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**"). As such, each of Standard & Poor's, Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

Programme Arranger and Dealer

**HSBC**

24 June 2013

## HOW TO USE THIS BASE PROSPECTUS

This Base Prospectus provides information about the Notes. It is split up into a number of sections, each of which is briefly described below.

**Summary** provides an overview of information included in this Base Prospectus.

**Risk Factors** provides details of the principal risks associated with the Issuer and the Notes.

**Documents Incorporated by Reference** provides details of the documents incorporated by reference which form part of this Base Prospectus and which are publicly available.

**Description of the Notes** provides details of how an investment in the Notes works and how payments under the Notes are calculated, including a number of worked examples.

**Terms and Conditions of the Notes** sets out the terms and conditions which govern the Notes.

**Form of Notes and Summary of Provisions Relating to the Notes While in Global Form** provides information regarding Notes issued in global form and issued into certain clearing systems.

**Clearing and Settlement** provides details of the clearing systems through which the Notes may be held and how interests in the Notes may be transferred.

**Form of Final Terms** sets out the template of the "Final Terms", a document which will be filled out for each issue of Notes and which will complete the terms and conditions in respect of such issue of Notes.

**Use of Proceeds** provides details of what the Issuer intends to do with the subscription monies it receives for the Notes it issues.

**Taxation** provides a summary of the withholding tax position in relation to the Notes in the United Kingdom and also provides information in relation to the EU Savings Directive, the proposed financial transactions tax and a summary of the U.S. tax position in relation to the Notes.

**Certain ERISA Considerations** provides details of U.S. regulations which may be relevant for investors buying on behalf of U.S. regulated employee benefit plans.

**Subscription and Sale of Notes** sets out details of the arrangements between the Issuer and the Dealers as to the offer and sale of Notes and summarises selling restrictions that apply to the offer and sale of Notes in various jurisdictions.

**Transfer Restrictions and Investor Representations** sets out restrictions on transfer of the Notes in different jurisdictions which may be applicable to a purchaser of Notes and a number of representations which the purchaser is deemed to make in respect of the Notes.

**Index and ETF Disclaimers** sets out disclaimers which may be applicable in respect of an issue of Notes which are linked to a reference index or an exchange-traded fund.

**Information Relating to Funds** contains a summary overview of funds which invest in Saudi Arabian securities and which may be applicable in respect of an issue of Notes linked to such funds.

**General Information** provides additional, general disclosure in relation to the Programme.

**Index of Defined Terms** indicates where terms used in this Base Prospectus have been defined.

## 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 Notes may be issued in any denominations, including in denominations of less than EUR100,000 (or its equivalent in any other currency) per Note.

The Issuer does not intend to provide post-issuance information.

None of the Programme Arranger nor any dealer for an issue of Notes (each such dealer, 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 the Programme Arranger or 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 their distribution.

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, the Programme Arranger or any Dealer.

Neither this Base Prospectus nor any Final Terms nor any further information supplied in connection with the Programme or any Notes should be considered as a recommendation or as constituting an invitation or offer by the Issuer or any Dealer to any recipient of this Base Prospectus to subscribe for or purchase any Notes. Each investor contemplating purchasing any Notes 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 constitutes an offer by or on behalf of the Issuer, the Programme Arranger or any Dealer to subscribe for or purchase any Notes.

An investment in the Notes entails certain risks, which vary depending on the specification and type or structure of the Notes.

It is advisable that 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 this Base Prospectus and the relevant Final Terms. 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 on the Notes.

The distribution of this Base Prospectus and the offer, distribution or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Programme Arranger nor any Dealer represents that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, or assumes any responsibility for facilitating any such distribution or offering, in any other jurisdiction. In particular, action may be required to be taken to permit a public offering of any Notes or a distribution of this Base Prospectus in any jurisdiction. Accordingly, no Notes 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 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 in Australia, the Dubai International Financial Centre, the European Economic Area, France, Hong Kong, India, Indonesia, Italy, Japan, the Kingdom of Bahrain, Korea, Malaysia, Mexico, New Zealand, Norway, Pakistan, the People's Republic of China, Philippines, Russia, Saudi Arabia, Singapore, Spain, Switzerland, Taiwan, Thailand, The Netherlands, the United Arab**

Emirates (excluding the Dubai International Financial Centre), the United Kingdom, the United States of America and Vietnam, see the "*Subscription and Sale of Notes*" section of this Base Prospectus.

\*\*\*\*\*

#### United States

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") NOR ANY U.S. STATE OR FOREIGN SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED OF THE NOTES 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 is first offered pursuant to Regulation S to persons other than distributors and the date of closing of such offering, such Notes will only be issued or transferred to a person that is neither a U.S. person nor holding such Notes for the account or benefit of a U.S. person unless the Notes are being offered and sold in accordance with Rule 144A.

Each Note will bear legends setting forth the applicable restrictions on sale, resale, pledge and other transfers described above. See "*Form of Notes and Summary of Provisions Relating to the Notes While in Global Form*", "*Subscription and Sale of Notes*" and "*Transfer Restrictions and Investor Representations*" herein.

#### 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 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.

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 U.S. tax treatment and U.S. 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 U.S. tax treatment and U.S. tax structure.

\*\*\*\*\*

## United Kingdom

All applicable provisions of the United Kingdom Financial Services and Markets Act 2000 (as amended) ("**FSMA**") must be complied with in respect of anything done in relation to any Notes in, from or otherwise involving the United Kingdom. Any document received in connection with an issue of Notes may only be distributed in circumstances in which the restriction in section 21(1) of the FSMA does not apply.

\*\*\*\*\*

## Australia

This Base Prospectus has not been lodged with the Australian Securities and Investments Commission or ASX Limited. Prior to making a decision to purchase a Note, each prospective purchaser should read this Base Prospectus in its entirety and seek professional advice as to whether the purchase is appropriate in the context of the purchaser's particular investment needs, objectives and financial and taxation circumstances.

\*\*\*\*\*

## Hong Kong

The contents of this Base Prospectus 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 under the Programme.

\*\*\*\*\*

## Singapore

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

\*\*\*\*\*

The treatment for taxation purposes of the acquisition, holding or disposal of, or other dealings with, Notes 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 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 "**U.S. dollars**", "**U.S.\$**" and "**USD**" refer to the lawful currency of the United States of America, all references to "**Hong Kong dollars**", "**HK\$**" and "**HKD**" refer to the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), all references to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the People's Republic of China ("**PRC**"), which solely for the purpose of this Base Prospectus, excludes the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**") and the Macau Special Administrative Region of the People's Republic of China ("**Macau**") and Taiwan, all references to "**Offshore RMB**", where the context requires, are to Chinese Renminbi that is freely deliverable between accounts in the relevant Offshore RMB Centre as specified in the relevant Final Terms in accordance with the law and applicable regulations and guidelines issued by relevant authorities in the relevant Offshore RMB Centre as specified in the relevant Final Terms prevailing as of the trade date of the Notes, 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 on the Functioning of the European Union, as amended. Any other currency referred to in any Final Terms will have the meaning specified in the relevant Final Terms.

\*\*\*\*\*

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

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

## CONTENTS

	<b>Page</b>
Summary .....	1
Risk Factors .....	15
Documents Incorporated by Reference .....	41
Description of the Notes .....	42
Terms and Conditions of the Notes .....	53
Form of Notes and Summary of Provisions Relating to the Notes While in Global Form.....	117
Clearing and Settlement .....	125
Form of Final Terms.....	128
Use of Proceeds .....	136
Taxation.....	137
Certain ERISA Considerations.....	146
Subscription and Sale of Notes.....	148
Transfer Restrictions and Investor Representations .....	161
Index and ETF Disclaimers .....	171
Information Relating to Funds.....	178
General Information .....	182
Index of Defined Terms.....	183



## SUMMARY

*This section provides an overview of information included in this Base Prospectus. It includes blank placeholders for options provided for under the Programme which will only be known at the time of each issuance of Notes. A completed summary for each individual issuance of Notes will be annexed to the relevant Final Terms.*

*Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).*

*This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.*

*Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not Applicable".*

<b>Section A – Introduction and Warnings</b>		
<b>A.1</b>	<b>Introduction:</b>	<p>This summary must be read as an introduction to this prospectus and any decision to invest in the Notes should be based on a consideration of this prospectus as a whole by the investor, including any information incorporated by reference.</p> <p>Where a claim relating to the information contained in this prospectus is brought before a court in a Member State of the European Economic Area, the claimant might, under the national legislation of the Member States, be required to bear the costs of translating this prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this prospectus or it does not provide, when read together with the other parts of this prospectus, key information in order to aid investors when considering whether to invest in such Notes.</p>
<b>A.2</b>	<b>Consent by the issuer for the use of the prospectus for subsequent resale or final placement of securities by financial intermediaries, an indication of the offer period for which consent is given, and any other clear and objective conditions attached to such consent:</b>	Not Applicable. This prospectus has been prepared solely in connection with the admission of Notes to trading on a regulated market pursuant to Article 3(3) of the Prospectus Directive and there will be no public offer of the Notes.
<b>Section B – Issuer</b>		
<b>B.1</b>	<b>Legal and commercial name of the issuer:</b>	The legal name of the issuer is HSBC Bank plc (the " <b>Issuer</b> ") and, for the purposes of advertising, the Issuer uses an abbreviated version of its name, HSBC.
<b>B.2</b>	<b>Domicile and legal form of the issuer:</b>	The Issuer is a public limited company registered in England and Wales under registration number 14259. The liability of its members is limited. The Issuer was constituted by Deed of Settlement on 15 August 1836 and in 1873, 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 subject to primary and secondary legislation relating to financial services and banking regulation in the United Kingdom, including, <i>inter alia</i> , the UK Financial Services and Markets Act 2000, as amended, for the purposes of which the Issuer is an authorised person carrying on the business of financial services provision. In addition, as a public limited company, the Issuer is subject to the UK Companies Act 2006.
<b>B.4b</b>	<b>Trends:</b>	<p>The Issuer expects global growth to stay around 2.0 per cent in 2013, in line with the modest growth seen in 2012. Developed countries will continue to face weak growth on the back of structural constraints such as debt deleveraging and weak labour markets but emerging market growth is expected to accelerate over the course of the year.</p> <p>The Eurozone growth outlook remains very weak. There are some positive signs: structural reforms mean labour markets are becoming less rigid and more competitive while the stabilisation in financial markets since the European Central Bank's commitment to do "whatever it takes" to preserve the euro has fed through into an improvement in monetary conditions and business confidence, but significant headwinds remain. Deleveraging, austerity and rising unemployment are set to continue, so growth will depend on external demand, particularly in the periphery. An upturn in the world trade cycle should provide some relief in 2013, particularly in Germany where the Issuer expects real GDP to recover gradually from the sharp contraction in the final quarter of 2012 and to grow by 0.6 per cent in 2013. Despite this, the Eurozone is expected to contract by a further 0.2 per cent in 2013 after the 0.5 per cent drop in GDP in 2012. For most of the Eurozone low growth or ongoing recession, combined with the low inflation that arises from the need to regain competitiveness, implies government debt projections in the periphery in particular will continue to be revised up.</p> <p>The Issuer expects UK GDP to rise by 1.1 per cent in 2013, a pick-up in growth from a flat economy in 2012. Inflation is likely to continue to outpace wage growth, squeezing real terms incomes and limiting the ability of consumers to drive strong growth. Domestic demand will also be restrained by the ongoing fiscal consolidation while weakness in the Eurozone, the UK's main trading partner, means export growth is unlikely to provide major support to growth.</p>
<b>B.5</b>	<b>The group:</b>	<p>The whole of the issued ordinary and preference share capital of the Issuer is beneficially owned by HSBC Holdings plc ("<b>HSBC Holdings</b>", together with its subsidiaries, the "<b>HSBC Group</b>"). The Issuer is the HSBC Group's principal operating subsidiary undertaking in Europe.</p> <p>The HSBC Group is one of the largest banking and financial services organisations in the world. Its international network covers 81 countries and territories in six geographical regions: Europe; Hong Kong; Rest of Asia-Pacific; Middle East and North Africa; North America; and Latin America. Its total assets as at 31 December 2012 were U.S.\$2,693 billion.</p>
<b>B.9</b>	<b>Profit forecast:</b>	Not Applicable. There are no profit forecasts or estimates made in this prospectus.
<b>B.10</b>	<b>Audit report qualifications:</b>	Not Applicable. There are no qualifications in the audit reports on the audited, consolidated financial statements of the Issuer and its subsidiary undertakings for the financial years ended 31 December 2011 or 2012.
<b>B.12</b>	<b>Key financial information:</b>	The selected financial information set out below has been extracted without material adjustment from the audited consolidated financial statements of the Issuer for the years ended 31 December 2011 and 31 December 2012.

	Year Ended	
	31 December 2011	31 December 2012
<b>For the period (£m)</b>		
Profit before tax.....	3,111	1,004
Total operating income.....	16,205	15,407
Net operating income before loan impairment charges and other credit risk provisions .....	14,023	12,488

Profit attributable to shareholders of the parent company	2,329	2,384
<b>At period end (£m)</b>		
Total equity attributable to shareholders of the parent company	31,090	31,675
Risk weighted assets.....	227,679	193,402
Loans and advances to customers (net of impairment allowances)	288,014	282,685
Customer accounts .....	346,129	324,886
Ratio of customer advances to customer accounts.....	83.2	87.0
<b>Capital ratios*</b>		
Core Tier 1 ratio .....	9.1	11.4
Tier 1 ratio.....	10.0	12.4
Total capital ratio.....	14.4	17.3
<b>Performance and efficiency ratios (annualised %)</b>		
Return on average shareholders' funds (equity) of the parent company	7.4	3.5
Cost efficiency ratio .....	66.2	82.0

There has been no material adverse change in the prospects of the Issuer since 31 December 2012.

There has been no significant change in the financial or trading position of the Issuer subsequent to 31 December 2012.

<b>B.13</b>	<b>Recent events:</b>	Not Applicable. There have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of its solvency.
<b>B.14</b>	<b>Dependence upon other entities within the group:</b>	The Issuer is a wholly owned subsidiary of HSBC Holdings. The Issuer and its subsidiaries form a UK-based group (the " <b>Group</b> "). The Issuer conducts part of its business through its subsidiaries and is accordingly dependent upon those members of the Group.
<b>B.15</b>	<b>The issuer's principal activities:</b>	The Group provides 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 Global Private Banking.
<b>B.16</b>	<b>Controlling persons:</b>	The whole of the issued ordinary and preference share capital of the Issuer is owned directly by HSBC Holdings.

### Section C – Securities

<b>C.1</b>	<b>Description of type and class of securities:</b>	<p><b>Issuance in series:</b></p> <p>Notes will be issued in series ("<b>Series</b>") which may comprise one or more tranches ("<b>Tranches</b>"). Each Tranche issued under a Series will have identical terms, except that different Tranches may comprise Notes in bearer form ("<b>Bearer Notes</b>") or registered form ("<b>Registered Notes</b>"). The issue dates and issue prices under different Tranches may also vary.</p> <p>The [Bearer] [Registered] Notes being issued are Tranche [ ] Notes (the "<b>Notes</b>") [and are to be consolidated and form a single series with [ ] issued on [ ] with ISIN: [ ] and Common Code: [ ] [and CUSIP: [ ] [and SEDOL: [ ] [(the "<b>Original Issue Security Identification Number[s]</b>")]].</p> <p><b>Form of Notes:</b></p> <p><i>[Bearer Notes in definitive form:</i></p> <p>Bearer Notes will be issued in definitive form and each definitive Bearer Note will carry a unique serial number. Bearer Notes are negotiable instruments and legal title to each will pass by physical delivery.]</p> <p><i>[Bearer Notes in global form:</i></p> <p>[Bearer Notes will initially be issued as temporary global Notes exchangeable for permanent global Notes</p>
------------	---	--

		<p>which are exchangeable for definitive Bearer Notes, or registered Notes in definitive form in certain limited circumstances.]</p> <p>[Bearer Notes will be issued in global form and deposited with a common depository for Euroclear Bank SA/NV ("<b>Euroclear</b>") and/or Clearstream Banking, société anonyme ("<b>Clearstream, Luxembourg</b>"). Changes in beneficial interests in such Bearer Notes will be recorded as book-entries in the accounts of Euroclear and/or Clearstream, Luxembourg.]</p> <p><i>[Registered Notes in definitive form:</i></p> <p>[Registered Notes will be issued in registered form as certificates and each certificate will carry a unique serial number. Registered Notes are not negotiable instruments and legal title to each will pass by registration of the unique serial number against a Noteholder's name in a register maintained by [HSBC Bank plc] [HSBC Bank USA, National Association] in its capacity as registrar (the "<b>Registrar</b>").]</p> <p><i>[Registered Notes in global form:</i></p> <p>Registered Notes will be issued in global form and [a Rule 144A global registered note will be deposited with a custodian for, and registered in the name of a nominee for, the Depository Trust Company ("<b>DTC</b>")] [a restricted global registered note will be [deposited with a custodian for, and registered in the name of a nominee for, the Depository Trust Company ("<b>DTC</b>")] [deposited with and registered in the name of a common depository (or its nominee) for Euroclear Bank SA/NV ("<b>Euroclear</b>") and/or Clearstream Banking, société anonyme ("<b>Clearstream, Luxembourg</b>")] [[an unrestricted global registered note] [a combined global registered note] will be deposited with and registered in the name of a common depository (or its nominee) for Euroclear Bank SA/NV ("<b>Euroclear</b>") and/or Clearstream Banking, société anonyme ("<b>Clearstream, Luxembourg</b>").]</p> <p><b>Security Identification Number[s]:</b></p> <p>The [Bearer] [Registered] Notes have been accepted for clearance through [Euroclear and/or Clearstream, Luxembourg] [DTC] and will be allocated the following Security Identification Number[s] [to be consolidated with the Original Issue Security Identification Number[s]:</p> <p>ISIN Code: [ ]</p> <p>Common Code: [ ]</p> <p>[CUSIP: [ ]]</p> <p>[SEDOL: [ ]]</p>
<b>C.2</b>	<b>Currency of the securities issue:</b>	The settlement currency of the Notes is [ ] (the " <b>Settlement Currency</b> ").
<b>C.5</b>	<b>Free transferability:</b>	The Notes are freely transferable. However, there are restrictions on the offer and sale of the Notes. The Issuer and [ ] (the " <b>Dealer[s]</b> ") have agreed restrictions on the offer, sale and delivery of the Notes and on distribution of offering materials in Australia, the Dubai International Financial Centre, the European Economic Area, France, Hong Kong, India, Indonesia, Italy, Japan, the Kingdom of Bahrain, Korea, Malaysia, Mexico, New Zealand, Norway, the People's Republic of China, Philippines, Russia, Saudi Arabia, Singapore, Spain, Switzerland, Taiwan, Thailand, The Netherlands, the United Arab Emirates (excluding the Dubai International Financial Centre), the United Kingdom, the United States of America and Vietnam. In addition, investors of the Notes, by their purchase of the Notes, will be deemed to have given certain representations, warranties, undertakings, acknowledgements and agreements.
<b>C.8</b>	<b>The rights attaching to the securities, including ranking and limitations to those</b>	<p><b>Status of the Notes:</b></p> <p>The Notes will be direct, unsecured and unsubordinated obligations of the Issuer and will rank equally and without preference among themselves and, at their date of issue, with all other unsecured and unsubordinated obligations of the Issuer (unless preferred by law).</p>

rights:	<p><b><i>Payments at maturity</i></b></p> <p>The Notes will have a final redemption amount which is equal to the greater of 0.03 per cent. of their principal amount and the value or level at maturity of the underlying to which the Notes are linked (the "<b>Final Redemption Amount</b>") which will be calculated in a different manner depending on whether the Notes are Underlying ETF-Linked Notes, Underlying Fund-Linked Notes, Underlying Index-Linked Notes or Underlying Security-Linked Notes.</p> <p>[The Notes are [Underlying ETF-Linked Notes] [Underlying Security-Linked Notes] and accordingly the Final Redemption Amount will be the greater of 0.03 per cent. of the issue price per Note and the value at maturity of the underlying assets of each Note [(shares)] [(exchange-traded funds)] ("<b>Realisable Sale Price Per Note</b>"). The Realisable Sale Price per Note will be equal to:</p> <ul style="list-style-type: none"> <li>• if the Issuer or any of its affiliate(s) hold the underlying assets and dispose of them, the amount per Note received from such disposal, less any costs and converted into the currency of the Note (if applicable);</li> <li>• if the Issuer or any of its affiliate(s) do not hold the underlying assets but is party to a hedge or other arrangement relating to the Notes being redeemed, the effective price at which such hedge or other arrangement was realised or unwound, less any costs and converted into the currency of the Note (if applicable); or</li> <li>• if the Issuer nor any of its affiliate(s) do not hold the underlying assets nor are party to a hedge or other arrangement relating to the Notes being redeemed, the amount per Note a notional, direct holder of the underlying assets of the Notes would receive from disposing of them on maturity, less any costs and converted into the currency of the Note (if applicable).]</li> </ul> <p>[The Notes are Underlying Fund-Linked Notes and accordingly the Final Redemption Amount will be the greater of 0.03 per cent. of the issue price per Note and the aggregate of the net redemption proceeds per share in the Underlying Fund a hypothetical investor in shares in the Underlying Fund would have received on the maturity date, converted into the currency of the Note (if applicable).]</p> <p>[The Notes are Underlying Index-Linked Notes and accordingly the Final Redemption Amount will be the greater of 0.03 per cent. of the issue price per Note and the value at maturity of any hedge or of the securities underlying the Underlying Index or Indices of each Note ("<b>Realisable Sale Price Per Note</b>"). The Realisable Sale Price per Note will be equal to:</p> <ul style="list-style-type: none"> <li>• if the Issuer or its affiliate(s) is party to a hedge or other arrangement relating to the Notes being redeemed, the amount per Note received from realising or unwinding such hedge or other arrangement, less any costs and converted into the currency of the Note (if applicable); or</li> <li>• if the Issuer nor its affiliate(s) are not party to a hedge or other arrangement relating to the Notes being redeemed, the amount per Note a notional, direct holder of the underlying assets of the Notes would receive from disposing of them on maturity, less any costs and converted into the currency of the Note (if applicable).]</li> </ul> <p>If the actual or notional amounts received need to be converted into the currency of the Note, the rate of exchange used will be either:</p> <ul style="list-style-type: none"> <li>• if the Issuer or its affiliate(s) has an exchange transaction (whether implicit as part of a hedge or other arrangement for the underlying assets or as part of a separate arrangement), the rate of exchange obtained under that arrangement; or</li> <li>• if the Issuer or its affiliate(s) has not entered into an exchange transaction the rate of exchange which a notional, direct holder of the underlying assets of the Notes would be able to obtain.</li> </ul> <p><b><i>Additional Payments</i></b></p> <p>If the Notes are Underlying Security-Linked Notes or Underlying ETF-Linked Notes, then Noteholders</p>
---------	--

will also potentially be entitled to Additional Payments.

[The Notes are [Underlying ETF-Linked Notes] [Underlying Security-Linked Notes] and the Additional Payments payable to Noteholders will be:

- if the Issuer or its affiliate(s) hold the appropriate underlying assets (that is, the shares or exchange-traded funds), the aggregate amount of the net cash dividend or distribution received;
- if the Issuer or its affiliate(s) hold a hedge or other arrangement for the purposes of performing its obligations under the Notes, the net cash dividend or distribution equivalent payment received under the hedge or other arrangement;
- if the Issuer or its affiliate(s) do not hold any the underlying assets nor are party to a hedge or other arrangement relating to the Notes, the net amount a notional, direct holder of the underlying assets of the Notes would receive by way of cash dividend or distribution; or
- if a non-cash dividend or distribution is made, the net cash value of such non-cash dividend or distribution or, if the Issuer or its affiliate(s) holds a hedge or other arrangement relating to the Notes, the net cash adjustment or settlement received in respect of such non-cash dividend or distribution under such hedge or other arrangement,

in all cases, less any costs and converted into the currency of the Note (if applicable).

If the actual or notional amounts need to be converted into the currency of the Note, the rate of exchange used is either:

- if the Issuer or its affiliate(s) has an exchange transaction (whether implicit as part of a hedge or other arrangement for the underlying assets or as part of a separate arrangement), the rate of exchange obtained under that arrangement; or
- if the Issuer or its affiliate(s) has not entered into an exchange transaction, that which a notional, direct holder of the underlying assets of the Notes would be able to obtain.]

[Additional Payments do not apply to [Underlying Index-Linked Notes] [Underlying Fund-Linked Notes].]

***Interest Payments:***

The Notes do not bear interest.

***Early redemption for illegality:***

If the Calculation Agent determines that the performance of the Issuer's obligations has become unlawful or impracticable in whole or in part for any reason, the Issuer will be entitled to redeem the Notes early and pay the relevant investor an amount per Note equal to the fair market value of such Note or such other amount specified in the relevant final terms ("**Final Terms**").

***Early redemption for taxation reasons:***

If the Issuer were required under the terms and conditions of the Notes (the "**Conditions**") to pay additional amounts in respect of tax, the Issuer may subject to prior notice to the Noteholders, redeem all, but not some only, of such Notes and pay the relevant investor an amount per Note equal to the fair market value of such Note or such other amount specified in the relevant Final Terms.

***Modification and substitution:***

Modifications to the Conditions may be made without the consent of any Noteholders to cure any ambiguity or manifest error or correct or supplement any Conditions provided that: (i) the modification is not materially prejudicial to the interest of Noteholders; (ii) the modification is of a formal, minor or

		<p>technical nature or is to correct a manifest error or is to comply with mandatory provisions of the law of the Issuer's jurisdiction of incorporation; or (iii) the modification corrects inconsistency between the Conditions and the relevant termsheet relating to the Notes. The Notes permit the substitution of the Issuer with its affiliates without the consent of any Noteholders where the Issuer provides an irrevocable guarantee of the affiliate's obligations.</p> <p><b>Events of default:</b></p> <p>The following events constitute events of default (each, an "<b>Event of Default</b>") under the Notes and would entitle the Noteholder to accelerate the Notes: (i) a continuing default in the repayment of any principal due on the Notes for more than 14 days, provided that the reason for non-payment is not compliance with any fiscal or other law or regulation or court order, or that there is doubt as to the validity of such law, regulation or order in accordance with independent legal advice from advisers which is acceptable to HSBC Bank plc, acting in its capacity as principal paying agent (the "<b>Principal Paying Agent</b>"); or (ii) the passing of a winding-up order in relation to the Issuer. On an Event of Default the Notes will be redeemed against payment of an amount per Note equal to [the fair market value of such Note] [ ].</p> <p><b>Meetings of Noteholders</b></p> <p>The Conditions 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.</p> <p><b>No guarantee or security:</b></p> <p>The Notes are the obligations of the Issuer only and are unsecured.</p> <p><b>Taxation:</b></p> <p>All payments by the Issuer in respect of the Notes will be made without deduction of any United Kingdom taxes unless the Issuer is required by law to withhold or deduct any such taxes. Therefore, Noteholders will be liable for and/or subject to any taxes, including withholding tax, stamp duty, stamp duty reserve tax and/or similar transfer taxes, payable in respect of the Notes.</p> <p><b>Governing Law:</b></p> <p>English law.</p>
C.11	<b>Listing and trading:</b>	Application [has been] [will be] made to admit the Notes to the Official List of the United Kingdom Financial Conduct Authority and to trading on the regulated market of the London Stock Exchange plc.
C.15	<b>Effect of value of underlying instruments on the value of the investment:</b>	<p>The Notes are designed to track the price of [ ] (the "<b>Underlying</b>") converted into the currency of the Note (if applicable). The Final Redemption Amount payable on redemption of any Note is linked to a fixed [amount] [level] of the Underlying by way of a hedge in respect of such fixed [amount] [number] of the Underlying (whether directly or synthetically). In general, as the [level] [price] of the Underlying increases or decreases, so will the Final Redemption Amount payable in respect of such Notes. Similarly, changes in the value of the relevant currency rate will change the value of the Notes.</p> <p>The quoted [price] [level] of the Underlying converted into the currency of the Note (if applicable) may diverge from the Final Redemption Amount payable under the Note owing to disparity between any hedge and the Underlying, and to the deduction of costs, such as, amongst other things, brokers fees, transaction processing fees and actual or potential taxes, and including those costs that would be incurred by the Issuer and/or its designated affiliates of hedging the Underlying whether directly or synthetically, and a fee to be retained by the Issuer, the Dealer(s) and/or their affiliates.</p> <p>[Not Applicable. The Notes can only be acquired for consideration of at least EUR 100,000 per Note.]</p>
C.16	<b>Expiration or maturity date of</b>	The maturity date of the Notes is [ ] (the " <b>Maturity Date</b> ").

	<b>derivative securities:</b>	
<b>C.17</b>	<b>Settlement procedure:</b>	<p>The Notes will be cash-settled.</p> <p>All payments to Noteholders will be paid through [DTC][,/and] [Euroclear] [and/or] [Clearstream, Luxembourg].</p>
<b>C.18</b>	<b>Return securities:</b>	<p><b>on</b></p> <p>The Notes are ["<b>Underlying Security-Linked Notes</b>"] ["<b>Underlying ETF-Linked Notes</b>"] ["<b>Underlying Fund-Linked Notes</b>"] ["<b>Underlying Index-Linked Notes</b>"] and are linked to a [single underlying security] [basket of underlying securities] [single underlying ETF] [basket of underlying ETFs] [single underlying fund] [basket of underlying funds] (the "<b>Underlying</b>").</p> <p>The Notes are market access products, which are designed for investors who wish to be exposed to fluctuations in the price of the Underlying, but who do not wish to or are not able to hold the relevant Underlying itself. In addition, the Notes are designed to allow investors to get exposure to the Underlying even though it may be priced locally in a less accessible currency or currencies.</p> <p><i>Payments at maturity</i></p> <p>The Notes will have a Final Redemption Amount which will be calculated in a different manner depending on whether the Notes are Underlying ETF-Linked Notes, Underlying Fund-Linked Notes, Underlying Index-Linked Notes or Underlying Security-Linked Notes.</p> <p>[The Notes are [Underlying ETF-Linked Notes] [Underlying Security-Linked Notes] and accordingly the Final Redemption Amount will be the greater of 0.03 per cent. of the issue price per Note and the Realisable Sale Price. The Realisable Sale Price per Note will be equal to:</p> <ul style="list-style-type: none"> <li>• if the Issuer or any of its affiliate(s) hold the underlying assets and dispose of them, the amount per Note received from such disposal, less any costs and converted into the currency of the Note (if applicable);</li> <li>• if the Issuer or any of its affiliate(s) do not hold the underlying assets but is party to a hedge or other arrangement relating to the Notes being redeemed, the effective price at which such hedge or other arrangement was realised or unwound, less any costs and converted into the currency of the Note (if applicable); or</li> <li>• if the Issuer nor any of its affiliate(s) do not hold the underlying assets nor are party to a hedge or other arrangement relating to the Notes being redeemed, the amount per Note a notional, direct holder of the underlying assets of the Notes would receive from disposing of them on maturity, less any costs and converted into the currency of the Note (if applicable).]</li> </ul> <p>[The Notes are Underlying Fund-Linked Notes and accordingly the Final Redemption Amount will be the greater of 0.03 per cent. of the issue price per Note and the aggregate of the net redemption proceeds per share in the Underlying Fund a hypothetical investor in shares in the Underlying Fund would have received on the maturity date, converted into the currency of the Note (if applicable).]</p> <p>[The Notes are Underlying Index-Linked Notes and accordingly the Final Redemption Amount will be the greater of 0.03 per cent. of the issue price per Note and the value at maturity of any hedge or of the securities underlying the Underlying Index or Indices of each Note ("<b>Realisable Sale Price Per Note</b>"). The Realisable Sale Price per Note will be equal to:</p> <ul style="list-style-type: none"> <li>• if the Issuer or its affiliate(s) is party to a hedge or other arrangement relating to the Notes being redeemed, the amount per Note received from realising or unwinding such hedge or other arrangement, less any costs and converted into the currency of the Note (if applicable); or</li> <li>• if the Issuer nor its affiliate(s) are not party to a hedge or other arrangement relating to the Notes being redeemed, the amount per Note a notional, direct holder of the underlying assets of the Notes would receive from disposing of them on maturity, less any costs and converted into the</li> </ul>



		<p>currency of the Note (if applicable).]</p> <p>If the actual or notional amounts received need to be converted into the currency of the Note, the rate of exchange used will be either:</p> <ul style="list-style-type: none"> <li>• if the Issuer or its affiliate(s) has an exchange transaction (whether implicit as part of a hedge or other arrangement for the underlying assets or as part of a separate arrangement), the rate of exchange obtained under that arrangement; or</li> <li>• if the Issuer or its affiliate(s) has not entered into an exchange transaction the rate of exchange which a notional, direct holder of the underlying assets of the Notes would be able to obtain.</li> </ul> <p><b>Additional Payments</b></p> <p>If the Notes are Underlying Security-Linked Notes or Underlying ETF-Linked Notes, then Noteholders will also potentially be entitled to Additional Payments.</p> <p>[The Notes are [Underlying ETF-Linked Notes] [Underlying Security-Linked Notes] and the Additional Payments payable to Noteholders will be:</p> <ul style="list-style-type: none"> <li>• if the Issuer or its affiliate(s) hold the appropriate underlying assets (that is, the shares or exchange-traded funds), the aggregate amount of the net cash dividend or distribution received;</li> <li>• if the Issuer or its affiliate(s) hold a hedge or other arrangement for the purposes of performing its obligations under the Notes, the net cash dividend or distribution equivalent payment received under the hedge or other arrangement;</li> <li>• if the Issuer or its affiliate(s) do not hold any the underlying assets nor are party to a hedge or other arrangement relating to the Notes, the net amount a notional, direct holder of the underlying assets of the Notes would receive by way of cash dividend or distribution; or</li> <li>• if a non-cash dividend or distribution is made, the net cash value of such non-cash dividend or distribution or, if the Issuer or its affiliate(s) holds a hedge or other arrangement relating to the Notes, the net cash adjustment or settlement received in respect of such non-cash dividend or distribution under such hedge or other arrangement,</li> </ul> <p>in all cases, less any costs and converted into the currency of the Note (if applicable).</p> <p>If the actual or notional amounts need to be converted into the currency of the Note, the rate of exchange used is either:</p> <ul style="list-style-type: none"> <li>• if the Issuer or its affiliate(s) has an exchange transaction (whether implicit as part of a hedge or other arrangement for the underlying assets or as part of a separate arrangement), the rate of exchange obtained under that arrangement; or</li> <li>• if the Issuer or its affiliate(s) has not entered into an exchange transaction, that which a notional, direct holder of the underlying assets of the Notes would be able to obtain.]</li> </ul> <p>[Additional Payments do not apply to [Underlying Index-Linked Notes] [Underlying Fund-Linked Notes].]</p> <p><b>Interest Payments:</b></p> <p>The Notes do not bear interest.</p>
C.19	<b>Exercise price or final reference price of the underlying:</b>	The calculations which are required to be made to calculate the Final Redemption Amount will be based on the value of the [Underlying] [basket of Underlyings] determined by the Calculation Agent being HSBC Bank plc. The Calculation Agent will determine the value of the [Underlying] [basket of Underlyings] by reference to the actual or notional value upon disposal or realisation of the [Underlying]

		[basket of Underlyings] or the value of realising or unwinding a hedge or other arrangement in respect of such [Underlying] [basket of Underlyings], in all cases deducting costs and converting into the currency of the Note (if applicable).
<b>C.20</b>	<b>Type of the underlying:</b>	<p>Each Series of Notes is linked to the performance of one of the following:</p> <p>a security or basket of securities (together, the "<b>Underlying Securities</b>" and each, an "<b>Underlying Security</b>") issued by a company or companies (together, the "<b>Underlying Companies</b>" and each, an "<b>Underlying Company</b>") which is/are listed and/or admitted to trading on one or more stock exchanges (such Notes are referred to as, "<b>Underlying Security-Linked Notes</b>"); or</p> <p>an index or basket of indices (together, the "<b>Underlying Indices</b>" and each, an "<b>Underlying Index</b>") being composed of certain securities (together, the "<b>Reference Securities</b>" and each, a "<b>Reference Security</b>") (such Notes are referred to as, "<b>Underlying Index-Linked Notes</b>"); or</p> <p>a fund or basket of funds (together, the "<b>Underlying Funds</b>" and each, an "<b>Underlying Fund</b>") (such Notes are referred to as, "<b>Underlying Fund-Linked Notes</b>"); or</p> <p>an exchange-traded fund or a basket of funds (together, the "<b>Underlying ETFs</b>" and each, an "<b>Underlying ETF</b>") which is/are listed and/or admitted to trading on one or more stock exchanges (such Notes are referred to as, "<b>Underlying ETF-Linked Notes</b>").</p> <p>The Notes are</p> <p>"<b>Underlying [Security-/Fund-/ETF-]Linked Notes</b>", being Notes in relation to which the Final Redemption Amount is linked to [one security/fund/exchange-traded fund, namely][a basket of securities/funds/exchange-traded funds, comprised of] [ ] such [security/fund/exchange-traded fund] [Security/Fund/Exchange-Traded Fund] [is/are] the Underlying [Security/Securities/Fund/Funds/Exchange-Traded Fund/Exchange-Traded Funds] to which the Notes are linked. Underlying [Security-/Fund-/ETF-]Linked Notes are also referred to in the prospectus as "<b>Underlying Equity-Linked Notes</b>".</p> <p>"<b>Underlying Index-Linked Notes</b>", being Notes in relation to which the Final Redemption Amount is linked to [one index, namely] [a basket of indices, comprised of] [MSCI [ ] Index] [FTSE [ ] Index] [TSWE [ ] Index] [Kospi [ ] Index] [Hang Seng [ ] Index] [TOPIX [ ] Index] [S&amp;P [ ] Index] [ ]. Such [index/basket of indices] [is/are] the Underlying [Index/Indices] to which the Notes are linked.]</p> <p>References to "Underlying", either in the singular or plural form, shall refer to any Underlying applicable to a Series of Notes.</p> <p>[Information on the Underlying can be found on [ ].]</p>
		<b>Section D – Risks</b>
<b>D.2</b>	<b>Key risks specific to the issuer:</b>	<p><b><i>The Issuer has exposure to the ongoing economic crisis in the eurozone:</i></b> There is potential for contagion from the continued instability in the eurozone from the peripheral to the core eurozone countries, and beyond to trading partners. The Issuer is exposed to institutions and banks which may be affected by sovereign currency crises.</p> <p><b><i>The Issuer has significant exposure to counterparty risk both within the financial sector and to other risk concentrations:</i></b> Financial institutions are necessarily interdependent because of trading, clearing, counterparty or other relationships, which could affect its funding and its ability to manage the risks of its business.</p> <p><b><i>Liquidity, or ready access to funds, is essential to the Issuer's business:</i></b> If the Issuer is unable to raise funds, its liquidity position could be adversely affected and the Issuer might be unable to meet deposit withdrawals or obligations under committed financing facilities, to fund new investments and to repay borrowings as they mature.</p>

		<p><b><i>The Issuer's operations are highly dependent on its information technology systems:</i></b> The reliability and security of the Issuer's information and technology infrastructure and the Issuer's customer databases are crucial to maintaining the service availability of banking applications and processes and to protecting the HSBC brand. Critical systems failure, prolonged loss of service or a material breach of security could cause long-term damage to the Issuer's business and brand.</p> <p><b><i>The Issuer faces a number of challenges in regulation and supervision and associated regulatory risks:</i></b> The proposals relating to Basel III, the draft legislation proposed by the UK Independent Commission on Banking ("<b>ICB</b>") and the Capital Requirements Directive IV are likely to have an effect on the activities of the Group. The proposals and finalised legislation 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.</p> <p><b><i>Regulatory investigations:</i></b> HSBC Holdings has entered into agreements with U.S. and UK government agencies to comply with certain forward-looking obligations with respect to anti-money laundering and sanctions requirements over a five-year term. Failure to comply with the terms of such agreements may have an adverse affect on the Group. In addition, the Group continues to be subject to a number of other regulatory proceedings into certain past submissions made by panel banks in connection with the setting of London interbank offered rates and other benchmark interest and foreign exchange rates.</p> <p><b><i>Remediation:</i></b> The Group has established customer redress programmes in relation to the possible mis-selling of Payment Protection Insurance policies and interest rate products sold to small businesses. There remains a high degree of uncertainty as to the eventual costs of redress for these matters.</p>
D.6	<p><b>Key risks specific to the securities and risk warning to investors:</b></p>	<p><b><i>Credit risk:</i></b> The Notes are direct, unsecured and unsubordinated obligations of the Issuer and not of any other person. If the Issuer's financial position were to deteriorate, there could be a risk that the Issuer would not be able to meet its obligations under the Notes (the Issuer's credit risk). If the Issuer becomes insolvent or defaults on its obligations under the Notes, in the worst case scenario, investors in the Notes could lose all of their invested amounts.</p> <p><b><i>The Notes are unsecured obligations:</i></b> The Notes are not secured over any asset. Therefore, the investor would not be able to enforce security as a method of recouping payments due under the Notes if the Issuer were to become insolvent and cease to be able to pay such amounts.</p> <p><b><i>The Notes are not ordinary debt securities:</i></b> The Notes do not pay interest and, upon redemption, may return less than the amount invested or nothing. Notes are designed to track the price or level of the Underlying. If the performance of such Underlying does not move in the anticipated direction or if the issuer thereof becomes insolvent, the Notes will be adversely affected and, in a worst case scenario, may become worthless.</p> <p><b><i>Payments under the Notes may be delayed:</i></b> Payments to Noteholders which are calculated by reference to hedging arrangements will only be due if the proceeds would have been received by an investor outside the jurisdiction where the Underlying is listed or quoted. There is a risk that limitations on the importation and withdrawal of funds in such jurisdiction could lead to potential delays in payments under the Notes or, in the worst case, the Notes becoming worthless.</p> <p><b><i>No ownership rights:</i></b> The Notes do not confer any legal or beneficial interest or any voting or dividend rights in the Underlying or the Reference Securities.</p> <p><b><i>There may be no active trading market or secondary market for liquidity for Notes:</i></b> Any Series of Notes may not be widely distributed and there may not be an active trading market, nor is there assurance as to the development of an active trading market. If there is no liquid market, investors may not be able to realise their investment in the Notes until maturity of such Notes or may not realise a return that equals or exceeds the purchase price of their Notes. Notwithstanding the foregoing, the Issuer may issue Notes which provide for certain circumstances where the Issuer and/or Dealer may buy-back such Notes from the</p>

Noteholders.

***Certain factors affecting the value and trading price of Notes:*** The Final Redemption Amount payable under the Notes may be affected by fluctuation in value of the Underlying or the Reference Securities, changes in currency exchange rates or, where applicable, the number and type of Underlyings included in a basket to which the relevant Notes relate.

***Conflicts of interest may arise between the interests of the Issuer or its affiliates and those of the Noteholders:*** The Issuer or its affiliates may enter into hedging or other transactions (i) relating to Underlyings or the Reference Securities or (ii) with issuers of Underlyings or the Reference Securities. The Issuer or its affiliates may also publish research or other reports relating to Underlyings or the Reference Securities. Any such activities may have a negative effect on the value of Notes relating to such Underlyings. In addition, the Issuer may assume roles as hedging party, service providers or calculation agent in respect of Underlyings which are funds, calculation agent under the Notes or publisher of research reports. In respect of any of these roles the Issuer may have interests that conflict with the interests of Noteholders.

***Commission and cost of hedging:*** The issue price of the Notes may include the distribution commission or fee charged by Issuer or its affiliates and the cost or expected costs of hedging the Issuer's obligations under the Notes (if any). Accordingly, there is a risk that, upon issue, the market price of Notes may be lower than original issue price of the Notes. Also, fees, commission and hedging costs may be deducted from the Final Redemption Amount.

***[Exchange rate risks and exchange control risks:*** The Issuer will pay amounts in respect of the Notes in the Settlement Currency. Since the Underlying is referenced in [ ] (the "**Underlying Currency**"), amounts payable under the Notes may be affected by multiple currency conversion costs which may be passed on to investors. Where the Settlement Currency is not the same as the investor's home currency, the realisable value of the investment in the investor's home currency may be at risk from fluctuations in the exchange rate. Government and monetary authorities may impose or modify exchange controls that could adversely affect an applicable exchange rate or transfer of funds in and out of the country. As a result of such restrictions and controls the Issuer may suspend its obligations to make any payment under any Notes if and for as long as such exchange controls have occurred and are continuing. Noteholders shall not be entitled to any interest or other compensation in respect of any such suspension.]

***[Market Disruption Events and Additional Disruption Events:*** In the case of early closure of the relevant exchange, disruption of such exchange or suspension of trading on such exchange ("**Market Disruption Events**") or a change in applicable laws, hedging disruption, increased costs of hedging, where applicable, an insolvency filing of the issuer of the Underlying or a currency event ("**Additional Disruption Events**"), postponement or adjustment of valuations in case of a Market Disruption Event or adjustment of terms or redemption of the Notes in case of an Additional Disruption Event in respect of such Notes may have an adverse effect on the value of such Notes and/or the Final Redemption Amount.

***Illegality or changes in tax law may cause the Issuer's obligations under the Notes to be redeemed early:*** If the Calculation Agent determines in its sole and absolute discretion acting in good faith that the performance of the Issuer's obligations under any Notes shall have become unlawful or impracticable, or if the Issuer determines that it has become liable for, or payments under the Notes have become subject to, any taxes, the Issuer may redeem the Notes and pay a sum representing the fair market value of the Notes. As a result Noteholders will forgo any future appreciation in the relevant Underlying, may suffer a loss of some or all of their investments.

***Considerations regarding hedging:*** The value of the Note may not exactly correlate with the value of the Underlying to which the Note relates.

***Tax risks:*** The amount of a payment to the investor under the Notes may be decreased to take into account the effect of taxes on an investment in the Underlying. There is a risk that tax law or practice will change in the future resulting in the imposition of or increase in tax on an investment in, or disposition of the Underlying. This will result in a decrease of the amounts payable under the Notes. Also, investors in the Notes will be obliged to pay all taxes payable in connection with the subscription, purchase or holding of

		<p>such Note and the payment of the Final Redemption Amount and/or any Additional Payment.</p> <p><b>[Emerging market risks:</b> Investors in Notes relating to Underlyings which are issued in or located in or listed on an exchange in an emerging market, namely [ ], should be aware that investments in emerging markets, and specifically [ ], are subject to greater risks than well-developed western markets. Institutions relied upon for the efficient functioning of capital markets, such as stock exchanges, economic, legal and regulatory institutions, systems for the clearing, settlement and registration of securities, may be less developed. Disclosure standards may be less onerous on issuers and accountancy practices may differ from those which are internationally accepted. Political conditions in certain geographic locations where the issuers of Underlyings may operate may be volatile or unstable, and there could be increased price volatility.]</p> <p><b>[Specific risks relating to Underlying Index-Linked Notes:</b> The sponsor of [the/an] Underlying Index, namely [ ], may amend the rules applicable to the determination of the level of such index, replace such index with a successor index or cancel such index. Such actions may give rise to an adjustment to the terms of the Notes or early redemption of the Notes. As a result hereof the value of the Notes may be adversely affected and/or investors may lose some or all of their invested amount in the Notes.]</p> <p><b>[Specific risks relating to Underlying Equity-Linked Notes:</b> If a Potential Adjustment Event occurs and dilutes the theoretical value of the Underlying or an Extraordinary Event occurs, the Calculation Agent may make corresponding adjustments to the conditions of the Notes which may adversely affect the Final Redemption Amount payable or (in the case of Extraordinary Events) may redeem the Notes; as a result the Noteholder may lose some or all of its investment.] [As the Underlying are units in a fund, the investor will be exposed to the risks of specific regulation affecting funds, risk relating to the fund's management and internal rules and, where the fund is a synthetic fund, also from counterparty risk from the swap counterparty.]</p> <p><b>[RMB risks:</b> There are restrictions on the conversion of RMB into other currencies. The amount of Offshore RMB deliverable outside PRC may be limited, which may affect the liquidity of Offshore RMB linked Notes. The market for Offshore RMB is a different market to that of RMB deliverable in PRC. The Offshore RMB exchange rate may be influenced by the onshore RMB exchange rate. The Offshore RMB market may become illiquid or Offshore RMB may become inconvertible or non-transferable. In such circumstances the Issuer may settle payments under the Notes in U.S. dollar, if practicable or Noteholders may suffer a loss of some or all of their investments. In addition, interest rates are government-controlled in PRC and changes therein may affect the Offshore RMB interest rate which may cause the value of the Notes to fluctuate.</p> <p><b>Investors may lose the value of their entire investment or part of it, as the case may be.</b></p>
		<b>Section E – Offer</b>
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds:</b>	Not Applicable. This prospectus has been prepared solely in connection with the admission of Notes to trading on a regulated market pursuant to Article 3(3) of the Prospectus Directive. There will be no public offer of the Notes and thus reasons for the offer and use of proceeds are not required.
<b>E.3</b>	<b>Terms and conditions of the offer:</b>	Not Applicable. This prospectus has been prepared solely in connection with the admission of Notes to trading on a regulated market pursuant to Article 3(3) of the Prospectus Directive. There will be no public offer of the Notes and thus a description of the terms and conditions of the offer is not required.
<b>E.4</b>	<b>Interests material to the issue/offer including conflicts of interest:</b>	The Issuer or its affiliates may engage in hedging or other transactions involving the relevant Underlying which may have a positive or negative effect on the value of such Underlying and therefore on the value of any Notes to which they relate. Certain affiliates of the Issuer may also be the counterparty to the hedge of the Issuer's obligations under an issue of Notes and the Calculation Agent is responsible for making determinations and calculations in connection with the Notes in its sole and absolute discretion acting in good faith [and may be a service provider in respect of Underlyings which are funds]. The Issuer or its affiliates may from time to time advise the issuer or obligors of, or publish research reports relating to, an Underlying. The views or advice may have a positive or negative effect on the value of an Underlying and may be inconsistent with purchasing or holding the Notes relating to such an Underlying.

		<p>[Fees [are] [may be] payable by the Issuer to the Dealer[s] acting as underwriter(s) of issues of the Notes.]</p> <p>[[Save as disclosed above, no] [No] person involved in the issue of the Notes has an interest material to the issue.] [The following additional interest(s) are material to issues of the Notes: [    ].]</p>
<p><b>E.7</b></p>	<p><b>Estimated expenses charged to the investor by the issuer or the offeror:</b></p>	<p>Not Applicable. This prospectus has been prepared solely in connection with the admission of Notes to trading on a regulated market pursuant to Article 3(3) of the Prospectus Directive. There will be no public offer of the Notes and expenses in respect of the listing of Notes are not charged directly by the Issuer or Dealer(s) to the investor.</p>

## RISK FACTORS

*This section provides details of the principal risks associated with the Issuer and the Notes.*

*Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industry in which it operates together with all other information contained in this Base Prospectus, including, in particular the risk factors described below and the risk factors contained in pages 3 to 14 of the registration document of the Issuer dated 16 April 2013 (the "**Registration Document**"), incorporated by reference. The Issuer considers such risk factors to be the principal risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes and/or risk factors that are material for the purposes of assessing the market risk associated with the Notes. Words and expressions defined in the Conditions or elsewhere in this Base Prospectus have the same meanings in this section.*

*Investors should note that the risks relating to the Issuer, the industry in which it operates and the Notes summarised in the section of this Base Prospectus headed "Summary" are the risks that the Issuer believes to be those key to an assessment by an investor of whether to consider an investment in the Notes. However, as the risks which the Notes are subject to and which the Issuer faces relate to events and depend on circumstances that may or may not occur in the future, investors should consider not only the information on the key risks summarised in the section of this Base Prospectus headed "Summary" (and set out in more detail below) but also, among other things, the other risks and uncertainties described below.*

*The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer or the Notes that are not currently known to the Issuer, or that the Issuer currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer or the Notes themselves, and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Base Prospectus and their personal circumstances.*

### **Guidance note in respect of this Risk Factors section**

This Risk Factors section is divided into a number of sub-sections.

Details of these sub-sections are set out in the table below, alongside an indication of which Risk Factors are applicable to a particular issue of Notes.

<i>Name of sub-section</i>	<i>Applicable to</i>	<i>Explanation</i>
(1) Risks relating to all issues of Notes	All Notes.	This sub-section will be relevant for all issues of Notes, as it details the risk factors which the Issuer deems to be material in respect of all Notes. <i>In addition, risk factors from the following sub-sections may be relevant to an issue of Notes.</i>
(2) Risks relating to taxation of the Notes	All Notes.	This sub-section sets out certain withholding tax risks or capital gains tax risks which may apply to issues of Notes.
(3) Specific risk factors relating to Underlying Equity-Linked Notes	Underlying Equity-Linked Notes or Underlying Index-Linked Notes, as applicable.	Notes will be either: (i) linked to one security or a basket of securities

		(including shares, depositary receipts, funds, exchange traded funds, exchange traded bonds (including exchange traded convertible bonds)) (" <b>Underlying Equity-Linked Notes</b> "; or
(4) Specific risk factors relating to Underlying Index-Linked Notes		(ii) linked to one or more indices (" <b>Underlying Index-Linked Notes</b> ").
(5) Specific risks relating to Notes linked to Underlyings tied to emerging markets	Notes linked to Underlyings which are: <ul style="list-style-type: none"> <li>• listed in an emerging markets country; and/or</li> <li>• issued by an entity incorporated in an emerging markets country.</li> </ul>	This section will only be relevant for Notes which relate to Underlyings tied to emerging market countries.
(6) Specific risks relating to Notes linked to Underlyings denominated in Offshore RMB and traded outside the PRC and Notes settled in Offshore RMB outside the PRC	Notes denominated in Offshore RMB or linked to Underlyings denominated in Offshore RMB and/or settled in Offshore RMB only	This section details risks associated with Offshore RMB and will only be applicable where the Underlyings to which the Note is linked is Offshore RMB or where the Settlement Currency of Notes is denominated in Offshore RMB and/or where the Notes are settled in Offshore RMB.
(7) Country-specific risks relating to Notes	Notes which link to Underlyings which are: <ul style="list-style-type: none"> <li>• listed in or issued by entities incorporated in; or</li> <li>• comprised of underlying assets listed in or issued by entities incorporated in</li> </ul> <p>France, India, Italy, Korea, the PRC, United States and Vietnam</p>	This sub-section is divided into parts discussing additional risk factors for each of France, India, Italy, Korea, the PRC, United States and Vietnam. Which of these parts is applicable to an issue of Notes depends on the jurisdictions of the Underlying to which the Notes are linked.  The risk factors described in this section may give further detail on the risks identified in the section entitled " <i>Risks relating to all issues of Notes</i> ".

#### (1) Risks relating to all issues of Notes

The Issuer may issue Notes linked to equity or debt securities issued by entities in one or more jurisdictions, or an index which references equity or debt securities from such jurisdictions. A number of these Notes may have features which contain particular risks for investors. Set out below is a description of the principal risks that should be taken into consideration by investors in Notes.



***Credit risk***

The Notes are direct, unsecured and unsubordinated obligations of the Issuer and not of any other person. If the Issuer's financial position were to deteriorate, there could be a risk that the Issuer would not be able to meet its obligations under the Notes (the Issuer's credit risk). If the Issuer becomes insolvent or defaults on its obligations under the Notes, in the worst case scenario, investors in the Notes could lose all of their invested amounts.

Investors should be aware that 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. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

***The Notes are unsecured obligations***

It will be particularly important for the investor to evaluate the Issuer's credit risk when considering an investment in the Notes as the Notes are unsecured and so the investor would not have recourse to any Underlying or the Reference Securities (i.e. the securities underlying any Underlying Index to which the Notes are linked) or any other security/collateral. If the Issuer became unable to pay amounts owed to the investor under the Notes, such investor does not have recourse to any Underlying or the Reference Securities or any other security/collateral and, in a worst case scenario, may not receive any payments under the Notes.

***The Notes are not ordinary debt securities***

The terms of the Notes differ from those of ordinary debt securities and an investment in the Notes is not equivalent to an investment in a time deposit. Notes do not pay any interest and are not covered by the UK Financial Services Compensation Scheme.

The repayment of any amount invested in Notes and any return on investment is variable and not guaranteed. Unlike a savings account or similar investment with a lower return and little or no capital risk, Notes may potentially have a greater return but there is a greater risk of loss of capital. This is because the Notes are designed to track the price or level of the Underlying. The value of the Underlying can alter sharply because it reflects the performance of the securities underlying an index or general stock and other market conditions. Therefore, there is a risk that, if the Underlying does not move in the anticipated direction, the Notes may return less than the amount invested or, in a worst case scenario, nothing. In such circumstances, investors could lose their entire invested amount. In addition, investors should note that there is a risk that if the issuer of the Underlying or the Reference Securities becomes insolvent, the value of such Underlying will become zero. As a result thereof the value of the Notes will be adversely affected and in a worst case scenario become zero as well. Investors in the Notes would then lose all of their invested amounts.

***Payments under the Notes may be delayed***

Payments to Noteholders calculated by reference to the price of hedging arrangements (which may include disposal of the Underlying or the Reference Securities) will not be due unless or until the proceeds of disposal would have been received by an investor outside the Reference Jurisdiction (a "**Foreign Investor outside the Reference Jurisdiction**"), where "**Reference Jurisdiction**" means the jurisdiction of the listing or quotation system on which any Underlying or Reference Security is principally listed or quoted (or of the exchange or quotation system indicated as the "Exchange" in the relevant Final Terms) and so there is a risk that limitations on the importation and withdrawal of funds may lead to potential delays or the non-receipt of funds. If Foreign Investors outside the Reference Jurisdiction become unable to invest directly in or hold Underlyings or Reference Securities in the Reference Jurisdiction or they are not allowed to sell or receive proceeds from the sale of such Underlyings, then the Notes may, in the worst case, become worthless.

***No ownership rights***

An investment in Notes relating to an Underlying is not the same as an investment in an Underlying or a Reference Security and does not provide a holder of Notes with any of the rights that a holder of an Underlying or a Reference Security may have (such as voting rights and rights to receive dividends).

### ***Suspension of Issuer's Payment Obligation***

The Issuer's obligation to make payments in respect of Notes may be suspended so long as dealings in the relevant Underlying and related hedging transaction are or are wholly to be prevented, delayed or restricted by the closure of a relevant exchange or the suspension of trading or the occurrence of other circumstances, or if any circumstances arise which adversely affect the ability to carry out foreign exchange transactions or currency transfers. In the event of such suspension, Noteholders will not be entitled to any interest or other compensation in respect of the suspension.

### ***There is no active trading market for the Notes***

Any Series of Notes 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). Accordingly, the investor is subject to the risk that its investment in the Notes may be difficult or impossible to trade.

It is not possible to predict whether any trading market for the Notes will develop or, if it does, the price at which Notes will trade in the secondary market or whether such market will be liquid or illiquid. If any Notes are not traded on any exchange, pricing information for the Notes may be more difficult to obtain and the liquidity of the Notes may be adversely affected. Also, to the extent that Notes are redeemed or purchased and cancelled, the number of Notes outstanding will decrease, resulting in a potential lessening of the liquidity of the Notes. A lessening of the liquidity of the Notes may cause, in turn, an increase in the volatility associated with the price of the Notes. An investor in the Notes is subject to the risk, therefore, that to the extent that there is no liquid market in the Notes, an investor may have to wait until redemption of such Notes in order to realise the value of its investment and, as such, an investor should proceed on the assumption that it may have to bear the economic risk of an investment in the Notes until the maturity date of the Notes or, if he is able to sell the Notes prior to the redemption date, the return received may be substantially less than the issue price or acquisition price of the Notes. Notwithstanding the foregoing, the Issuer may issue Notes which provide for certain circumstances where the Issuer and/or Dealer may buy-back such Notes from the Noteholders.

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

The value of Notes prior to maturity is expected to depend on a number of factors: (i) the trading price of the Notes, (ii) the value of the Underlying or the Reference Securities, (iii) any change(s) in dividend yields, (iv) any change(s) in currency exchange rates, (v) market conditions or liquidity of the Underlying and (vi) any related transaction costs. As a result of these factors the price at which a Noteholder may be able to sell the Notes prior to maturity may be less than the initial amount invested in the Notes. Each of these factors interrelate in complex ways (for example, one factor may offset an increase in the trading value of the Notes caused by another factor). Investors are subject to the risk that the value of Notes may be adversely affected by one or more of the following factors:

(a) *Fluctuations in the value of Underlyings*

Fluctuations in the price, value and/or level of the Underlying may affect the value of the Notes. The price, value and/or level of the relevant Underlying 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.

(b) *Interest rates*

Changes in interest rates may affect the economy of a country in which the Underlying is traded, and which may adversely affect the value of the Notes.

(c) *Dividend rates*

An investor in the Notes is subject to the risk that changes in dividend or other distribution rates on the Underlying or the Reference Securities may adversely affect the trading value of the Notes.

(d) *Value of baskets*

The value of a basket of debt, equity or indices to which any Notes relate may be affected by the number and type of Underlying included in such basket. Investors in the Notes are subject to the risk that other risks relating to Underlyings which adversely affect the value of the Notes will be exacerbated due to the number of and/or type of Underlyings in a basket.

If a particular Underlying, or a basket of Underlyings relate to companies which are all in or connected with a particular industry, the value of such basket will be affected to a greater extent by the economic, financial and other factors affecting that industry than if the Underlyings or the Reference Securities 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.

(e) *Currency rates*

Rising quoted currency rates (expressed as the number of units in the Settlement Currency per 1 unit of local currency) may lower the value of the Notes. Changes in currency rates may also affect the economy of a country in which the Underlying is traded, and which may adversely affect the value of the Notes.

***Pricing***

As part of the valuation mechanism, the Notes may specify a time and an exchange or other venue in which the level or value of the Underlyings are to be observed. Depending on how the level or value of the Underlying is calculated, the level or value of such Underlying may fluctuate throughout the trading day, and they may change rapidly. As a result, investors should note that return on any Notes may be particularly sensitive to the choice of valuation times and valuation methods. The "price discovery" mechanism used to ascertain the value of the Underlying at any given time on exchanges or other venues may not be uniform throughout the trading day. This may affect the valuation of any issuance of Notes. For example, exchanges may conduct auctions to set an opening or closing price, and trading characteristics and participants in after-hours trading sessions may differ from those during regular hour sessions.

***Potential conflicts of interests***

The Issuer or its affiliates may from time to time (i) advise the issuers of or obligors in respect of Underlyings or the Reference Securities regarding transactions to be entered into by them; (ii) engage in transactions involving Underlyings or the Reference Securities for their proprietary accounts and for other accounts under their management; (iii) carry out hedging activities related to the Notes by purchasing Underlyings or the Reference Securities; or (iv) publish, research reports relating to certain Underlyings or the Reference Securities or to the issuers of certain such Underlyings or the Reference Securities. Any such activities may have a negative effect on the value of such Underlyings or the Reference Securities and therefore on the value of any Notes to which they relate.

Certain affiliates of the Issuer or the Issuer itself may (i) be the counterparty to the hedge of the Issuer's obligations under an issue of Notes; (ii) be the Calculation Agent responsible for making determinations and calculations in connection with the Notes in its sole and absolute discretion acting in good faith; (iii) act as or be affiliated with a service provider, investment manager, investment adviser or trustee in respect of a Fund to which Notes may be linked; or (iv) publish research reports which express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes referencing the Underlyings. Accordingly, there is a risk that 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 Noteholders.

***Calculation Agent's discretion and valuation***

The determination of the Final Redemption Amount and/or the Additional Payment will be made by the Calculation Agent in its sole and absolute discretion acting in good faith with reference to the corresponding amounts under any relevant underlying hedge transactions as it deems appropriate. The Calculation Agent will also determine in certain circumstances the effect on the Notes of restrictions and

controls imposed on investors in Underlyings and the consequences for the Notes which includes adjustments to the terms of the Notes or redemption of the Notes at an amount which in the opinion of the Calculation Agent is fair. Accordingly, an investor in the Notes is subject to the risk that the calculation of payment and other determinations under the Notes are conclusively determined by one party which may be the Issuer itself or its affiliates and the investor cannot object to such calculation or determination.

#### ***Commission and cost of hedging***

The original issue price of the Notes includes the commission or fee charged by the Issuer and/or the Dealers and/or their affiliates and the cost or expected cost of hedging the Issuer's obligations under the Notes and may include a distribution fee payable to the distributor of the Notes. Accordingly, there is a risk that, upon issue, the price, if any, at which the Issuer, the Dealers or their affiliates would be willing to purchase Notes from the investor in the secondary market would be lower than the original issue price or the market price or quoted level, as applicable, of the Underlying. Such fee, commission and cost of hedging may also be deducted from the Final Redemption Amount payable on maturity or other redemption of the Notes.

#### ***Timing issues concerning dividend or coupon payments***

Investors who own the Underlying Security-Linked Notes or Underlying ETF-Linked Notes immediately prior to the ex-dividend/coupon date may become entitled to receive an Additional Payment reflecting the dividend or coupon under the Underlyings that are shares or bonds. However, the amount paid to the investors in the Notes could be lower than the relevant dividend or coupon paid by the issuer of the relevant Underlying as the amount payable to Noteholders will be the net dividend or coupon amount after conversion of such amount from the currency in which it was paid into the relevant Settlement Currency (as referred to in the applicable Final Terms) and after the deduction of all costs, expenses, fees, levies, taxes (including potential taxes which the Calculation Agent considers may arise) incurred in connection therewith, as determined by the Issuer in its sole and absolute discretion.

Also investors should note that for Notes linked to an Underlying Index, dividends on the constituents of the Underlying Index may be taken into account in the Underlying Index calculation in accordance with the formula for and method of calculating the Underlying Index, and in such case, investors will not separately receive any payments relating to any dividends or other distributions relating to any securities which comprise the constituents of the Underlying Index.

#### ***Disclosure of beneficial ownership***

An investor might be treated as the beneficial holder of Underlyings or the Reference Securities to which its Notes relate. Consequently, depending on the size of an investor's exposure to the Underlyings, an investor in the Notes is subject to the risk that it (or the Issuer/its affiliates) may be required by laws, regulations, rules, guidelines or other administrative practice in the Reference Jurisdiction or the jurisdiction in which the Issuer and/or its affiliates are incorporated or domiciled to provide information regarding the beneficial holder and the Notes to any governmental or regulatory authority in the Reference Jurisdiction or the jurisdiction in which the Issuer and/or its affiliates are incorporated or domiciled. The Issuer and its affiliates reserve the right to request further information regarding the investor and the Notes from the investor in order to comply with such disclosure requirements.

#### ***Exchange rate risks and exchange control risks***

The Issuer will generally pay amounts in respect of the Notes in the Settlement Currency (as referred to in the relevant Final Terms). As a result thereof there are various potential exchange rate risks that investors in the Notes need to consider.

#### ***Investor converting amounts paid in Settlement Currency into the Investor's Currency***

If an investor anticipates that it will need to convert payments made under the Notes from the Settlement Currency into a currency of its choice (the "**Investor's Currency**") (for instance, if other obligations of the investor are payable in the Investor's Currency), then the investor is subject to the risk that the currency conversion rate which it must pay for exchanging the Settlement Currency into the Investor's Currency becomes less attractive and therefore decreases the realisable value of its investment.

An appreciation in the value of the Investor's Currency relative to the Settlement Currency at any time would decrease (i) the value any redemption amount payable to the investor and (ii) the market value of the Notes, in each case where converted into the Investor's Currency at that time. As a result, the amount that the investors receive in respect of the Notes, as converted, may be less than expected or zero.

*Issuer converting amounts received in Underlying Currency into the Settlement Currency*

Equally, the investor bears a currency conversion risk where the Underlying Currency (in which the Underlying is principally denominated, as specified in the applicable Final Terms), is a currency other than the Settlement Currency. This is because, in order for the Issuer to make payments of the Final Redemption Amount and/or any relevant Additional Payment in respect of the Notes, it will need to convert the amounts it receives in respect of the underlying assets/indices (denominated in the Underlying Currency) into the Settlement Currency. The investor will pay the currency conversion costs and associated costs as a deduction from the Final Redemption Amount payable at maturity and therefore is subject to the risk that the rate applicable between the two currencies and/or associated costs becomes less attractive and therefore decreases the value of the investment in the Notes.

In addition, where the Underlying Currency needs to be converted into another currency (e.g. USD) before conversion into the Settlement Currency, the associated multiple currency conversion costs (including, without limitation, bid/offer spreads and operating expenses) would be passed on to investors, thus reducing the amounts payable under such Notes.

*Exchange control risks*

Investors in Notes should also be aware that there is the risk that authorities with jurisdiction over the Investor's Currency, Settlement Currency and/or Underlying Currency such as government and monetary authorities may impose or modify (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or transfer of funds in and out of the country. It is impossible to predict whether the value of one such currency relative to another will rise or fall during the term of the Notes. The Issuer may also suspend its obligations to make any payment under any Notes if and for as long as such exchange controls have occurred and are continuing. Noteholders shall not be entitled to any interest or other compensation in respect of any such suspension.

***Market Disruption Events***

Noteholders are subject to the risk that a Market Disruption Event will occur. A Market Disruption Event may occur in respect of Notes if, as determined by the Calculation Agent: a related stock exchange closes early without notice; limitations are imposed on trading; trading is suspended; or market participants are prevented from obtaining valuations or effecting transactions.

If the Calculation Agent determines that a Market Disruption Event has occurred, any consequential postponement of or adjustment of valuation provided in any Notes may have an adverse effect on the value of such Notes. For instance, the closing level of the Underlying which is an index may be calculated by reference to the remaining securities comprised in the relevant Underlying.

***Additional Disruption Events***

Investors should note that Additional Disruption Events may occur in relation to the relevant Notes in certain circumstances described in the Conditions. If any Additional Disruption Event occurs in relation to the relevant Notes, the Issuer may, at its sole and absolute discretion, declare a redemption date in respect of the Notes and the Noteholders will receive an early redemption amount based on the determinations made by the Calculation Agent.

Investors should note that certain Additional Disruption Events such as Change in Law, Hedging Disruption Event, Increased Cost of Hedging, Insolvency Filing and Currency Event may be specified to be applicable in the relevant Final Terms:

- "Change in Law" may occur where the Issuer determines it will or has become illegal for it to hedge its obligations under the Notes or where the Issuer or its designated affiliates would incur materially increased costs in performing its obligations under the Notes, each due to a change in

law;

- "Hedging Disruption" may occur if the Issuer or its affiliates become unable to hedge or would suffer material delay in conducting any hedging transactions relating to the Notes;
- "Increased Cost of Hedging" may occur where the Issuer would incur a materially increased cost, other than as a consequence of deterioration in its own creditworthiness, in hedging its obligations under the Notes; and
- "Insolvency Filing" may occur where the issuer of an Underlying or Reference Securities institutes or has instituted against it insolvency, bankruptcy or winding-up proceedings or proceedings for relief under similar laws.

Investors in Underlying Security-Linked Notes should also be aware that further Additional Disruption Events such as Currency Event, Security Redemption and Underlying Company Default may be specified to be applicable in the relevant Final Terms:

- "Currency Event" may occur where, in the opinion of the Calculation Agent, the Issuer or its designated affiliates are prevented, hindered, limited or restricted in their ability to convert the Underlying Currency into the Specified Currency, deliver the Specified Currency or Reference Currency or realise the value of an underlying hedge as a result of an event or condition; where the Calculation Agent determines that the imposition of capital controls will materially affect the ability of the Issuer or its designated affiliates in conducting any hedging transactions relating to the Notes; or where the Specified Currency is unavailable in the Reference Jurisdiction;
- "Security Redemption" may occur when an Underlying Security is redeemed, terminated or cancelled, in whole or in part, on or prior to its stated maturity; and
- "Underlying Company Default" may occur when an Underlying Company defaults on its obligations in respect of the Underlying Security.

Upon the occurrence of the declaration of such a redemption date prior to the originally scheduled redemption or maturity dates of the relevant Notes, Noteholders may suffer a loss of some or of all of their investment and will forgo any future appreciation in the relevant Underlying that may occur following such redemption.

### ***Illegality***

The Noteholders are subject to the risk that if the Calculation Agent determines in its sole and absolute discretion acting in good faith that the performance of the Issuer's obligations under any Notes (or the Issuer's or the Issuer's designated affiliates' obligations under any hedging or funding arrangement established in connection therewith) shall have become unlawful or impracticable in whole or in part. Following such illegality event, the Issuer may redeem the Notes against payment of an amount determined by the Calculation Agent representing the Fair Market Value of such Note immediately prior to such redemption (adjusted to account fully for any reasonable expenses and costs incurred by the Issuer and/or its designated affiliates in connection with the Issuer's obligations under the Notes or any related hedging or funding arrangements as a result of such events). Noteholders may suffer a loss of some or all of their investment as a result of such early redemption. Also, if the Notes are to be redeemed, the Noteholders will forgo any future appreciation in the relevant Underlying or the Reference Securities.

### ***Actions or omissions of the issuer of the securities, the sponsor of an index, or others***

There is a risk that actions or omissions of the issuer of securities or funds to which the Notes relate or the sponsor of an index to which the 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 Notes (for instance, if the issuer of an Underlying were to amend the rights under the securities by amendment of its constitutive documents or if the sponsor of an index were to amend the rules applicable to how the level of the index is valued). There is a risk that such actions may give rise to an adjustment to, or early redemption of, the Notes.

***Change of Law***

The Conditions are based on English law and United Kingdom tax law in effect as at the date of this Base Prospectus. There is a risk that the interpretation and/or effect of the Conditions may be subject to change in such a manner as to adversely affect the contractual rights of holders of the Notes. The value of the Notes may also be affected by changes in the laws of the Reference Jurisdiction of the Underlyings or Reference Securities. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice or the law or administrative practice of the Reference Jurisdiction after the date of this Base Prospectus.

***Certain considerations regarding hedging***

Investors intending to invest in the Notes to hedge against the market risk associated with investing in an Underlying or Reference Securities should recognise that there is a risk that the value of the Notes may not exactly correlate with the value of the Underlying to which they relate. This is, in part, due to fluctuating supply and demand for the Notes and any transaction and other costs reflected in the value of the Notes. For these reasons, among others, it may not be possible to purchase or liquidate Notes at the prices used to calculate the value of any relevant Underlying to which such Notes relate. Accordingly, investors who invest in Notes as a means of hedging may be exposed to risks arising out of such differences in value.

***Modification, waiver and substitution***

Investors in the Notes are subject to the risk that the Conditions may be modified without the consent of any Noteholders where the Issuer determines that:

- the modification is not materially prejudicial to the interests of the Noteholders as a whole;
- where the modification of the Notes is of a formal, minor or technical nature or is made to correct a manifest error or comply with mandatory provisions of the law of the Issuer's jurisdiction of incorporation; or
- where the Conditions are inconsistent with the termsheet relating to the relevant Notes.

There is a commercial risk that the obligations of the Noteholder will be owed by a principal debtor other than the Issuer. The Notes permit the substitution of an affiliate of the Issuer as principal debtor in respect of the Notes without the consent of any Noteholder, provided that the Issuer provides a guarantee.

***Clearing systems***

Notes may be held by or on behalf of Euroclear and Clearstream Luxembourg or DTC, as the case may be. While the Notes are represented by a global note, investors will be able to trade their interests only through Euroclear and Clearstream, Luxembourg or DTC, as the case may be. Therefore, investors will have to rely on the procedures of such clearing systems for transfer, payment and communication with the Issuer to receive payments under the Notes and for redemption of the Notes and investors in the Notes are therefore subject to the risk of those settlement procedures failing such that payments due under the Notes may be delayed and that book entries in the register are entered incorrectly which may lead to difficulties with an investor asserting ownership of its Notes.

The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, interests in the global notes. Holders of interests in the global notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be, to appoint appropriate proxies.

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

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of United Kingdom (or other country) imposed taxes, the Issuer may redeem all outstanding Notes in accordance with the Conditions. If the relevant Final

Terms specify an early redemption amount equal to a percentage of the principal amount of the Notes or fair market value, 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 will not benefit from any appreciation in value or level of the relevant Underlying or Reference Securities that may occur following redemption.

***Payments may be delayed or reduced upon the occurrence of an event of default***

If the Calculation Agent determines that the Notes have become immediately due and payable following an Event of Default with respect to the Notes, investors may not be entitled to the entire principal amount of the Notes, but only to that portion of the principal amount specified in the relevant Final Terms or its Fair Market Value, if so specified in the relevant Final Terms as the Early Redemption Amount.

***Meetings of Noteholders***

The Conditions 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, so investors in the Notes are subject to the risk that the Conditions may be modified without their consent.

***Banking Act 2009***

As a UK bank, the Issuer is subject to a 'Special Resolution Regime' under the Banking Act 2009 which gives wide powers in respect of UK banks and their parent companies to HM Treasury, the Bank of England and the Prudential Regulation Authority in circumstances where a UK bank has encountered or is likely to encounter financial difficulties. These powers include powers to: (a) transfer all or some of the securities issued by a UK bank or its parent, or all or some of the property, rights and liabilities of a UK bank or its parent (which would include Notes issued by the Issuer), to a commercial purchaser or, in the case of securities, to the Treasury or a Treasury nominee, or, in the case of property, rights or liabilities, to a Bank of England entity; (b) override any default provisions, contracts, or other agreements, including provisions that would otherwise allow a party to terminate a contract or accelerate the payment of an obligation; (c) commence certain new insolvency procedures in relation to a UK bank; and (d) override, vary or impose contractual obligations between a UK bank or its parent and its former group undertakings for reasonable consideration, in order to enable any transferee or successor bank of the UK bank to operate effectively. The Banking Act 2009 also gives power to the Treasury to make further amendments to the law by order for the purpose of enabling it to use the Special Resolution Regime powers effectively, potentially with retrospective effect.

***Recovery and Resolution Directive – 'bail-in' provisions***

On 6 June 2012 the European Commission published a draft legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Recovery and Resolution Directive**" or "**RRD**", also known as the "**Crisis Management Directive**" or "**CMD**") and the EU Presidency published a compromise text in this regard on 6 April 2013. There is a risk that the Notes may be subject to a 'bail in' under bank resolution legislation implementing the RRD, which would likely entail either a forced write-off or write-down of liabilities of the Issuer, or a conversion of such liabilities to equity in the Issuer. However, instruments such as the Notes may be excluded from any future bail-in regime in the UK and the Issuer is therefore currently unable to predict how or if such legislation would apply to the Notes.

**(2) Risks relating to taxation of the Notes**

***UK stamp duty and stamp duty reserve tax in relation to Notes***

Transactions involving Notes may be subject to United Kingdom stamp duty or stamp duty reserve tax, and are subject to the risk that instruments effecting or evidencing transfers of Notes and executed in the United Kingdom may not be admissible in evidence in civil proceedings unless duly stamped. An instrument of transfer executed outside the United Kingdom is also subject to the risk that it may be inadmissible in United Kingdom civil proceedings unless duly stamped after it has been first received in



the United Kingdom.

***In certain circumstances a portion of payments made on or with respect to Notes may be subject to U.S. reporting obligations which, if not satisfied, may require U.S. tax to be withheld***

Whilst the Notes are in global form and held within Euroclear Bank SA/NV or Clearstream Banking, société anonyme (together, the "ICSDs"), in all but the most remote circumstances, it is not expected that Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "FATCA") will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary for the ICSDs (as bearer or registered holder (as applicable) of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries.

***Taxation issues concerning investment in Underlyings in the Reference Jurisdiction***

Under the terms of the Notes, the amount of a payment to the investor under the Notes may be decreased to take into account the effect of taxes in the Reference Jurisdiction on an investment in the Underlyings or Reference Securities.

In general, there is a risk that tax law or practice (including applicable double taxation treaties) will change in the future in any Reference Jurisdiction resulting in the imposition of or increase in tax on an investment in, or disposition of, Underlyings or Reference Securities located in that Reference Jurisdiction.

The imposition of such taxes could:

- (i) decrease the following amounts payable under Notes:
  - (A) the Final Redemption Amount; and/or
  - (B) the amount of any Additional Payment; and/or
- (ii) impose a liability upon the Noteholder or increase the liability that the Noteholder has to pay any applicable stamp duty, documentary taxes and duties and transfer taxes and other charges payable in connection with the subscription, purchase or redemption of the Notes.

The investor in the Notes will be obliged to pay all taxes payable in connection with the subscription, purchase or redemption of such Note and the payment of the Final Redemption Amount and/or, if applicable, any Additional Payment. If tax would be payable by the Issuer or its designated affiliates in respect of Underlyings or Reference Securities either because of holding the Underlying or because of a hedge or other arrangement which relate to the Notes, the investor under the Notes will be liable to reimburse the Issuer or its designated affiliates in respect of such tax irrespective of whether the Notes have been redeemed.

In addition, there are risks of certain taxes being imposed on:

- (i) Notes either linked to Underlyings denominated in Offshore RMB or in respect of which the Settlement Currency is Offshore RMB, as described in the sub-section

entitled:

"Specific risks relating to Notes linked to Underlying(s) denominated in Offshore RMB and traded outside the PRC and Notes settled in Offshore RMB outside the PRC – Gains on the transfer of Notes denominated in Offshore RMB may become subject to income taxes under PRC tax laws"; and/or

- (ii) an investment in, or disposition of, Notes relating to Underlyings listed in or issued by entities incorporated in France, India, Italy, the United States and the PRC, as described in the sub-section of the Risk Factors entitled "(7) *Country-specific risks relating to the Notes*" under the following headings:

*"France – French Financial Transactions Tax"*

*"India – Taxation issues concerning investment in Underlyings in India";*

*"Italy – Italian financial transactions tax";*

*"United States – U.S. withholding tax may apply to Notes linked to Underlyings that are securities issued by U.S. issuers";* and

*"People's Republic of China – Taxation Issues".*

### **(3) Specific risk factors relating to Underlying Equity-Linked Notes**

#### ***Potential Adjustment Events***

Investors in Underlying Equity-Linked Notes are subject to the risk that certain circumstances in respect of Underlyings occur (such as a subdivision, consolidation or reclassification of securities, a distribution of dividend or extraordinary dividend or any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Underlying). If the Calculation Agent determines that such circumstances have occurred, the Calculation Agent may make a corresponding adjustment(s) as it in its sole and absolute discretion acting in good faith determines to be appropriate, to the number of Underlyings to which each Underlying Equity-Linked Note relates and to any other redemption, settlement, payment or other term of the relevant Underlying Equity-Linked Notes and determine the effective date(s) of such adjustment(s). As a result of such adjustments the value of the relevant Underlying Equity-Linked Notes may be adversely affected and the Noteholders may suffer a loss of some or all of their investment as a result.

#### ***Extraordinary Events***

There is a risk in respect of Underlying Equity-Linked Notes that certain events may occur in respect of Underlyings (such a merger, a take offer or exchange offer, delisting, nationalisation or transfer to a governmental agency or the insolvency or bankruptcy of the issuer of the Underlying). If such event has occurred, the Calculation Agent may take certain actions, such as adjusting certain Conditions or redeeming the Notes, and Noteholders may suffer a loss of some or all of their investment as a result. If the Notes are to be redeemed, the Noteholders will forgo any future appreciation in the relevant Underlyings that may occur following such redemption.

#### ***Specific risks relating to Underlying Equity-Linked Notes where Underlyings are Units in a Fund***

In respect of Underlying Equity-Linked Notes where the Underlyings are Units in a Fund (as specified in the applicable Final Terms) ("**Underlying Fund-Linked Notes**") one of the following events may occur:

- (i) breach by the relevant Fund of any applicable provisions of its operating documents, including any strategy or investment guidelines;
- (ii) partial or non-execution of a redemption or subscription order of a hypothetical investor in the Fund;
- (iii) dissolution, winding up, liquidation or analogous proceedings being commenced in respect of

- the Fund;
- (iv) administration agent, investment manager, manager or custodian of the Fund ceases to act in such capacity;
  - (v) material modification of the investment programme, objectives, policies, strategy, process or guidelines of the Fund;
  - (vi) failure by the Fund to comply with its reporting obligations;
  - (vii) material modification of the Fund's operating documents or articles of association or other constitutional documents;
  - (viii) material modification of the type of assets in which the Fund invests or the trading practices of the Fund;
  - (ix) suspensions or redemptions of shares in the Fund, repurchase or compulsory redemption of shares in the Fund or analogous restrictions;
  - (x) loss of authorisation or registration in respect of the Fund or its investment manager;
  - (xi) the Fund or its investment manager or administration agent being subject to regulatory or legal proceedings or investigations;
  - (xii) cancellation, suspension or revocation of the registration or approval of the Fund or change in tax, legal or regulatory treatment of the Fund; and
  - (xiii) expropriation of the shares or the assets of the Fund.

Following the occurrence of such event, the Calculation Agent may make certain adjustments or substitutions for the affected shares as the Calculation Agent may determine in its sole and absolute discretion, or the Calculation Agent may determine in its sole and absolute discretion acting in good faith that the relevant Notes shall be redeemed 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.

***Specific risks relating to Equity-linked Notes where Underlyings are Units in a Fund***

*Tax and Currency Risk*

The tax status of Funds 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 such Funds or the ability of Funds to achieve their investment objectives. Consequently this could adversely affect the value of the Notes linked to such Funds. In addition, remittance of income and capital gains generated by underlying investments of Funds 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 value of the notional shares of Funds may be adversely affected and as a result the relevant Funds and the value of the Notes may be adversely affected.

*Class of Investments*

Investors should note that Funds may have legal or other discretions in relation to their investments and no assurance can be given that the exercise of such discretions will achieve the investment objectives of such Funds. Therefore, there is a risk that return on an investment in Funds may not be achieved. This would have an adverse effect on the value of the Notes and the Final Redemption Amount.

*Investment Risk*

There can be no assurance that any Fund will achieve its investment objectives. The investment income of each Fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, the

Funds' investment income may be expected to fluctuate in response to changes in such expenses or income and this may have an adverse affect on the value of the Notes and the Final Redemption Amount.

*High yield*

Funds may invest in high yield securities. High yield securities are typically medium or lower rated securities and are sometimes referred to as "junk bonds". Such securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to movements in the general level of interest rates. The risk of loss due to default by issuers of high yield securities is significantly greater because lower rated and unrated securities of comparable quality generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness. In addition, Funds which invest in such securities may find it more difficult to sell high yield securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Furthermore, such Funds may experience difficulty in valuing certain securities at certain times. Prices realised upon the sale of such lower rated (or unrated) securities, under these circumstances, may be less than the prices used in calculating the value of such Funds. All such risks could adversely affect the value of Notes linked to Funds which invest in high yield securities.

*Provision of information*

None of the Issuer or any of its affiliates is under any obligation to provide information in respect of any Fund underlying the Notes (including any information relating to the creditworthiness of such Funds) or monitor whether or not any event or circumstance in respect of any Funds underlying the Notes has occurred. The Issuer may have acquired, or during the term of the Notes may acquire, non-public information with respect to one or more Funds. The Issuer is not under any obligation to make such information available to Noteholders. Therefore, an investor in the Notes should obtain and evaluate information concerning the relevant Funds as it would if it were investing directly in such Funds.

*Specific risks relating to Underlying Equity-Linked Notes where Underlyings are units in synthetic exchange-traded funds*

Notes may link to Underlyings which are units in synthetic exchange-traded funds ("ETFs"). Typically, synthetic ETFs follow a strategy of investing in swaps and derivative instruments with an aim to replicate the performance of an underlying index or benchmark. Investors investing in Notes linked to synthetic ETFs should consider the following risks.

(a) *Counterparty risk*

In addition to exposure to the Issuer's credit risk and the credit risk in respect of the underlying ETF, investors are also exposed to the credit risk of counterparties which have issued the swaps or derivative instruments that underlie synthetic ETFs ("**Derivatives Issuers**"). In addition, investors should be aware that as Derivatives Issuers are predominantly international financial institutions there is a risk that the failure of one Derivatives Issuer could have a "knock-on" effect and lead to the insolvency of other Derivatives Issuers. Although Derivatives Issuers may have collateralised their obligations under the relevant derivative instruments, there is a residual risk that the market value of the collateral posted could have fallen substantially when the synthetic ETFs seeks to realise the collateral and could worth less than the outstanding obligations under the relevant derivative instruments. In such case, the Noteholders may suffer loss of their investment in the Notes for the amount of the shortfall between the value of the collateral and the amounts due under the Notes linked to such synthetic ETFs.

(b) *Management risk*

Synthetic ETFs are managed in a "passive" manner. This means that investments are made in swap and derivative instruments relating to underlying indices or benchmarks without the possibility to acquire or dispose of assets on an active basis in accordance with economic, financial and market analysis and investment judgments made by the fund's investment adviser. Accordingly, there is a risk that the passive investment strategy of such fund's investment adviser may not produce the intended results. For instance, the synthetic ETF may not be able to reduce the downside of poorly performing investments through timely disposition of assets in the

portfolio. This may have an adverse affect on the value of synthetic ETF and therefore on the Notes linked to such synthetic ETFs.

(c) *Liquidity risk*

There is a risk that synthetic ETFs are not liquid or not as liquid as other ETFs. This is because swaps and derivative instruments may not be traded on the secondary market. As a consequence of the limited liquidity wider bid-offer spreads may apply to such derivative instruments and this may result in increased operating costs and potential losses for the synthetic ETFs and accordingly the value of the Notes linked to such synthetic ETFs will be adversely affected.

(d) *Tracking error*

Although synthetic ETFs track the underlying index or benchmark, there is a risk that discrepancy occurs between the value of the synthetic ETF and the value of the underlying index or benchmark to which the synthetic ETF is linked. This could be the results of a failure of the tracking strategy of the synthetic ETF, currency differences between the ETF and the underlying index or benchmark, fees and expenses charged in connection with the synthetic ETF.

(e) *Trading at a discount or a premium*

There is a risk that synthetic ETFs are traded at a premium or discount of their net asset value. This may occur if the underlying index or benchmark is subject to restrictions or limitation for instance a limitation on foreign investment imposed in the jurisdiction to which the index or benchmark relates. Investors that acquire Notes linked to a synthetic ETF at a premium are subject to the risk that they may not be able to recover the premium in the event of termination of underlying ETFs or the Notes.

**(4) Specific risk factors relating to Underlying Index-Linked Notes**

***Successor Index, Index Modification, Index Cancellation***

In the case of Underlying Index-Linked Notes certain adjustments may be made to the Underlying, which may result in a loss to the Noteholders. The Issuer considers the following to be material risks of adjustment:

- (i) the replacement of the relevant Underlying by a successor index if the relevant Underlying 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 Underlying by the relevant Index Sponsor which may result in either (A) substitution of the relevant Index by the Issuer, (B) the redemption 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 (C) the continuation of the Notes, in which case the relevant level of the Underlying will be determined by the Calculation Agent in its sole and absolute discretion.

**(5) Specific risks relating to Notes linked to Underlyings tied to emerging markets**

Notes issued may relate to Underlyings or Reference Securities which are located in an emerging market. Investors in such Notes should be aware that these markets are subject to greater risks than well-developed markets. The price of the Underlyings or Reference Securities which are linked to an emerging market country may therefore be volatile and investment in the Notes will involve additional risks and special considerations not typically associated with investing in Notes which are linked to other more established economies.

The Issuer considers the following risks to be material:

(a) *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 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 (which may affect how interests in the Underlying are held) and 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.

In the worst cases, the risk is that there will be disputes over the title to underlying securities which may cause a Foreign Investor outside the Reference Jurisdiction not to receive the proceeds of a disposal of such Underlying or Reference Securities, and in turn the Final Redemption Amount will not be due under the Notes. In other cases, inefficient systems may result in delayed payments on the Underlying, which may in turn delay payments under the Notes.

(b) *Exchange controls and repatriation of profits*

Most emerging market countries operate exchange controls affecting the transfer of money in and out of the country and the convertibility of the local currency. 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. In some cases the currency is non-convertible although many currencies are "semi-convertible". An investor in the Notes where the Underlyings are linked to an emerging market country are subject to the risk that, if the Underlying Currency of the Notes ceases to be convertible into the Settlement Currency or becomes only semi-convertible, the Notes may return less on redemption than the amount invested or nothing.

Moreover the value of investments in the Underlying or Reference Securities can fluctuate significantly due to volatile exchange rates and high inflation. Emerging markets may experience higher volatility in their foreign exchange rate movements than other countries, and changes in the foreign exchange rates may have a negative impact on issuers of Underlyings or Reference Securities whose businesses are heavily reliant on exports and, as a consequence, the general economic conditions in emerging market countries which are heavily reliant on exports. The risk for an investor in the Notes is that the price of the Note might be more volatile (as the amounts payable under the Note are linked to the value of the Underlying or Reference Securities) or that issuers of the Underlying will not perform at an expected level, which may cause payments due under the Notes to be lower than expected.

(c) *Disclosure and information*

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. 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.

Accordingly, an investor in Notes linked to an emerging market country are subject to the risk that information available on the Underlyings which might form the basis of its investment decision in respect of the Notes may be of poorer quality than that available on Underlyings linked to well-developed markets and investors may not receive relevant information relating to the Underlyings at the same time as other market participants, which may cause price volatility and the market price of the Notes may drop at a later point in time once all relevant information becomes available.

(d) *Market liquidity and volatility*

The stock exchanges of emerging market countries are generally much smaller (in terms of market capitalisation, turnover, and number of stocks traded) and are still in a premature stage when compared to the well-developed markets. The likelihood of exchange or market disruption e.g. temporary exchange closures, broker defaults, settlement delays and broker strikes and disputes among listed companies, the stock exchanges and other regulatory bodies, could be higher than the well-developed markets. These disruptions could have adverse effect on the overall market sentiment and on the value of the Underlying. The capital market of emerging market countries could be heavily influenced by government policies and a limited number of major shareholders. The governing bodies could from time to time impose restrictions on trading in certain securities, limitations on price movements and margin requirements. Such events in turn may affect overall market sentiment and lead to fluctuations in the market prices of the Underlying, thus adversely affecting the value of the Notes.

Therefore, there is a risk that the trading price of such Notes may be more volatile and that value of the Underlyings or Reference Securities may be adversely affected (following which, amounts payable under the Notes would be adversely affected as a consequence).

(e) *Accounting standards*

In some emerging market countries, accounting standards and practices vary significantly from internationally accepted standards. It is therefore difficult in such jurisdictions to obtain reliable historic financial information on the Underlyings or Reference Securities which may underlie the Notes 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. Entities 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.

(f) *Political risks*

The pace of political and social change will be more rapid than in well-developed markets. This is a common feature of emerging market countries and is often related to the transition from a centrally planned economy to a modern market economy. Far-reaching legal and 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. Such instability may discourage investors from investing in the particular emerging market, which could reduce the market value of the Underlyings or Reference Securities and therefore reduce the market value of the Notes and the Final Redemption Amount payable thereunder.

The unique political and diplomatic status of each emerging market relative to other countries (such as the potential tension between North Korea and South Korea and the potential cross-strait tension between PRC and Taiwan) may also make the equities and debt market in such emerging market more volatile and more price sensitive to global or regional economic and political developments than other markets. Such increased price volatility could lead to the Notes' trading price (during the life of the Notes) or the relevant Final Redemption Amount (at maturity or upon redemption of the Notes) being lower than expected.

There is particular risk that policies in emerging markets encouraging foreign investment may be abandoned or reversed. Restrictions imposed on foreign investment or restrictions which concern the repatriation of capital invested in emerging markets may increase the transaction costs payable by the Issuer and/or its affiliates which, as such costs are passed to the investor, may thereby decrease the payments due under the Notes, or entitle the Issuer to redeem the Notes early. On a political level, such restrictions could lead to renationalisation of privatised industries and expropriation of private property without compensation which may have a negative effect on the financial position of the issuers of the Underlyings or Reference Securities.

(g) *Currency exchange rate fluctuations*

The rapid pace of political and social change in emerging market countries increases the likelihood that currency exchange risks will eventuate where the Reference Jurisdiction of the underlying asset or index is an emerging market country. Currency exchange risks are described in detail above in the section entitled "*Risks relating to all issues of Notes - Exchange rate risks and exchange control risks*".

(h) *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. 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. All of these economic factors may adversely affect the value and performance of Underlyings or Reference Securities and therefore the value of the Notes.

(i) *Restrictions and controls*

Notes will be subject to risk that restrictions and controls on the Underlyings or Reference Securities are imposed by governments, governmental or regulatory bodies, regulators or exchanges of emerging markets jurisdictions on Foreign Investors outside the Reference Jurisdiction. As a result of such restrictions and controls, potential delays might occur in respect of payments due under the Notes linked to such Underlyings or Reference Securities may not be payable under the Notes on settlement following redemption, sale or redemption of the Notes. Also, taxes and charges levied on Foreign Investors outside the Reference Jurisdiction in buying and selling equity or debt securities relating to such restrictions and controls may be deducted from amounts payable under the Notes.

(j) *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.

**(6) *Risks relating to Notes settled in Offshore RMB outside the PRC***

Notes settled in Offshore RMB outside the PRC may be issued. Set out below is a description of some of the risks that should be taken into consideration by investors in such Notes.

(a) ***RMB is not freely convertible; Restrictions on RMB conversion through Hong Kong banks (or banks in other Offshore RMB Centres as specified in the relevant Final Terms) may adversely affect the liquidity of the Notes***

RMB is currently not freely convertible. For instance, where Hong Kong is the relevant Offshore RMB Centre as specified in the relevant Final Terms there is a daily limit on the amount of RMB that may be converted by Hong Kong identity card holders through Hong Kong banks and investors who are Hong Kong identity card holders may have to allow more time to convert



RMB from/to another currency. Where the Offshore RMB Centre as specified in the relevant Final Terms is a country other than Hong Kong, similar daily limits on RMB conversion could also exist. As a result of the restrictions imposed by the PRC government on cross-border RMB fund flows, the availability of RMB outside of the PRC is limited, which may adversely affect the liquidity of Notes and thus the value of the Notes.

(b) ***RMB interest rate risk***

Interest rates are government controlled in Mainland China and it is uncertain whether full liberalisation of interest rates may occur. Further liberalisation (if any) may or may not influence the Offshore RMB interest rate. However, should the prevailing Offshore RMB interest rates fluctuate as a result, the value of the Notes may fluctuate as well.

(c) ***RMB exchange rate risk***

Offshore RMB represents a market which is different from that of RMB deliverable in the PRC. The exchange rate of Offshore RMB against the U.S. dollar, Hong Kong dollar or other foreign currencies may be different from the exchange rate of RMB deliverable in the PRC against such currencies. Apart from its own supply and demand, the Offshore RMB exchange rate may be influenced by the onshore exchange rate (which currently trades within a band set by authorities in the onshore interbank market), and the two rates may converge with or diverge from each other.

Further liberalisation (if any) of foreign exchange control in Mainland China and further progress on RMB internationalisation may or may not occur, and even if it does occur, it may or may not influence the Offshore RMB exchange rate. Should the prevailing Offshore RMB exchange rate fluctuates as a result, the value of the Notes may fluctuate as well. If the value of Offshore RMB depreciates against the U.S. dollar, Hong Kong dollar or other foreign currencies, the value of a Noteholder's investment in U.S. dollar, Hong Kong dollar or other applicable foreign currency terms will decline.

(d) ***Gains on the transfer of Notes settling in Offshore RMB may become subject to income taxes under PRC tax laws***

Under the New Enterprise Income Tax Law and its implementation rules, any gains realised on the transfer of Notes by holders who are deemed under the New Enterprise Income Tax Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as incomes derived from sources within the PRC. Under the New Enterprise Income Tax Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained incomes derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of Notes by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. Enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between mainland China and Hong Kong for avoidance of double taxation, holders of the Notes who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of such Notes.

If a holder of Notes, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains on the transfer of Notes, the value of the relevant holder of Notes' investment in such Notes may be materially and adversely affected.

- (e) ***Payments with respect to the Notes may be made only in the manner through Renminbi bank accounts maintained at banks in the relevant Offshore RMB Centre.***

Investors in the Notes should be aware that all Offshore RMB payments under the Notes will be made solely by credit to Renminbi bank accounts maintained at banks in the relevant Offshore RMB Centre as specified in the relevant Final Terms in accordance with the law and applicable regulations and guidelines issued by the relevant authorities in the relevant Offshore RMB Centre as specified in the relevant Final Terms.

- (f) ***Offshore RMB Payment risk.***

If "Payment of U.S. Dollar Equivalent" is specified as applicable in the relevant Final Terms, an investor is subject to the risk that payments in respect of such Notes will be made in U.S. dollars instead of Offshore RMB. To the extent the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay any amounts as a result of Inconvertibility, Non transferability or Illiquidity, the Issuer shall be entitled to settle any such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such amounts. In this case, the risk factors in the section entitled "*Risks relating to all issues of Notes – Exchange rate risks and exchange control risks*" would apply as if U.S. dollars or such other currency (as specified in the relevant Final Terms) were the Settlement Currency.

\* \* \* \* \*

## **(7) Country-specific risks relating to Notes**

*This section highlights some of the risks of an investment in Notes that are linked to Underlyings in a particular country. Investors should note that if the Notes 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 Notes.*

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are described below.*

*Each of the risks highlighted below could adversely affect the trading price of the Notes or the rights of investors under the Note and, as a result, investors may lose the value of their entire investment or part of it. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay amounts on or in connection with the Notes for other reasons. Investors should also read the detailed information set out in this Base Prospectus and in the applicable Final Terms and reach their own views prior to making any investment decision.*

### ***France – French Financial Transactions Tax***

Pursuant to the Article 235 ter ZD of the French tax code, acquisitions of equity securities in the meaning of Article L 212-1 A of the French Monetary and Financial Code or similar instruments in the meaning of Article L 211-41 of the French Monetary and Financial Code that provide or could provide access to capital or voting rights, admitted to trading on a French, European or foreign regulated market within the meaning of Articles L 421-4, L 422-1 or L 423-1 of the French Monetary and Financial Code and issued by a company having its head office in France and a market capitalization in excess of €1 billion ("**French Qualifying Securities**"), are subject to the French financial transactions tax ("**French FTT**"), levied at the rate of 0.2%. The French FTT also applies to acquisitions of securities issued by an issuer whose head office is not in France when these securities represent French Qualifying Securities ("**Synthetic French Qualifying Securities**").

The French FTT could be triggered if the Issuer and/or its affiliates choose to purchase Underlyings or securities underlying Underlyings to hedge their exposure under the Notes if such Underlyings or securities underlying Underlyings are French Qualifying Securities or Synthetic French Qualifying

Securities and assuming none of the French FTT exemptions provided for by Article 235 ter ZD of the French tax code applies to the relevant acquisition. Therefore, Noteholders are subject to the risk that payments under the Notes may be adversely affected by the French FTT, where applicable, as this tax may be deducted from the Final Redemption Amount payable to Noteholders.

As the Notes can be settled in cash only (as opposed to physical settlement in securities issued by French listed companies within the scope of the French FTT), the settlement of the Notes will be outside the scope of the French FTT.

### ***India***

In addition to the Risk Factors set out above, the following risk factors also apply for Notes relating to Underlyings or Reference Securities for which the Reference Jurisdiction is India.

The Notes 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 designated affiliates had the Issuer and/or its designated affiliates held the Securities.

### ***Market Access***

FII investments in Indian Underlyings and securities underlying Indian Underlyings are substantially restricted and controlled by Indian government and regulatory authorities.

There are limits on a FII's maximum percentage holding of any single equity and FIIs are also limited in their ability to invest in certain sectors, such as the banking sector, insurance sector and telecom sectors. In such sectors, there is often a ceiling on total foreign holdings, against which holdings of the FII are counted. In addition, foreign investment in Indian companies is subject to certain minimum and maximum valuation and pricing guidelines which restrict the Issuer's ability to acquire and dispose of investments in Indian companies at attractive prices. Accordingly, there may be a limit on the value or number of Notes relating to Indian Underlyings that may be issued and this may adversely affect an investor's ability to sell the Notes and/or amounts payable under the Notes. To the extent that the ceiling has been reached in that industry, further investment by FIIs may not be permitted.

### ***Nature of Notes under the Indian Regulatory Regime***

The FIIs are required to remain in compliance with the Securities and Exchange Board of India Foreign Institutional Investors Regulations 1995 (the "**FII Regulations**"), as amended. In the event of default, the Securities and Exchange Board of India ("**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. If the FII's registration is suspended or cancelled by SEBI, the Calculation Agent may determine that a Hedging Disruption or Change in Law has occurred and redeem the Notes at a Fair Market Value by way of compensation to the Noteholders. The investor is subject to the risk that such value may be substantially less than what the Noteholders have expected and in the worst case scenario such value may be zero.

Although the Issuer is not a registered FII, the Issuer may invest the Indian Underlyings by way of instruments which are linked to securities that are listed or proposed to be listed on any recognised stock exchange in India ("**ODIs**") issued by an FII or an FII affiliate ("**ODI Issuer**") for the purpose of hedging the Notes. In such case, the Notes issued by the Issuer will be considered as an ODI by SEBI and the regulatory authorities in India. Pursuant to the FII Regulations, 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 as set out below under the section "*Subscription and Sale of Notes – India*" in this Base Prospectus. The Noteholders should therefore be aware that any default in their representations and undertakings as set out in that section could result in early redemption of the Notes by the Issuer.

*Taxation issues concerning investment in Underlyings in India*

Further to the sub-section above entitled "*Risks applicable to all Notes - Taxation issues concerning investment in Underlyings in the Reference Jurisdiction*", an investor in Notes which link to Indian Underlyings is subject to the risk that imposition of taxes or withdrawal of tax reliefs in India or changes to tax law or practice in India may lead to increased tax costs for a FII in respect of the Indian Underlyings or securities underlying Indian Underlyings which would lead to a decrease in the amounts payable under the Notes. Further detail of the scope of this risk where the Notes are linked to Indian Underlyings is set out below.

(i) *Indian GAAR*

Pursuant to the enactment of the Finance Act, 2012 ("Act"), a General Anti Avoidance Rule ("GAAR") has been introduced. Under the Finance Act, 2013, GAAR would apply on income arising on or after 1 April 2015. Under the GAAR, the Indian tax authorities have been given the power to re-characterize or disregard any arrangement which qualifies as an "impermissible avoidance arrangement" ("IAA"). This means an arrangement where its main purpose is to obtain a "tax benefit" (i.e. a reduction or avoidance of tax that would be payable under the Income-tax Act, 1961 ("ITA")), and, amongst other things, such arrangement "lacks" or is "deemed to lack" commercial substance in whole or in part. Accordingly, an investor in the Notes is subject to the risk that its investment in the Notes might be treated as an IAA under the GAAR and accordingly, that Indian tax authorities could deny any tax exemption or relief claimed as per the provisions of the double-taxation avoidance agreement ("DTAA") by invoking the provisions of GAAR. This would lead to an imposition or increase of tax payable in respect of the Notes.

(ii) *Tax on transfer of Underlyings*

In addition to the above, the Act has introduced certain retrospective amendments to existing provisions of ITA to clarify that a transfer of shares or interest in a foreign entity, which derives its value substantially from the assets located in India will be taxable in India. The Indian Finance Minister has verbally clarified in press that the indirect transfer provisions should not be applicable to holders of "market access products". However, no statutory amendments have been made so far in this regard. In the absence of statutory provision exempting foreign investors of the FII, there is a risk that the Indian tax authorities could seek to tax non resident investor on income from transfer (including sale) of any share or interest in a foreign entity, which derives its value substantially from the assets located in India, if the market access products qualify as shares or interest in a foreign entity.

Accordingly, depending on the tax treatment of the Underlyings or Reference Securities which relate to a particular Series of Notes, an investor is subject to the risk that, on redemption of the Notes, tax costs equivalent those which have been or would be payable by the Issuer and/or its affiliates in hedging its obligations in respect of the Underlyings or Reference Securities will be deductible from amounts payable under the Notes.

(iii) *Tax Residence Certificate*

Another amendment made by the Act is that a non-resident investor would be entitled to benefits of the applicable DTAA only if it furnishes to the Indian tax authorities, a Tax Residence Certificate ("TRC"). In addition, the tax authorities may request certain prescribed documents. In the absence of the same, tax treaty benefit would not be available. Accordingly, if the FII is unable to provide TRC to the Indian tax authorities, it would not be eligible to claim tax treaty benefit, which would result in a decrease in amounts which would otherwise have been payable under the Notes.

*Information on Foreign Institutional Investors*

The 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. There is a risk that SEBI could 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, in determining the investment limitations. Liquidity in the Notes linked to an Underlying comprising Underlyings listed in a stock exchange in India could be restricted by measure from the Issuer and/or its affiliates in connection with managing the investment limitations, thus the value of the Notes could be adversely affected.

### ***Italy – Italian Financial Transactions Tax***

In addition to the Risk Factors set out above, the following risk factor also applies for Notes relating to Underlyings or Reference Securities for which the Reference Jurisdiction is Italy.

A financial transactions tax ("**FTT**") has recently been introduced under Italian law (pursuant to Article 1, Law 24 December 2012, no. 228). The FTT applies, *inter alia*, on cash settled derivatives ("**FTT on Derivatives**") executed or modified on or after 1 July 2013, whose underlying are mainly Italian shares or participated financial instruments issued by Italian resident companies or value of Italian shares, including warrants and certificates. The condition is met when more than 50% of the equity portion of the underlying is represented by the market value of Italian shares or participated financial instruments issued by Italian resident companies.

Accordingly, there is a risk that the FTT on Derivatives could be triggered where the issuer of a Underlying relating to the Notes, where deemed to represent the underlying equity instruments or characterised as derivative instruments, is an Italian resident or the issuer of an security underlying an Underlying is an Italian resident. Residence and nationality of the Issuer and any Noteholder, and the place of execution of the Note would be irrelevant as the application of the FTT on Derivatives is exclusively dependent on the residence of the issuer of the Underlying or Reference Securities.

FTT on Derivatives applies at fixed amount, due by both parties equally, as follows:

- Index-linked Notes where an Underlying or Reference Security is issued by an Italian-resident company: from €0.01875 to €15, depending on the notional value of the contract;
- Underlying Equity-Linked Notes where an Underlying is issued by an Italian-resident company: from €0.125 to €100, depending on the notional value of the contract; and
- Notes linked to a basket of Underlyings: from €0.25 to €200 depending on the notional value of the contract.

The above amounts are reduced by 80% where the transaction is implemented in a regulated market or in a multilateral trading facility. An investor in the Notes is subject to the risk that payments under the Notes will be adversely affected by this Italian transaction tax as these charges will be deducted from the Final Redemption Amount.

Besides the FTT on Derivatives, the FTT also applies to transfers of certain shares and participating financial instruments issued by Italian resident companies and other instruments representing the latter ("**FTT on Shares**").

FTT on Shares applies on transactions negotiated and settled as from 1 March 2013. Accordingly, there is a risk that the FTT on Shares could be triggered where the Issuer and/or its affiliates choose to purchase Underlyings or Reference Securities to hedge their exposure under the Notes if such securities are shares and participating financial instruments issued by Italian resident companies and other instruments representing the latter and are not exempted from the FTT requirement ("**in-scope securities**"). Residence and nationality of the parties to the transaction and the place of execution of the transaction would be irrelevant as the application of the FTT on Shares is exclusively dependent on the residence of the issuer of the in-scope securities.

An investor in the Note is subject to the risk that payments under the Notes will be adversely affected by this Italian transaction tax as these charges may be deducted from the Final Redemption Amount.

The FTT on Shares is to be levied at the following rates, which would be due from the Issuer and/or its affiliates on acquisition of the shares:

- 0.1% of the acquisition price (0.12% in 2013 only) on transfers transacted on a Qualified Market (as defined below); and
- 0.2% of the acquisition price (0.22% in 2013) otherwise.

For the purpose of the application of the lower rate, "Qualifying Markets" are deemed to be:

- (i) regulated markets or multilateral trading facilities pursuant to Directive 1004/39/CE of the European Parliament and Council of 21 April 2004;
- (ii) markets recognised by the Italian regulator CONSOB, established in an EU Member State or a state which allows an adequate exchange of information with Italy.

### ***Korea***

In addition to the Risk Factors set out above, the following risk factor also applies for Notes relating to Underlyings or Reference Securities for which the Reference Jurisdiction is Korea.

#### *Filing with Korean government in connection with the issuance of Notes*

In order for the Issuer to issue Notes 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 Notes promptly after the issuance of the Notes. Unless and until the MOSF accepts the prior report, the issuance of the Notes is not permitted. If the Issuer issues the Notes 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 Notes.

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

In addition to the Risk Factors set out above, the following risk factors also apply for Notes relating to Underlyings or Reference Securities for which the Reference Jurisdiction is the PRC.

#### *Market Access*

The Notes 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 PRC but are otherwise unrelated to any Underlying Company or underlying government. In respect of Notes linked to Underlyings that are traded on the PRC securities market and traded in RMB, such as "**A-shares**" or exchange-traded bonds, such Notes reflect the risks of an investment in such Underlyings by a Qualified Foreign Institutional Investor ("**QFII**"), and in respect of Notes 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**", such Notes 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 designated affiliates had the Issuer and/or its designated affiliates held the securities.

If the QFII regime is subject to change in the future, the Calculation Agent may determine that a Hedging Disruption or Change in Law has occurred and redeem the Notes at a Fair Market Value by way of compensation to the Noteholders. The investor is subject to the risk that such value may be less than what the Noteholders have expected.

#### *Legal Risk*

In respect of Notes linked to A-shares, a QFII is required to deposit its capital with a qualified custodian bank ("**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. Investors should be aware that if the Custodian Bank became insolvent and if the QFII were considered only as an ordinary creditor of the Custodian Bank, the QFII may not be able to

claim back the amount of the A-shares held at the Custodian Bank and since the Issuer would be unable to liquidate the A-shares, the Notes may, in the worst case scenario, become worthless.

#### *Regulatory Requirement*

Investments by QFIIs in the PRC are subject to restrictions on maximum percentage holding of single equities. In addition, some equity holdings are subject to lock-up periods and in respect of some A-shares repatriation of principal invested amounts in RMB are subject to a lock up period or monthly limits.

The investor in the Notes will be subjected to the effect of equivalent restrictions and controls to those imposed on QFII or Foreign Institutional Investor outside PRC. Therefore, if QFII or Foreign Institutional Investor outside PRC became unable to invest directly in or alternatively held equities or QFIIs were not allowed to sell or receive proceeds from the sale of such equities, the value of the Notes may be adversely affected and, in the worst case, may become worthless.

#### *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.

Investors should be aware that before the PRC tax authorities clarify the tax treatment of QFIIs or Foreign Institutional Investors outside PRC on capital gains, Noteholders are subject to a 10 per cent. provisional capital gains tax deduction on realised gains on the Underlying (in addition to the 10 per cent. withholding tax on dividends and interests payments discussed above). The tax provisions are reflected as a deduction within the calculation of the Final Redemption 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 valuation date, the actual tax rate will be applicable to the calculations. Investors should be aware that if at any time before 7 years after the final valuation date (regardless of whether the Notes have already been redeemed) there is any Deduction Shortfall, Noteholders have an obligation to pay the Issuer such Deduction Shortfall.

#### *United States*

The following risk factor also applies for Notes relating to Underlyings or Reference Securities for which the Reference Jurisdiction is the United States.

*U.S. withholding tax may apply to Notes linked to Underlyings that are securities issued by U.S. issuers*

Where Notes are linked to Underlyings that are securities issued by U.S. issuers, certain payments on the Notes could be subject to U.S. withholding tax (up to 30%, depending on the applicable treaty).

If U.S. withholding tax is required on Notes linked to Underlyings that are securities issued by U.S. issuers, the Issuer will not be required to pay any additional amounts with respect to the withheld amounts.

***Vietnam***

In addition to the Risk Factors set out above, the following risk factor also applies for Notes relating to Underlyings or Reference Securities for which the Reference Jurisdiction is Vietnam.

*Market Access*

The investments by a Foreign Investor outside the Reference Jurisdiction 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 holding of shares in listed companies or public companies and some shares are subject to a lock up period which may be as long as five years.

In addition, 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 operation of Official Letter 5647.

Investors in the Notes relating to Underlyings or Reference Securities for which the Reference Jurisdiction is Vietnam will be subject to the effect of equivalent restrictions and controls to those imposed on Foreign Investors outside Vietnam, as determined by the Calculation Agent. If Foreign Investors outside Vietnam become unable to invest directly in or hold Underlyings in Vietnam or they are not allowed to sell or receive proceeds from the sale of such Underlyings due to any lock-up period or other restriction on foreign investment in Vietnam, then the value of the Notes may be adversely affected and, in the worst case, may become worthless.



## DOCUMENTS INCORPORATED BY REFERENCE

*This section provides details of the documents incorporated by reference which form part of this Base Prospectus and which are publicly available.*

The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) the registration document of the Issuer dated 16 April 2013 submitted to and filed with the FCA pursuant to Article 11 of the Prospectus Directive (the "**Registration Document**"); and
- (b) the Annual Reports and Accounts of the Issuer and its subsidiary undertakings for the years ended 31 December 2011 and 2012, including its audited, consolidated financial statements for the years ended 31 December 2011 and 2012 (the "**Financial Information**") submitted to and filed with the FCA,

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 do not form part of this Base Prospectus. In respect of any document that is incorporated by reference in part only, the non-incorporated parts of such document are either not relevant for the investor or are covered elsewhere in this Base Prospectus.

The Issuer will at its registered office and at the offices of the Principal Paying Agent make available for inspection during normal business hours, upon reasonable notice, 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. Additionally, this Base Prospectus and all the documents incorporated by reference herein will be available for viewing at [www.hsbc.com](http://www.hsbc.com) (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes'). For the avoidance of doubt, any websites referred to in this Base Prospectus or any information appearing on such websites and pages do not form part of this Base Prospectus.

## DESCRIPTION OF THE NOTES

*This section provides details of how an investment in the Notes works and how payments under the Notes are calculated, including a number of worked examples.*

The Notes are market access products, which are designed for investors who wish to be exposed to fluctuations in:

- (a) the price of one or more securities ("**Underlying Securities**"), including shares and exchange-traded funds ("**ETFs**");
- (b) the value of one or more funds ("**Underlying Funds**"); or
- (c) the level of one or more indices ("**Underlying Indices**"),

but who do not wish to or are not able to hold the relevant Underlying Securities, the shares in the Underlying Funds or the securities underlying the Underlying Indices (such securities underlying the Underlying Indices being referred to as the "**Reference Securities**"), themselves. References to "**Underlying Security**", "**Underlying Fund**" or "**Underlying Index**", (each, an "**Underlying**") either in the singular or plural form, are to any Underlying Security, Underlying Fund or Underlying Index (as the case may be) applicable to a Series of Notes.

Accordingly, a Note can be linked to one of four underlyings:

- (a) a single underlying security or basket of underlying securities (such Note being, a "**Underlying Security-Linked Note**");
- (b) a single underlying ETF or basket of underlying ETFs (such Note being, an "**Underlying ETF-Linked Note**");
- (c) a single underlying fund or basket of underlying funds (such Note being, a "**Underlying Fund-Linked Note**"); or
- (d) a single underlying index or basket of underlying indices (such Note being, an "**Underlying Index-Linked Note**").

In the case of Underlying Index-Linked Notes, the Notes are directly linked only to the relevant Underlying Indices and are not directly linked to the Reference Securities which are the components of such Underlying Indices.

The Notes are designed to allow investors to get exposure to Underlyings priced locally in less accessible currencies. Therefore, investors will be exposed to currency risk if the Note and the relevant Underlying are not priced in the same currency. By way of illustration, if the price of the relevant Underlying was unchanged from the date of purchase of the Notes to the date of redemption of the Notes but the relevant foreign exchange rate (the "**FX Rate**") changed, this would have an impact on the return on the Notes.

An investor is entitled on the stated maturity of each Note to be paid a cash amount from the Issuer (the "**Final Redemption Amount**") that tracks the price of an Underlying Security (or a basket of Underlying Securities), the value of an Underlying Fund (or a basket of Underlying Funds) or the level of the Underlying Index (or a basket of Underlying Indices) converted into the currency in which the Notes are denominated (the "**Settlement Currency**") as the Issuer or its affiliates or a notional, direct holder would have received by disposing of the Underlying Security, shares in the Underlying Fund, securities underlying the Underlying Index or the hedge or other arrangement relating to the Underlying Security, Underlying Fund or the Underlying Index and converted into the Settlement Currency, as applicable.

Additionally, in the case of Underlying Security-Linked Notes and Underlying ETF-Linked Notes, the Note will also entitle the Noteholder to receive cash payments that track the distributions (converted into the Settlement Currency) that a direct investor in the Underlying Security would ordinarily receive (the "**Additional Payments**"), such as dividends or interest distributions. Such Additional Payments are only payable to the extent the underlying dividend or interest distribution is made to the Issuer or its affiliates

or a notional, direct holder within a period specified by the terms of the Notes and they become payable once the Issuer or its affiliates or a notional, direct holder have been paid in full and the relevant recipient has been able to convert the amount into the Settlement Currency.

Additional Payments do not apply to Underlying Index-Linked Notes or Underlying Fund-Linked Notes.

None of the Notes bear interest.

Further details of the Final Redemption Amount and Additional Payments are provided below, together with additional information as to how they are affected by the value of the Underlying Security, Underlying Fund or Underlying Index.

### ***Final Redemption Amount***

As the Final Redemption Amount payable is designed to track the quoted price (converted into the Settlement Currency) of the Underlying Security, Underlying Fund or the level of the Underlying Index, in general (except to the extent the increase or decrease in the price of the relevant Underlying is offset by movements in the FX Rate) if:

- the price of the Underlying Security increases or decreases, the Final Redemption Amount for a Underlying Security-Linked Note and Underlying ETF-Linked Note increases or decreases, respectively;
- the value of the Underlying Fund increases or decreases, the Final Redemption Amount for a Underlying Fund-Linked Note increases or decreases, respectively; and
- the level of the Underlying Index increases or decreases, the Final Redemption Amount for an Underlying Index-Linked Note increases or decreases, respectively.

The Final Redemption Amount payable may not exactly match the price of Underlying Security, the value of the Underlying Fund or the level of the Underlying Index to which it relates. This may be because:

- the currency in which the investment in the Notes is denominated (the "**Settlement Currency**") may differ from the currency in which the Underlying Security, Underlying Fund or Underlying Index is quoted (the "**Underlying Currency**"); in such circumstances, the Issuer will determine the value of the Underlying Security, Underlying Fund or Underlying Index in the Underlying Currency, but the Issuer will then convert this into the Settlement Currency at an exchange rate available to the Issuer to determine the Final Redemption Amount payable, and the Issuer may deduct any conversion costs;
- the Issuer is entitled to deduct other cost items from the Final Redemption Amount (such as brokers' fees, transaction processing fees and actual or potential taxes); such costs will differ depending on the Underlying Security, Underlying Fund or Underlying Index to which the Notes are linked. The Final Redemption Amount will be subject to and could be reduced due to taxes which the Issuer and/or its affiliates would pay on making an investment in the relevant Underlying Security, Underlying Fund or the reference securities comprising the Underlying Index, and tax treatment may differ on the basis of which jurisdiction the Underlying Security, Underlying Fund or Underlying Index is quoted or domiciled;
- the Final Redemption Amount payable under the Notes may reflect arrangements entered into by the Issuer or its affiliates to track the price of the Underlying Security or the level of the Underlying Index or the value of the Underlying Fund (noting that the Issuer or its affiliates may choose not to enter into such arrangements), in which case the price, value or level used for calculating the Final Redemption Amount would be the amount the Issuer or its affiliates receives in respect of such arrangement (or what it would have received had it entered into the arrangement). This might not exactly match the quoted price of the Underlying Security, the quoted value of the Underlying Fund or the quoted level of the Underlying Index because, for example:

- the Issuer may sell securities it holds which are Underlying Securities, interests in Underlying Funds or securities which underlie an Underlying Index, in respect of which sale costs would be deductible from the Final Redemption Amount; or
- the Issuer may sell or close out hedges or other arrangements relating to the Underlying Security, Underlying Fund or Underlying Index, the payment in respect of which may for technical reasons fluctuate and diverge from the quoted price of the Underlying Security, Underlying Fund or Underlying Index depending on, for instance, whether the quoted price of an Underlying Security was particularly volatile.

Fluctuations in the value of the Underlying Securities, Underlying Funds or Underlying Indices of the Notes and any relevant FX Rates will affect the Final Redemption Amount payable.

Noteholders are entitled to the Final Redemption Amount on the stated maturity date, which will be specified in the relevant Final Terms, provided that the Issuer or its affiliates or a notional, direct holder have been paid in full and the relevant recipient has been able to convert the amount into the Settlement Currency.

*Final Redemption Amount for Underlying Security-Linked Notes and Underlying ETF-Linked Notes*

The Final Redemption Amount for a Underlying Security-Linked Note or an Underlying ETF-Linked Note is the greater of 0.03 per cent. of the Issue Price per Note or an amount per Note which is known as the "**Realisable Sale Price**", as calculated below.

The Realisable Sale Price is calculated in the following manner.

- (1) The "**Aggregate Sale Amount**" is first calculated as being equal to the following:
  - if the Issuer or its affiliate(s) holds the Underlying Securities underlying the Notes being redeemed, the amount received from the disposal of such Underlying Securities, less any costs;
  - if the Issuer or its affiliate(s) do not hold the Underlying Securities but is party to a hedge or other arrangement relating to the Notes being redeemed, the effective price at which such hedge or other arrangement was realised or unwound, less any costs; and
  - in all other cases, the amount a notional, direct holder of the Underlying Securities underlying the Notes being redeemed would have received upon disposing of such Underlying Securities, less any costs. (This amount represents the net amount in the Underlying Currency a direct investor in the Underlying Securities of the Notes would receive on the Maturity Date.)
- (2) The Aggregate Sale Amount is then translated into the currency of the Notes, the resulting amount being the "**Converted Amount**". This is done using one of the following rates of exchange:
  - if the Issuer or its affiliate(s) has an exchange transaction (whether implicit as part of the hedge or other arrangement for the Underlying Securities described in (1) above or as a separate arrangement), the rate of exchange obtained under that transaction;
  - if the Issuer or its affiliate(s) has not entered into an exchange transaction, the rate of exchange a notional, direct holder of the Underlying Securities would obtain when translating the Aggregate Sale Amount into the currency of the Notes.

The costs associated with such translation are deducted from the Converted Amount to give the "**Net Converted Amount**".

- (3) The Realisable Sale Price is calculated by multiplying the Net Converted Amount by the Number of Underlying Securities per Note (being a number specified in the relevant Final Terms).

**Worked example: Underlying Security-Linked Note or Underlying ETF-Linked Note***The hypothetical scenario*

The following worked example is for calculating the Final Redemption Amount of a Underlying Security-Linked Note.

The procedure for calculating the Final Redemption Amount of an Underlying ETF-Linked Note is substantially the same.

For the purposes of this example, it is assumed that the price of each Note issued is linked to 1 share in a company ("**Hong Kong Corp**") traded on the Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") and that, on the purchase date of the Note, the share price of Hong Kong Corp is quoted on the Hong Kong Stock Exchange as HKD 375 per share (which, at the exchange rate of HKD 12.5: GBP 1 available on that day, would be equivalent to GBP 30 per share).

It is assumed that the Issuer has chosen to purchase shares in Hong Kong Corp to fully hedge its obligations under the Notes. The Issuer is not obliged to hedge and therefore this is only on the assumption that the Issuer has chosen to hedge by purchasing shares.

This example assumes that the Issuer disposes of its shares in the Hong Kong Corp on a single date.

*The calculation*

*At maturity, how would the Final Redemption Amount be calculated?*

- (1) First, the Aggregate Sale Amount must be determined. As the Issuer has hedged the price of the shares by purchasing one Hong Kong Corp share per Note (at the time the Notes were sold to investors) and 10,000 Notes are outstanding at maturity, the Aggregate Sale Amount would be the price at which the Issuer could sell 10,000 shares of Hong Kong Corp on the Hong Kong Stock Exchange minus costs (which includes taxes).

Let us assume that Hong Kong Corp has performed well, and the price at which the Issuer could sell the hedge shares on the maturity date is HKD 456 per share and so HKD 4,560,000 in aggregate. Assuming also that the Issuer incurs sale costs of HKD 15 per share which would be deductible from the price the shares are sold for:

$$\begin{array}{r} \text{HKD } 4,560,000 \text{ less} \\ \underline{\text{HKD } 150,000} \\ \text{HKD } 4,410,000 \text{ (Aggregate Sale Amount)} \end{array}$$

- (2) Next, the Aggregate Sale Amount (HKD 4,410,000) would be converted back into the currency in which the Notes are issued which, in this example, is GBP. This is calculated by dividing the Aggregate Sale Amount by the foreign exchange rate ("**FX rate**") the Issuer would have received on converting the Aggregate Sale Amount from HKD into GBP. The costs of currency conversion will be deducted from the Aggregate Sale Amount, which will either be embedded in the FX rate available to the Issuer or it will be charged separately.

The applicable FX rate at the time of redemption may have changed, such that, for example, Sterling is not worth as many Hong Kong dollars as it was when the Notes were bought by the investor. For instance, suppose the FX rate available to the Issuer is now HKD 12: GBP 1. This means for the purposes of calculating the Final Redemption Amount that the following calculation will be made:

$$\begin{array}{r} \text{HKD } 4,410,000 \div \text{(Aggregate Sale Amount)} \\ \underline{\quad \quad \quad 12} \quad \quad \quad \text{(Rate of exchange with embedded currency conversion costs)} \\ \text{GBP } 367,500 \quad \quad \quad \text{(Converted Amount)} \end{array}$$

The Converted Amount of GBP 367,500 is then divided by 10,000 (the number of shares

relating to the Notes outstanding) to give a figure per share (GBP 36.75) and the Realisable Sale Price is then calculated by multiplying such amount (GBP 36.75) by the Number of shares per Note, in this case, 1. The Realisable Sale Price would therefore be GBP 36.75 per Note.

- (3) The Final Redemption Amount due to the investor in respect of each Note will be the greater of 0.03 per cent. of GBP 30.00 (the Issue Price per Note) and GBP 36.75 (the Realisable Sale Price per Note). The Final Redemption Amount would therefore be GBP 36.75 per Note and GBP 367,500 (GBP36.75 multiplied by 10,000) in aggregate.

#### *Final Redemption Amount for Underlying Index-Linked Notes*

The Final Redemption Amount for an Underlying Index-Linked Note is the greater of 0.03 per cent. of the Issue Price per Note or an amount per Note is therefore GBP 36.75 the "**Realisable Sale Price per Note**", as calculated below.

The Realisable Sale Price is calculated as follows:

- (1) The "**Aggregate Net Proceeds**" for each Underlying Index is calculated as follows:
- If the Issuer or any of its affiliates is party to a hedge or other arrangement relating to the Underlying Index underlying the Note being redeemed, the Aggregate Net Proceeds amount is the average reference net price of the Underlying Index at which such hedge or other arrangement is realised or unwound, less any costs.
  - If the Issuer or its affiliates are not party to a hedge or other arrangement relating to the Underlying Index underlying the Note being redeemed, the Aggregate Net Proceeds amount is the amount a notional, direct holder of the securities comprising the Underlying Index would have received upon discharge of such securities, less any costs.

If there is more than one Underlying Index, the Aggregate Net Proceeds will be the Underlying Index's weighting as specified in the relevant Final Terms multiplied by the amount calculated for that Underlying Index in accordance with the above.

- (2) The Aggregate Net Proceeds amount is then translated into the currency of the Note, the resulting amount being the "**Converted Amount**". This is done using one of the following rates of exchange:
- If the Issuer or its affiliate has an exchange transaction (whether implicit as part of the hedge or other arrangement for the Underlying Index described in (1) above or as part of a separate arrangement), the rate of exchange obtained under that transaction.
  - If the Issuer or its affiliate has not entered into an exchange transaction, the rate of exchange a notional, direct holder of the securities underlying the Underlying Index or Indices would obtain when translating the Aggregate Net Proceeds into the currency of the Note.

The costs associated with such translation are deducted from the Converted Amount to give the "**Net Converted Amount**".

- (3) Where there is one Underlying Index underlying an Underlying Index-Linked Note, the Realisable Sale Price will be the Net Converted Amount.

If there is more than one Underlying Index underlying an Underlying Index-Linked Note, the Realisable Sale price is the sum of each Underlying Index's Net Converted Amount.

#### **Worked example: Underlying Index-Linked Note**

The Note has an Issue Price of GBP 200, which at the rate of exchange of HKD 14: GBP 1 on the Issue

Date, is HKD 2,800.

***The hypothetical scenario***

For the purposes of this example, it is assumed that the investor purchases Index-Linked Notes denominated in GBP, the Final Terms of which specify that the price of each Note is linked to a basket of two indices: (i) an index comprised of shares in energy companies quoted on the Hong Kong Stock Exchange (the "**Hong Kong Energy Index**"); and (ii) an index comprised of shares in property companies quoted on the Hong Kong Stock Exchange (the "**Hong Kong Property Index**", and together with the Hong Kong Energy Index, the "**Hong Kong Indices**"). The assigned weightings for these in the relevant Final Terms are 40% for the Hong Kong Energy Index and 60% for the Hong Kong Property Index.

It is assumed that the index levels of the Hong Kong Indices on the purchase date of the Notes are 2,500 for the Hong Kong Energy Index and 2,000 for the Hong Kong Property Index. The notional investment in each of the Hong Kong Indices are therefore:

Hong Kong Energy Index:  $40\% \times 2,800 = \text{HKD } 1,120$

Hong Kong Property Index:  $60\% \times 2,800 = \text{HKD } 1,680$

At maturity, it is assumed that the Hong Kong Energy Index is HKD 3,000 and the Hong Kong Property Index is HKD 1,800.

It is assumed that the Issuer enters into a hedge contract in respect of the Hong Kong Energy Index, such hedge contract having an implicit exchange rate of HKD 15: GBP 1, and that the Issuer does not enter into a hedge contract in respect of the Hong Kong Property Index.

***The calculation***

The Final Redemption Amount for an Underlying Index-Linked Note is the greater of 0.03 per cent. of the Issue Price per Note or the Realisable Sale Price per Note. Accordingly, in order to determine the Final Redemption Amount the Realisable Sale Price first needs to be calculated, as follows:

- (1) First, the Aggregate Net Proceeds for each Underlying Index must be ascertained:
  - In respect of the Hong Kong Energy Index, the Issuer is party to a hedge arrangement. Assuming that it is unwound for HKD 3,000 in respect of each Note, with a fee of HKD 50, the Aggregate Net Proceeds in respect of the Hong Kong Energy Index is HKD 1,294, being the initial investment of HKD 1,120 multiplied by the change factor  $(3,000 / 2,500)$  less costs of HKD 50 (HKD 1,294 equals HKD 1,120 multiplied by  $(3,000 / 2,500)$  – less HKD 50).
  - In respect of the Hong Kong Property Index, the Issuer is not party to a hedge arrangement in respect of it. A notional, direct holder of the securities underlying the Hong Kong Property Index would have been able to dispose of them at a price of HKD 1,800, with transaction fees of HKD 100, the Aggregate Net Proceeds in respect of the Hong Kong Property Index is HKD 1,412, being the initial investment of HKD 1,680 multiplied by the change factor of  $(1,800 / 2,000)$  less costs of HKD 100 (HKD 1,412 equals HKD 1,680 multiplied by  $(1,800 / 2,000)$  less HKD 100).
- (2) The Aggregate Net Proceeds amount is then translated into the currency of the Note (here, GBP).
  - Regarding the Aggregate Net Proceeds in respect of the Hong Kong Energy Index, the Issuer has an implicit exchange rate of HKD 15: GBP 1. The Converted Amount, and the Net Converted Amount, are therefore GBP 86.27 (being HKD 1,294 divided by 15).

- Regarding the Aggregate Net Proceeds in respect of the Hong Kong Property Index, the Issuer does not have an exchange transaction in place. Therefore, the rate of exchange will be that which a notional, direct holder would obtain when translating the Aggregate Net Proceeds, which we will assume is HKD 16: GBP 1. The Converted Amount is therefore GBP 88.25. Assuming that there is a 3% currency conversion fee which would be applicable to such a notional transaction, the Net Converted Amount is therefore GBP 85.60 (being GBP 88.25 *less* 3% of GBP 88.25).
- (3) The Realisable Sale Price per Note is therefore GBP 171.87, being the sum of the Net Converted Amounts of the Underlying Indices for the Note (GBP 86.27 and GBP 85.60).
- (4) The Final Redemption Amount due to the investor in respect of each Note will be the greater of 0.03 per cent. of GBP 200 (the Issue Price per Note), namely GBP 0.06, and GBP 171.87 (the Realisable Sale Price per Note).
- The Final Redemption Amount would therefore be GBP 171.87 per Note.

#### *Underlying Fund-Linked Notes*

The Final Redemption Amount for a Underlying Fund-Linked Note is the greater of 0.03 per cent. of the Issue Price of the Note and the aggregate of the net redemption proceeds per share in the Underlying Fund a hypothetical investor in shares in the Underlying Fund would have received on the maturity date converted into the Settlement Currency.

#### **Worked example: Underlying Fund-Linked Notes**

##### ***The hypothetical scenario:***

For the purposes of this example, it is assumed that each Fund-Linked Note is denominated in GBP and is linked to the XYZ Fund. The Issue Price of the Note is GBP10 and the number of Shares in the Underlying Fund per Note is 5.

On the Maturity Date, the Calculation Agent determines that the Underlying Fund Value (being the net redemption proceeds per share in the XYZ Fund for a redemption application submitted on the Final Valuation Date) is GBP2.50 per Share. There is a fixed administration cost to provide notice of redemption of a share in the XYZ Fund of GBP0.01 per Share and taxes of GBP0.07 per Share.

##### ***The calculation***

- (1) First, we need to ascertain the aggregate of the net redemption proceeds of the Shares in the Fund. The redemption proceeds per Share are GBP2.50. The related costs of redeeming a share total GBP0.08 (being the GBP0.01 administration cost plus the GBP0.07 in taxes). The net redemption proceeds per Share is therefore GBP2.42.

This then needs to be multiplied by the number of Shares in Underlying Fund per Note, to obtain the Underlying Fund Value. Here, that number is 5, and therefore the Underlying Fund Value is GBP12.10 (GBP2.42 multiplied by 5).

As the currency of the Note and the Underlying Fund Value are both GBP, there will be no need to translate the Underlying Fund Value into the currency of the Note to obtain the Final Underlying Fund Value. The Fund Underlying Fund Value is therefore GBP12.10.

- (2) The amount that will be paid to an investor is the greater of (a) 0.03 per cent. of the Issue Price of the Note and (b) the Final Underlying Fund Value. 0.03 per cent. of the Issue Price is GBP0.003 (being 0.03% of GBP 10). Therefore, the Final Redemption Amount will be GBP12.10, being the greater of GBP 0.003 and GBP 12.10.



***Additional Payments****Additional Payments for Underlying Security-Linked Notes and Underlying ETF-Linked Notes*

As the Additional Payment is designed to track the dividends or other distributions paid by the Underlying Security or Securities of an Underlying Security-Linked Note or an Underlying ETF-Linked Note, in general, if:

- a dividend or distribution is paid in respect of the Underlying Security, an Additional Payment will be payable; and
- no dividend or distribution is paid in respect of the Underlying Security, no Additional Payment will be made.

The Additional Payments may not exactly equal the cash amount of the distribution announced as having been made to investors with a direct interest in the Underlying Securities. This may be because:

- the Additional Payments will be equal to the net distributions a direct investor in the Underlying Securities would be entitled to at the time of the distribution, if such investor were an institution subject to the same laws as the Issuer and/or its affiliates; therefore, the Issuer is entitled to deduct cost items (such as actual or potential taxes), which may mean the distribution differs from the cash value of the distribution announced by the issuer of the Underlying Security; or
- any Additional Payment will be payable in cash converted from the Underlying Currency into the currency of the Note at an exchange rate that the Issuer would have used in connection with such conversion.

The Additional Payment under the Notes may reflect arrangements entered into by the Issuer or its affiliates to track the dividends and distributions of the Underlying Security (noting that the Issuer or its affiliates may choose not to enter into such arrangements), in which case the amounts used for calculating the Additional Payments would be the amount the Issuer or its affiliates receives in respect of such arrangement (or what it would have received had it entered into such arrangement).

The Additional Payment per Note is calculated as follows:

- (1) First, the "**Underlying Currency Amount per Security**" is calculated.
  - (a) If the Issuer or its affiliates hold any of the underlying securities, the Underlying Currency Amount per Security is the aggregate amount of the net cash dividend or distribution received less any costs, which is then divided by the number of underlying securities held.
  - (b) If the Issuer or its affiliates hold hedge(s) for the purposes of performing its obligations under the Notes, the Underlying Currency Amount per Security is the aggregate amount of the net cash dividend or distribution equivalent payment received under the hedge(s) less any costs, which is then divided by the number of underlying securities to which the hedge relate.
  - (c) If the Issuer or its affiliates do not hold any of the underlying securities nor hold hedge(s) for the purposes of performing its obligations under the Notes, the Underlying Currency Amount per Security is the net amount which would have been received per Underlying Security by a notional, direct holder of such an underlying security less any costs.
  - (d) If a non-cash dividend or distribution is made in respect of the underlying security, the Underlying Currency Amount per Security is:
    - (i) if the Issuer or its affiliates holds the underlying securities, the net cash value of such non-cash dividend or distribution; or
    - (ii) if the Issuer or its affiliates do not hold the underlying securities but hold

hedge(s) for the purpose of performing its obligations under the Notes, the net cash adjustment or settlement received in respect of the non-cash dividend or distribution.

- (2) The Underlying Currency Amount per Security is then converted into the currency of the Note at:
- (a) if the Issuer or an affiliate has an exchange transaction for such a conversion, the rate obtained under that exchange transaction; or
  - (b) if the Issuer or an affiliate does not have such an exchange transaction, the rate at which a notional direct holder of the underlying assets of the Notes would have been able to obtain.

Any conversion costs per underlying security are then deducted to give the "**Converted Amount per Security**".

- (3) The Additional Payment per Note is calculated by multiplying the Converted Amount per Security by the Number of Underlying Securities per Note (being a number specified in the relevant Final Terms).

**Underlying Security-Linked Note / Underlying ETF-Linked Note worked example:**

*The following worked example is for calculating an Additional Payment in respect of a Underlying Security-Linked Note. The procedure for calculating an Additional Payment in respect of an Underlying ETF-Linked Note is substantially the same.*

***The hypothetical scenario***

For the purposes of this example, it is assumed that each Note issued is denominated in GBP and is linked to one share in a company ("**NY Corp**") traded on the New York Stock Exchange ("**NYSE**").

It is also assumed that the Issuer has chosen to hedge its obligations under the Notes by purchasing 1,000 shares in NY Corp.

NY Corp announces and pays a dividend. The Issuer receives USD 80 in dividends relating to the 1,000 shares it holds. On the day of the payment of the dividend, the exchange rate is USD 1.60: GBP1. All foreign exchange transactions attract a conversion fee.

An investor holds 1,000 such Notes.

***The calculation***

- (1) First, the Underlying Currency Amount per Security must be calculated. As the Issuer holds the shares underlying the Note, the Underlying Currency Amount per Security is the aggregate amount of the cash dividends (USD 80) less any costs, divided by the number of the underlying shares held (1,000). This works out to be USD 0.08 (being (USD 80)/1000) (there are no costs associated with the receipt of the cash dividends).
- (2) Next, the Underlying Currency Amount per Security is converted into the currency of the Note. As the Issuer does not have an exchange transaction for such a conversion, the Converted Amount per Security is calculated using the rate a notional, direct holder would have been able to obtain to make such a conversion. Here, the Underlying Currency Amount per Security of USD 0.08 converted at the rate of USD 1.60: GBP1 is GBP 0.05 per Security. The 1% conversion fee (GBP 0.0005) is deducted from GBP 0.05 to give GBP 0.0495. Therefore, the Converted Amount per Security is GBP 0.0495.
- (3) The Additional Payment per Note that the investor will receive is therefore GBP 0.0495 (being the Converted Amount per Security) multiplied by 1 (the Number of Underlying Securities per Note) which is GBP 0.0495.

The total Additional Payment the investor will receive in respect of its 1,000 Notes will be  $1,000 \times \text{GBP } 0.0495 = \text{GBP } 49.50$ .

***Additional Payments for Underlying Index-Linked Notes***

There are no Additional Payments payable in respect of Underlying Index-Linked Notes. Dividends and other distributions on the securities comprising the Underlying Index will be taken into account in the Underlying Index calculation, and investors will not receive any separate payments relating to dividends or other distributions relating to any securities comprising the Underlying Index.

***Additional Payments for Underlying Fund-Linked Notes***

There are no Additional Payments payable in respect of Underlying Fund-Linked Notes. Dividends and other distributions on the securities held by the Underlying Fund will be taken into account in the calculation of the Underlying Fund value in accordance with the rules of the particular fund, and investors will not receive any separate payments relating to dividends or other distributions relating to any securities underlying the Underlying Fund.

**Please note: The worked examples provided above are produced for illustrative purposes only.** The analysis is based on simplifying assumptions and hypothetical figures, and does not reflect a complete analysis of all possible gain and loss scenarios that may arise under any actual investment in the Notes. No representation or warranty is made by the Issuer or any of its affiliates that any scenario shown above can be duplicated under any actual investment in Notes. Actual results may vary from the results shown above, and variations may be material. The mark-to-market value of the Notes can fluctuate either upward or downward due to changes in prevailing market conditions. Accordingly, if an investment in Notes is unwound, repurchased or otherwise redeemed whether at or prior to its stated maturity, investors in such Notes may receive less than the purchase price of the Notes and therefore sustain a loss which in a worst case may be equal to their invested amount.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes (the "**Conditions**") which apply to all Notes and which are completed by the relevant Final Terms for each issue of Notes. The Conditions will be endorsed on each Note in definitive form. The 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 "Form of Notes and Summary of Provisions Relating to the Notes while in Global Form".*

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, 19 June 2012 and 18 June 2013 (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, 19 June 2012 and 18 June 2013 (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 being the "**Calculation Agent**" with respect to the Notes, which expression includes any successor or other Calculation Agent 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 appointed pursuant to the Issuing and Paying Agency Agreement, as specified in the relevant Final Terms), 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 appointed pursuant to the Issuing and Paying Agency Agreement, as specified in the relevant Final Terms and, together with any additional paying agent appointed pursuant to the Issuing and Paying Agency Agreement, 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 appointed pursuant to the Issuing and Paying Agency Agreement, specified in the relevant Final Terms), 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 appointed pursuant to the Issuing and Paying Agency Agreement, as specified in the relevant Final Terms) and the other parties specified therein.

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 and the issue price, the Notes of each Series will have identical terms and conditions save that a Series may comprise Bearer Notes and Registered Notes and may comprise 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 and the Deed of Covenant are available for inspection by Holders (as defined below) of Notes, and copies of the relevant Final Terms, this 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. The Holders (as defined in Condition 2 (*Form, Denomination and Title*)) for the time being of Notes (the "**Noteholders**") are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Issuing and Paying Agency Agreement, the Deed of Covenant, 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 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, and the relevant Final Terms, the relevant Final Terms will prevail.

1. **Definitions**

1A. ***Definitions relating to Notes generally***

"**Additional Disruption Event**" means any event specified as such in the relevant Final Terms, and such events include: Change in Law; Insolvency Filing; Hedging Disruption; and Increased Costs of Hedging;

"**Agents**" means each of, the Paying Agents, the Transfer Agent, Issue Agent and the Registrar;

"**Affected Payment Date**" means the day that is five Business Days prior to the Maturity 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 16 (*Consequences of Disrupted Days*);

"**Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Business Day**" means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments generally in London or such other places as specified as Business Centres in the relevant Final Terms and which is:

- (i) in relation to any sum payable in euro, a Euro Business Day; and
- (ii) in relation to any sum payable in a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally, in the principal financial centre of the relevant currency and/or Settlement Currency (as applicable);

"**Calculation Amount**" means, in respect of a Note, the denomination of such Note, or the amount in the Settlement Currency specified as such in the relevant Final Terms;

"**Change in Law**" means, in relation to any Notes, 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 will, or there is a substantial likelihood that it will, with the passing of time, or it has become illegal for the Issuer or any of its designated affiliates to hold, acquire or dispose of or realise, recover or remit the proceeds of the sale or disposal of, Component Securities, or other components comprised in the Index relating to such Notes or any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk including, without limitation, any currency risk, of the Issuer issuing and performing its obligations with respect to the Notes (y) it has become illegal for the Issuer or any of its designated affiliates 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 or in relation to the hedging activities of the Issuer or any of its designated affiliates 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 or any of its designated affiliates in order to hedge, individually or on a portfolio basis, such Notes or (z) the Issuer or any of its designated affiliates 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);

**"Clearing System"** means, in relation to a Series of Notes, Euroclear and/or Clearstream, Luxembourg 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, in each case as specified in the relevant Final Terms;

**"Clearstream, Luxembourg"** means Clearstream Banking, *société anonyme*, Luxembourg;

**"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;

**"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 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;

**"Default Rate"** means such rate as specified in the relevant Final Terms;

**"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 DR 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;

**"Dispute"** has the meaning given to it in Condition 27(b) (*Governing Law – English courts*);

**"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; (b) if the Notes are Multiple Exchange Underlying 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 Underlying Equity-Linked Notes which relate to one or more Securities which are Depositary Receipts;

**"DTC"** means the Depositary Trust Company;

**"Early Closure"** means (a) the closure on any Exchange Business Day of the relevant Exchange (in the case of Underlying Equity-Linked 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 Underlying 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 Underlying 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;

**"Early Redemption Amount"** means, in relation to each Note, an amount equal to the percentage per Calculation Amount or its Fair Market Value, in each case as specified in the relevant Final Terms;



**"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;

**"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 date"** shall be the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in the manner specified in Condition 11 (*Replacement, Exchange and Transfer*);

**"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 Underlying Equity-Linked 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 Underlying 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 Underlying Equity-Linked Note) or the relevant Index (in the case of an Underlying 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;

**"Extraordinary Dividend"** means the amount per Security specified or described as such in the relevant Final Terms or, if no such amount is specified or described, 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, or (c) all cases, events that affect the transferability or convertibility of the foreign currency in which an

underlying Security or any related hedge positions are denominated;

"**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;

"**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 SA/NV;

"**Euro Exchange Date**" means the date on which the Euro Exchange Notice is given by the Issuer to the Noteholders pursuant to Condition 8 (*Redenomination*);

"**Euro Exchange Notice**" means the notice given by the Issuer to the Noteholders stating that replacement Notes denominated in euro are available for exchange (**provided that** such Notes are available) and no payments will be made in respect thereof pursuant to Condition 8 (*Redenomination*);

"**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 (acting in good faith and a commercially reasonable manner) and/or the Calculation Agent (acting in a commercially reasonable manner), as applicable, 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;

"**Final Index Level**" means, with respect to an Index, (a) the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Final Valuation Date or (b) with respect to a Multiple Exchange Index, the official closing level of the Index on the Final Valuation Date as calculated and published by the Index Sponsor, in each case, as rounded up to four decimal places (with 0.00005 being rounded up);

"**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 as an Underlying Fund 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;

"**Governmental Authority**" means any *de facto* or *de jure* government (or any agency or instrumentality 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 Hong Kong;

"**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;

**"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 the 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 Settlement Currency (1) between accounts inside a relevant Underlying Country or (2) from accounts inside a relevant Underlying Country to accounts outside such Underlying Country or to a party that is 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) above, transfer amounts denominated in the Settlement Currency (1) between accounts inside the relevant Underlying Country or (2) from accounts inside a relevant Underlying Country to accounts outside such Underlying Country or to a party that is a non-resident of such Underlying Country; or
- (v) without prejudice to (ii), (iii) and (iv) above, convert the Settlement Currency into a relevant Underlying Currency or a relevant Underlying Currency into the Settlement 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;

**"Increased Cost of Hedging"** means that the Issuer or any one of its affiliates would incur a materially increased cost (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;

**"Index"** means, in relation to a Series of Notes, the index to which such Notes relates, as specified as an Underlying Index in the relevant Final Terms, subject to adjustment pursuant to Condition 17 (*Adjustments to Indices*) and for the avoidance of doubt, shall include an Underlying Index and **"Indices"** shall be construed accordingly;

**"Underlying Index-Linked Note"** means a Series of Notes in respect of which an amount calculated by reference to the level of an Index or Indices and shall include Underlying Underlying Index-Linked Notes;

**"Index Rules"** means the rules of the Index Sponsor in relation to the Index specified as such in the relevant Final Terms;

**"Index Sponsor"** means the corporation or other entity specified as such in the relevant Final Terms and any successor 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 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;

**"Initial Index Level"** means with respect to an Index, the level specified as such in the relevant Final Terms or, if no such level is so specified, 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, each as rounded up to four decimal places (with 0.00005 being rounded up);

**"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;

**"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;

**"Issue Date"** means the date specified as such in the relevant Final Terms;

**"Issue Price"** means the amount in the Settlement Currency per Note specified as such in the relevant Final Terms;

**"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 is presented for payment is located;

**"Limit Valuation Date"** has the meaning given to it in Condition 16 (*Consequences of Disrupted Days*);

**"Market Access Notes"** means Notes linked to (a) a single Underlying Security; (b) a basket of Underlying Securities; (c) a single Underlying ETF; (d) a basket of Underlying ETFs; (e) a single Underlying Fund; (f) a basket of Underlying Funds; (g) a single Underlying Index; or (h) a basket of Underlying Indices;

**"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, 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:

- (i) (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 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
- (ii) 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 the Calculation Agent determines is material, at any time during the one hour period that 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 Underlying 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;

**"Maturity Date"** has the meaning given to it in the relevant Final Terms;

**"Multiple Exchange Index"** means an Index identified or specified as such in the relevant Final Terms;

**"Multiple Exchange Underlying 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;

**"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;

**"Offshore RMB"** means RMB that is freely deliverable between accounts in the Offshore RMB Centre in accordance with the law and applicable regulation and guidelines issued by relevant authorities in the Offshore RMB Centre prevailing as of the trade date of the Notes;

**"Offshore RMB Centre"** means either Hong Kong, Singapore, Taiwan or any other jurisdiction specified as such in the relevant Final Terms;

**"Participating Member State"** means any member state of the European Union that has adopted or 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; (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; (iii) an Extraordinary Dividend; (iv) a call by the Underlying Company in respect of relevant Securities that are not fully paid; (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; (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.

With respect to Depositary Receipts, "Potential Adjustment Event" shall also include (x) the occurrence of any of the events described in (i) to (vii) (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;

**"PRC Underlying"** means (a) a single Underlying Security; (b) a basket of Underlying Securities; (c) a single Underlying ETF; or (d) a basket of Underlying ETFs, specified as being such in the relevant Final Terms;

**"Redenomination Date"** means a date which:

- (i) is specified by the Issuer in the notice given to the Noteholders pursuant to Condition 8 (*Redenomination*); and
- (ii) falls on or after such date as the country of the Settlement Currency becomes a Participating Member State;

**"Reference Jurisdiction"** means any jurisdiction in which a relevant Exchange is located;

**"Reference Level"** means (a) unless otherwise specified in the relevant Final Terms (i) 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 (ii) 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 and (b) if so specified in the relevant Final Terms, the level determined is as provided in the relevant Final Terms;

**"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;

**"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;

**"Relevant Financial Centre"** has the meaning given in the relevant Final Terms;

**"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 8 (*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 8 (*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;

**"Renminbi"**, **"RMB"** and **"CNY"** all refer to the lawful currency of the People's Republic of China (excluding the Hong Kong Special Administrative Region of the People's Republic of China and the Macau Special Administrative Region of the People's Republic of China and Taiwan);

**"Scheduled Averaging Date"** has the meaning given to it in Condition 16(a)(iii)(D)(B)(3)(bb) (*Consequences of Disrupted Days*);

**"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 Final Averaging Date"** has the meaning given to it in Condition 16(a)(iii)(D)(B)(3)(aa) (*Consequences of Disrupted Days*);

**"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 Condition 18 (*Adjustments and Events affecting Securities*), to which such Notes or Index, as the case may be, relate, as specified in the relevant Final Terms and for the avoidance of doubt shall include Underlying Securities, Underlying Funds and Underlying ETFs and **"Security"** shall be construed accordingly;

**"Settlement Currency"** means the currency specified as such in the relevant Final Terms;

**"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);

**"Specified Currency"** means the currency specified as such in the relevant Final Terms;

**"Strike Date"** means the date specified as such in the relevant Final Terms;

**"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;

**"Substitute Index Level"** means the level of the Index, determined by the Calculation Agent pursuant to Condition 17 (*Adjustments to Indices*) in respect of an Affected Payment Date;

**"Successor Index"** has the meaning given in Condition 17(a) (*Adjustments to Indices – Successor Index*);

**"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;

**"transfer date"** shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer;

**"Treaty"** means the Treaty on the Functioning of the European Union, as amended;

**"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 Underlying Equity-Linked 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 Underlying 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;

**"Underlying"** each Underlying Security, Underlying Fund, Underlying ETF and Underlying Index;

**"Underlying Company"** means the issuer of the Security as specified in the relevant Final Terms and subject to adjustment in accordance with Condition 18 (*Adjustments and Events affecting Securities*);

**"Underlying Country"** means the country to which the relevant Underlying relates;

**"Underlying Currency"** means the currency in which the relevant Underlying is referenced;

**"Underlying DR Securities"** means with respect to DR-Linked Notes and a Depositary receipt, the security and other property to which such Depositary Receipt relates;

**"Underlying ETF"** means each exchange traded fund specified as such in the relevant Final Terms;

**"Underlying Equity-Linked Note"** means a Series of Notes in respect of which an amount, which shall be calculated by reference to the value of a Security or Securities is payable in the manner specified in the relevant Final Terms and shall include (a) Underlying Security-Linked Notes, (b) Underlying Fund-Linked Notes and (c) Underlying ETF-Linked Notes;

**"Underlying ETF-Linked Note"** means Notes linked to a single Underlying ETF or a basket of Underlying ETFs;

**"Underlying Fund"** means each Fund specified as such in the relevant Final Terms;

**"Underlying Fund-Linked Note"** means Notes linked to a single Underlying Fund or a basket of Underlying Funds;

**"Underlying Index"** means each Index specified as such in the relevant Final Terms;

**"Underlying Index-Linked Note"** means Notes linked to a single Underlying Index or a basket of Underlying Indices;

**"Underlying Security"** means each Security specified as such in the relevant Final Terms;

**"Underlying Security-Linked Note"** means Notes linked to a single Underlying Security or a basket of Underlying Securities;

**"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 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), in each case subject to Condition 16 (*Consequences of Disrupted Days*); 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.

1B. ***Definitions relating to Notes linked to Underlying Security-Linked Notes only***

"**Additional Payment**" has the meaning given to it in Condition 4B(a) (*Additional Payments – Additional Payments relating to Underlying Security-Linked Notes*);

"**Aggregate Sale Amount**" has the meaning given to it in Condition 5(a)(A)(i)(1),(2),(3) or (4) (*Redemption and Purchase – At Maturity – Redemption of Maturity of Underlying Security-Linked Notes*) as applicable;

"**ASA Receipt Date**" has the meaning given to it in Condition 5(a)(A)(i)(5) (*Redemption and Purchase – At Maturity – Redemption of Maturity of Underlying Security-Linked Notes*);

"**Cash Settlement Payment Date**" has the meaning given to it in Condition 5(a)(A) (*Redemption and Purchase – At Maturity – Redemption of Maturity of Underlying Security-Linked Notes*);

"**CNY**" means the lawful currency of the PRC;

"**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 or Event Receipt into a Converted Amount respectively, the amount being determined by the Calculation Agent by reference to actual costs incurred by the Issuer or any of its affiliates or, as the case may be, the costs which, in the determination of the Calculation Agent, would have been incurred by a Notional Holder;

"**Converted Amount**" has the meaning given to it in Condition 4B(a)(x)(ii) (*Additional Payments – Additional payments relating to Underlying Security-Linked Notes*), Condition 4B(a)(y) (*Additional Payments – Additional payments relating to Underlying Security-Linked Notes*) or Condition 18(v) (*Adjustments and Events affecting Securities – Payments pursuant to Condition 18(ii) and Condition 18(iii) in respect of Underlying Security-Linked Notes*) as applicable;

"**Converted ASA**" has the meaning given to it in Condition 5(a) (*Redemption and Purchase – At Maturity*);

"**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;

"**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);

"**Effective FX Rate**" has the meaning given to it in Condition 5(a) (*Redemption and Purchase – At Maturity*);

"**Event Occurrence Date**" has the meaning given to it in Condition 18(v)(A) (*Adjustments and Events affecting Securities – Payments pursuant to Condition 18(ii) and Condition 18(iii) in respect of Underlying Security-Linked Notes*);

"**Event Payment**" has the meaning given to it in Condition 18(v) (*Adjustments and Events affecting Securities – Payments pursuant to Condition 18(ii) and Condition 18(iii) in respect of Underlying Security-Linked Notes*);

"**Event Receipt Date**" has the meaning given to it in Condition 18(v)(A)(B) or (C) (*Adjustments and Events affecting Securities – Payments pursuant to Condition 18(ii) and Condition 18(iii) in respect of Underlying Security-Linked Notes*) as applicable;

"**Event Receipt**" has the meaning given to it in Condition 18(v)(A)(B) or (C) (*Adjustments and Events affecting Securities – Payments pursuant to Condition 18(ii) and Condition 18(iii) in respect of Underlying Security-Linked Notes*) as applicable;

"**FII**" means a Foreign Institutional Investor pursuant to The Securities and Exchange Board of India (Foreign Institutional Investor) Regulations 1995;

"**Final Redemption Amount**" has the meaning given to it in Condition 5(a)(A) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Underlying Security-Linked Notes*);

"**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;

"**Gross Sale Amount**" has the meaning given to it in Condition 5(a)(A)(i)(1),(2) or (4) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Underlying Security-Linked Notes*) as applicable;

"**holding**" has the meaning given to it in Condition 23(a) (*Miscellaneous – Miscellaneous provisions in relation to Underlying Security-Linked Notes*) and "**hold**" and "**holder**" shall be construed accordingly;

"**Mark Date**" has the meaning given to it in Condition 4B(a)(x) (*Additional Payments – Additional Payments relating to Underlying Security-Linked Notes*);

"**NDF transaction**" has the meaning given to it in Condition 5(a)(A)(ii)(1) (*Redemption and Purchase - At Maturity – Redemption at Maturity of Underlying Security-Linked Notes*)

"**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 QFIL, (ii) a FIL, (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;

"**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;

"**Realisable Sale Price**" has the meaning given to it in Condition 5(a)(A) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Underlying Security-Linked Notes*);

"**Receipt Date**" has the meaning given to it in Condition 4B(a)(x)(i), (ii) or (iii) (*Additional Payments – Additional Payments relating to Underlying Security-Linked Notes*) as applicable;

"**Redemption Commission**" shall be defined as the equivalent amount, in the Specified Currency, of the Redemption Commission Percentage of the Gross Sale Amount;

"**Redemption Commission Percentage**" means the percentage amount specified as such in the relevant Final Terms;

"**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;

"**Relevant Hedge**" has the meaning given to it in Condition 5(a)(A)(i)(3) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Underlying Security-Linked Notes*);

"**Relevant Period**" has the meaning given to it in Condition 4B(a)(x) (*Additional Payments – Additional Payments relating to Underlying Security-Linked Notes*);

"**relevant person**" has the meaning given to it in Condition 23(c) (*Miscellaneous - Miscellaneous provisions in relation to Underlying Security-Linked Notes*);

"**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;

"**Transaction Costs**" shall mean the value of the relevant Costs and Conversion Costs aggregated together;

"**Underlying Currency Amount**" has the meaning given to it in Condition 4B(a)(x)(i), (ii) or (iii) (*Additional Payments – Additional Payments relating to Underlying Security-Linked Notes*); or

Condition 4B(a)(y) (*Additional Payments – Additional Payments relating to Underlying Security-Linked Notes*) as applicable; and

"**Unpaid Costs**" has the meaning given to it in Condition 5(a)(A) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Underlying Security-Linked Notes*).

1C. *Definitions relating to Underlying Fund-Linked Notes only*

"**Currency Business Day**" has the meaning given to it in the relevant Final Terms;

"**Determination Date**" 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;

"**Exchange**" has the meaning given to it in the relevant Final Terms;

"**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 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 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;

**"Final Redemption Amount"** has the meaning given to it in Condition 5(a)(B) (*Redemption and*

*Purchase – At Maturity – Redemption at Maturity of Underlying Fund-Linked Notes*);

**"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 terms and conditions of the Underlying Fund, subject to such day being an Exchange Business Day;

**"holding"** has the meaning given to it in Condition 23(b) (*Miscellaneous – Miscellaneous provisions in relation to Underlying Fund-Linked Notes*) and **"hold"** and **"holder"** shall be construed accordingly;

**"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;

**"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);

**"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;

**"New Shares"** has the meaning given to it in Condition 18(vi) (*Adjustments and Events affecting Securities – Special provisions in respect of Underlying Fund-Linked Notes*);

**"Number of Shares in Underlying Fund per Note"** shall mean the number of the relevant Shares in the Underlying Fund 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 of the Final Redemption Amount;

**"Redemption Commission Percentage"** means the percentage amount specified as such in the relevant Final Terms;

**"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);

**"relevant person"** has the meaning given to it in Condition 23(b) (*Miscellaneous - Miscellaneous provisions in relation to Underlying Fund-Linked Notes*);

**"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;

**"Share"** means, in relation to any Underlying Fund, a unit or share therein;

**"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;

**"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 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;



**"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 terms and conditions of the Underlying Fund 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 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; and

**"Unpaid Related Costs"** has the meaning given to in Condition 5(a) (B) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Underlying Fund–Linked Notes*).

1D. ***Definitions relating to Notes Underlying ETF-Linked Notes only***

**"Additional Payments"** has the meaning given to it in Condition 4B(b) (*Additional Payments – Additional Payments relating to Underlying ETF–Linked Notes*);

**"Aggregate Sale Amount"** has the meaning given to it in Condition 5(a)(C)(i)(1),(2),(3) or (4) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Notes linked to a single Underlying ETF or basket of Underlying ETFs*) as applicable;

**"ASA Receipt Date"** has the meaning given to it in Condition 5(a)(C)(i)(5) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Notes linked to a single Underlying ETF or basket of Underlying ETFs*);

**"Cash Settlement Payment Date"** has the meaning given to it in Condition 5(a)(C) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Notes linked to a single Underlying ETF or basket of Underlying ETFs*);

**"CNY"** means the lawful currency of the PRC;

**"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 or Event Receipt 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;

**"Converted Amount"** has the meaning given to it in Condition 4B(b)(x)(ii) (*Additional Payments – Additional Payments relating to Underlying ETF–Linked Notes*) or Condition 4B(b)(y) (*Additional Payments – Additional Payments relating to Underlying ETF–Linked Notes*) as applicable;

**"Converted ASA"** has the meaning given to it in Condition 5(a)(C)(ii)(4) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Notes linked to a single Underlying ETF or basket of Underlying ETFs*);

**"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;

**"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);

**"Effective FX Rate"** has the meaning given to it in Condition 5(a)(C) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Notes linked to a single Underlying ETF or basket of Underlying ETFs*);

**"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 15 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 15 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 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;

"**FII**" means a Foreign Institutional Investor pursuant to The Securities and Exchange Board of India (Foreign Institutional Investor) Regulations 1995;

"**Final Redemption Amount**" has the meaning given to it in Condition 5(a)(C) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Notes linked to a single Underlying ETF or a basket of Underlying ETFs*);

"**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;

"**Gross Sale Amount**" has the meaning given to it in Condition 5(a)(C)(i)(1),(2) or (4) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Notes linked to a single Underlying ETF or a basket of Underlying ETFs*) as applicable;

"**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;

"**holding**" has the meaning given to it in Condition 23(a) (*Miscellaneous – Miscellaneous provisions in relation to Underlying Security-Linked Notes*) and "**hold**" and "**holder**" shall be construed accordingly;

"**Mark Date**" has the meaning given to it in Condition 4B(b)(x) (*Additional Payments – Additional payments relating to Underlying ETF-Linked Notes*);

"**NDF transaction**" has the meaning given to it in Condition 5(a)(C)(ii)(1) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Notes linked to a single Underlying ETF or basket of Underlying ETFs*);

"**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;

"**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;

"**Realisable Sale Price**" has the meaning given to it in Condition 5(a)(C) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Notes linked to a single Underlying ETF or basket of Underlying ETFs*);

"**Receipt Date**" has the meaning given to it in Condition 4B(b)(x)(i), (ii) or (iii) (*Additional Payments – Additional Payments relating to Underlying ETF-Linked Notes*) as applicable;

"**Redemption Commission**" shall be defined as the equivalent amount, in the Specified Currency, of the Redemption Commission Percentage of the Gross Sale Amount;

"**Redemption Commission Percentage**" means the percentage amount specified as such in the relevant Final Terms;

"**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;

"**Relevant Hedge**" has the meaning given to it in Condition 5(a)(C)(i)(3) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Notes linked to a single Underlying ETF or basket of Underlying ETFs*);

"**Relevant Period**" has the meaning given to it in Condition 4B(b)(x) (*Additional Payments – Additional Payments relating to Underlying ETF-Linked Notes*);

"**relevant person**" has the meaning given to it in Condition 23(c) (*Miscellaneous – Miscellaneous provisions in relation to Underlying ETF-Linked Notes*);

"**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;

"**Share**" means, in relation to any Underlying ETF, a unit or share therein;

"**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;

"**Transaction Costs**" shall mean the value of the relevant Costs and Conversion Costs aggregated together;

"**Underlying Currency Amount**" has the meaning given to it in Condition 4B(b)(x)(i), (ii) or (iii) (*Additional Payments – Additional Payments relating to Underlying ETF-Linked Notes*) or Condition 4B(b)(y) (*Additional Payments – Additional Payments relating to Underlying ETF-Linked Notes*) as applicable;

"**Underlying ETF**" has the meaning given to it in the relevant Final Terms; and

"**Unpaid Costs**" has the meaning given to it in Condition 5(a)(C) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Notes linked to a single Underlying ETF or basket of Underlying ETFs*).

1E. **Definitions relating to Underlying Index-Linked Notes only**

"**Aggregate Net Proceeds**" has the meaning given to it in Condition 5(a)(D)(i)(1) or (2) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Underlying Index-Linked Notes*) as applicable;

"**ANP Receipt Date**" has the meaning given to it in Condition 5(a)(D)(i)(3) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Underlying Index-Linked Notes*);

"**Cash Settlement Payment Date**" has the meaning given to it in Condition 5(a)(D)(ii) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Underlying Index-Linked Notes*);

"**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;

"**Converted ANP**" has the meaning given to it in Condition 5(a)(D)(ii)(4) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Underlying Index-Linked Notes*);

"**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;

"**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;

"**Effective FX Rate**" Condition 5(a)(D)(ii) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Underlying Index-Linked Notes*);

"**FII**" means a Foreign Institutional Investor pursuant to The Securities and Exchange Board of India (Foreign Institutional Investor) Regulations 1995;

"**Final Redemption Amount**" has the meaning given to it in Condition 5(a)(D) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Underlying Index-Linked Notes*);

"**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;

"**NDF transaction**" has the meaning given to it in Condition 5(a)(D)(ii)(1) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Underlying Index-Linked Notes*);

"**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;

**"Realisable Sale Price"** has the meaning given to it in Condition 5(a)(D) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Underlying Index–Linked Notes*);

**"Redemption Commission"** means the equivalent amount, in the Specified Currency, of the Redemption Commission Percentage of the Final Redemption Amount;

**"Redemption Commission Percentage"** means the percentage amount specified as such in the relevant Final Terms;

**"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;

**"Relevant Hedge"** has the meaning given to it in Condition 5(a)(D)(i)(1) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Underlying Index–Linked Notes*);

**"Transaction Costs"** shall mean the value of the relevant Costs and Conversion Costs aggregated together

**"Unpaid Costs"** has the meaning given to it in Condition 5(a)(D) (*Redemption and Purchase – At Maturity – Redemption at Maturity of Underlying Index–Linked Notes*); and

**"Weighting"** means the applicable weighting specified in respect of the relevant Underlying Index in the relevant Final Terms.

## 2. **Form, Denomination and Title**

### (a) **Form**

Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**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.

### (b) **Bearer Notes**

#### (i) *Denomination*

Subject to Condition 8 (*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*

Subject as set out below, title to Bearer Notes will pass by delivery. References herein to the "**Holder**s" of Bearer Notes are to the bearers of such Bearer Notes.

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 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.

(c) *Registered Notes*

(i) *Denomination*

Registered Notes will be in the denomination(s) set out in the relevant Final Terms.

(ii) *General; Title*

Title to Registered Notes passes by registration in the Register. References herein to the "**Holder**s" 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 (x) the private placement legend for the purpose of Rule 144A under the Securities Act ("**Rule 144A**") in the case of Registered Notes forming part of such Tranche which are sold in reliance on Rule 144A ("**Restricted Global Registered Notes**") or Registered Notes offered and sold solely within the United States or to U.S. Persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) in reliance on Rule 144A, such Tranche of Registered Notes will be represented by a Registered Note in global form without interest coupons ("**Rule 144A Global Registered Notes**"), or (y) the private placement legend for the purpose of Rule 144A and Regulation S in the case of Registered Notes 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-U.S. Persons (as defined in Regulation S under the Securities Act) pursuant to Rule 144A and/or Regulation S ("**Combined Global Registered Notes**") (in each case, a "**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 144 or Regulation S under the Securities Act or that such Registered Notes are not "restricted securities" within the meaning of Rule 144.

3. **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.

4. **Interest and Additional Payments**

4A. **Interest**

The Notes shall be non-interest bearing Notes, save to the extent that, if any amount in respect of the Notes is not paid when due pursuant to the Conditions, interest shall accrue on such amount at the Default Rate.

4B. **Additional Payments**

(a) **Additional Payments relating to Underlying Security-Linked Notes**

(x) 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 any of its affiliates 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 any of its affiliates 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**".

- (y) In respect of any non-cash dividend or distribution, the cash value of any non-cash dividend or distribution shall be as determined by the Calculation Agent, save that:
- (i) where the Calculation Agent determines that the Issuer or any of its affiliates 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
  - (ii) where the Calculation Agent determines that the Issuer or any of its affiliates 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: (1) in the case of (i) above, the date on which the Issuer or such affiliate received the cash disposal proceeds, (2) in the case of (ii) 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 any of its affiliates 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 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 an amount equal to 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 an amount equal to 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).

(b) ***Additional Payments relating to Underlying ETF-Linked Notes***

- (x) 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 any of its affiliates 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 any of its affiliates 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 any of its affiliates 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**".
- (y) The cash value of any non-cash dividend or distribution shall be as determined by the Calculation Agent, save that:
- (i) where the Calculation Agent determines that the Issuer or any of its affiliates held any of the Shares in the relevant Underlying ETF on the Business Day prior to the Mark Date and that the Issuer or any of its affiliates 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 any of its affiliates disposed of such relevant non-cash dividend or distribution in determining the cash value of the relevant additional payment; and
  - (ii) where the Calculation Agent determines that the Issuer or any of its affiliates 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: (1) in the case of (i) above, the date on which the Issuer or any of its affiliates received the cash disposal proceeds, (2) in the case of (ii) above, the date on which the Issuer or any of its affiliates 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 any of its affiliates 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 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 an amount equal to 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 an amount equal to 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) ***Additional Payments relating to Underlying Index-Linked Notes and Underlying Fund-Linked Notes***

In the case of Underlying Index-Linked Notes, 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. No Additional Payments shall be payable in respect of Underlying Fund-Linked Notes.

(d) ***Notifications etc.***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 (*Interest and Additional Payments*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents and the Noteholders 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. **Redemption and Purchase**

(a) **At Maturity**

**A. Redemption at Maturity of Underlying Security-Linked Notes**

Unless previously redeemed or purchased and cancelled, and subject to the other Conditions, the Issuer shall redeem each Note outstanding linked to a single Underlying Security or a basket of Underlying Securities 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) (the "**Final Redemption Amount**").

Realisable Sale Price ("**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 of its affiliates 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 any of its affiliates 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 any of its affiliates 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 any of its affiliates (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 any of its affiliates 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 any of its affiliates 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 any of its affiliates in respect of the redemption of these Notes, actually entered into an exchange transaction to convert the relevant Aggregate Sale Amount 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 any of its affiliates 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**".

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.

***B. Redemption at Maturity of Underlying Fund-Linked Notes***

Unless previously redeemed or purchased and cancelled, and subject to the other Conditions, the Issuer shall redeem each Note outstanding linked to a single Underlying Fund or a basket of Underlying Funds 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> (the "**Final Redemption Amount**").

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 Determination 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;

***C. Redemption at Maturity of Notes linked to a single Underlying ETF or a basket of Underlying ETFs***

Unless previously redeemed or purchased and cancelled, and subject to the other Conditions, the Issuer shall redeem each Note outstanding linked to a single Underlying ETF or a basket of Underlying ETFs 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) (the "**Final Redemption Amount**").

Realisable Sale Price ("**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:
  - (1) if the Calculation Agent is satisfied that the Issuer, or any of its affiliates 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
- (2) 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 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 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
- (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 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
- (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 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:
- (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 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**".

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.

**D. Redemption at Maturity of Underlying Index-Linked Notes**

Unless previously redeemed or purchased and cancelled, and subject to the other Conditions, the Issuer shall redeem each Note outstanding linked to a single Underlying Index or a basket of Underlying Indices 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) (the "**Final Redemption Amount**").

Realisable Sale Price ("**Realisable Sale Price**") is an amount per Note calculated as follows:

- (i) 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 of its affiliates 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 (B) 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**".

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.

**E. Special Provisions in respect of Notes linked to PRC Underlying**

The following provisions shall apply in addition to any other relevant Conditions in respect of Notes linked to PRC Underlying.

(i) *Special Provisions applicable to Underlying Security-Linked Notes linked to PRC Underlying*

The phrase, "**all taxes**" used in the definition of the term "**Costs**" in respect of Underlying Security-Linked Notes linked to PRC Underlying 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 payment 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.

**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).**

(ii) *Special Provisions applicable to Underlying ETF-Linked Notes linked to PRC Underlying*

The phrase, "**all taxes**" used in the definition of the term "**Costs**" in respect of Underlying ETF-Linked Notes linked to PRC Underlying 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 payment 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.

**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).**

(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 payment on such Series of Notes the Issuer would be required to pay any additional amounts in accordance with the provisions of Condition 6 (*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 6 (*Taxation*);

the Issuer may, having given not less than 30 nor more than 45 days' notice to the Noteholders in respect of such Series of Notes, redeem all, but not some only, of such Notes, at their Early Redemption Amount 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 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.

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 5(b) (*Redemption and Purchase – Redemption for Taxation Reasons*) 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 in respect of the Notes would otherwise be made, becoming so effective, such circumstances would exist.

(c) ***Early Redemption for 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 under the Notes (or the Issuer's or the Issuer's designated affiliates' obligations under any hedging arrangements established in connection therewith) shall have become unlawful or impracticable in whole or in part, including, without limitation, 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 pay to each Noteholder the Early Redemption Amount. Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 12 (*Notices*).

(d) ***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, and such Notes may be held, reissued, resold or provided such Notes are held by the Issuer, at the option of the Issuer, re-issued or cancelled.

(e) ***Cancellation***

All Notes which are redeemed pursuant to Condition 5(a) (*Redemption and Purchase – At Maturity*), Condition 5(b) (*Redemption and Purchase – Redemption for Taxation Reasons*) and Condition 5(c) (*Redemption and Purchase – Early Redemption for Illegality*) shall, and all Notes purchased, pursuant to Condition 5(d) (*Redemption and Purchase – Purchases*) may, at the option of the Issuer, be cancelled forthwith. All Notes redeemed or purchased and cancelled as aforesaid may not be re-issued or resold.

(f) ***No Other Redemption Provisions***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Condition 5(a) (*Redemption and Purchase – At Maturity*), Condition 5(b) (*Redemption and Purchase – Redemption for Taxation Reasons*) and Condition 5(c) (*Redemption and Purchase – Early Redemption for Illegality*).

6. ***Taxation***

All payments by the Issuer 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 after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note:

- (a) to, or to a third party on behalf of, a Holder of a Note who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of it having

some connection with the United Kingdom or any other relevant jurisdiction, other than the mere holding of such Note;

- (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 or by presenting the relevant Note at the specified office of another Paying Agent;
- (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;
- (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;
- (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 a portion of such Note, 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 12 (*Notices*).

If the Issuer becomes resident for tax purposes in any taxing jurisdiction other than the United Kingdom, references in this Condition 6 (*Taxation*) to the United Kingdom shall be construed as references to the United Kingdom and/or such other jurisdiction.

Any reference in these Conditions to payments in respect of the relevant Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable under this Condition 6 (*Taxation*);
- (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 U.S. 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 U.S. 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.

7. **Payments**

(a) ***Bearer Notes***

Payments in respect of Bearer Notes will (subject as provided below) be made against presentation and (save in the case of partial payment) surrender of the relevant Note 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.

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.

(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.

Payment of amounts (whether principal 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 (local time in the place of the specified office of the Registrar) on the fifteenth day prior to the due date for such payment (the "**Record Date**").

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 Settlement Currency (as defined in Condition 1 (*Definitions*)), in each case as specified in paragraph (c) below.

(c) ***General Provisions***

The following provisions apply to both Bearer Notes and Registered Notes. Payments of amounts due (whether principal or otherwise) in respect of Notes will be made in the relevant Settlement Currency (as defined in Condition 1 (*Definitions*)) either by cheque or, at the option of the payee, by transfer to an account in the relevant Settlement Currency specified by the payee other than, for payments in respect of Bearer Notes, any such account in the United States.

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 6



(*Taxation*).

Without prejudice to the generality of the foregoing, the Issuer reserves the right to require any person receiving payment with respect to any Note 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 U.S. 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).

## 8. **Redenomination**

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 1 (*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 12 (*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 Settlement Currency, converted into euro at the rate for the conversion of the relevant Settlement 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) the payment obligations contained in all Notes denominated in the Settlement 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 8 (*Redenomination*)) shall remain in full force and effect; and
  - (B) new Notes denominated in euro will be issued in exchange for Notes denominated in the relevant Settlement 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 Settlement Currency ceases to be a sub-division of the euro, 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 Settlement 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 Union; and
- (iv) such other changes will be made to the Conditions 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 12 (*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.

9. **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 14 days in the repayment of any principal due on 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 14 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, without presentment, demand, protest or other notice of any kind.

10. **Prescription**

Notes will become void unless presented for payment within a period of 10 years from the Relevant Date (as defined in Condition 6 (*Taxation*)) in respect thereof. Any monies paid by the Issuer to the Principal Paying Agent for the payment of the principal and remaining unclaimed when such Notes become void will then revert to the Issuer and all liability of the Principal Paying Agent with respect thereto will thereupon cease.

11. **Replacement, Exchange and Transfer**

Should any Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office (in the case of a Bearer Note) 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 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 (**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 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.

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 in respect of such Notes.

12. **Notices**

(a) ***Notices to Noteholders***

All notices to the Holders of Notes will be valid: (i) if published, in the case of Bearer Notes, 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. 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).

(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.

13. **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 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;
  - (ii) so long as any Bearer Notes are outstanding, there will at all times be a Principal Paying Agent; and
  - (iii) 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 7(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 12 (*Notices*).
- (c) All calculations and determinations made by the Calculation Agent pursuant to the Conditions for the purposes of the Notes shall be made in good faith.

#### 14. **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 Master Note Issuance 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***

Subject in case of the Issuing and Paying Agency Agreement or the Master Note Issuance Agreement (as applicable) to the agreement of the other parties thereto the Issuer may agree, without the consent of the Noteholders, to:

- (i) any modification (except as mentioned above) of the Issuing and Paying Agency Agreement or the Master Note Issuance Agreement or the Conditions which is not materially prejudicial to the interests of the Noteholders as a whole;
- (ii) any modification of the Conditions or the Issuing and Paying Agency Agreement 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 completed 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 12 (*Notices*) as soon as practicable thereafter.

(c) ***Substitution***

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, **provided that** such Notes 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 12 (*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.

15. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Holders of Notes of any Series to create and issue further notes ranking equally in all respects 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.

16. **Consequences of Disrupted Days**

- (a) For the purposes of this Condition 16 (*Consequences of Disrupted Days*), "**Limit Valuation Date**" shall mean, if any Scheduled Valuation Date in respect of a Note is a Disrupted Day, the eighth Scheduled Trading Day following such Scheduled Valuation Date, notwithstanding the Market Disruption Event, **provided that:**

- (i) if, as a result of the foregoing, such Scheduled Valuation Date would be deemed to fall less than five local banking days prior to the Maturity Date, or any due date for payment of any amount due in respect of such Note (as the case may be), the Limit Valuation Date shall be deemed to fall on the day which is five local banking days prior to the Maturity Date or any due date for payment of any amount due in respect of such Note (as the case may be) 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 or any due date for payment of any amount due in respect of such Note (as the case may be), 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 Scheduled Valuation Date is a Disrupted Day, then:
  - (A) in the case of an Underlying Equity-Linked Note, or an Underlying 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 Underlying 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 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 Underlying Equity-Linked 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 estimate of the value for the relevant Security as of the Valuation Time on that Limit Valuation Date;

- (B) in the case of a 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 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 Underlying Equity-Linked 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 estimate of the value for that Security as of the Valuation Time on the Limit Valuation Date.

- (D) 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 Underlying Equity-Linked Note which 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 Underlying Index-Linked Note which 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 Underlying Equity-Linked 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 16(a)(i) (*Consequences of Disrupted Days*) 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 Maturity Date, Cash Settlement payment Date or any other early redemption date in accordance with the Conditions, 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 16(a)(i) (*Consequences of Disrupted Days*) 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 Maturity Date, Cash Settlement Payment Date or any other early redemption date in accordance with the Conditions 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 Underlying Index-Linked Note or an Underlying Equity-Linked 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 Underlying 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 16(a)(iii)(A)(1) (*Consequences of Disrupted Days*); and
- (ii) in respect of an Underlying Equity-Linked 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 16(a)(iii)(A)(2) (*Consequences of Disrupted Days*); and
- (bb) in the case of an Underlying Index-Linked Note or an



Underlying Equity-Linked 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 Underlying 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 16(a)(iii)(B) (*Consequences of Disrupted Days*); and

- (ii) in respect of an Underlying 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 16(a)(iii)(C) (*Consequences of Disrupted Days*).

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 Maturity Date, Cash Settlement Payment Date or other early redemption 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.

17. **Adjustments to Indices**

This Condition 17 (*Adjustments to Indices*) is applicable only in relation to Underlying Index-Linked Notes.

(a) **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.

(b) **Index Modification**

If on or prior to any Valuation Date or Averaging 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.

(c) **Index Cancellation**

If on or prior to the Valuation Date or Averaging 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:

- (A) 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 12 (*Notices*);
- (B) 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 12 (*Notices*) and, with effect from the date so determined, the Substitute Index shall be deemed to be the Index; and
- (C) if no Substitute Index has been identified within 10 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:
  - (1) if it determines that the Notes shall continue, then the Calculation Agent shall determine, in its sole and absolute discretion, the Reference Level for such Valuation Date or Averaging Date using, in lieu of a published level of that Index, the level for that Index as at that Valuation Date or Averaging 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
  - (2) if it determines that the Notes shall not continue, the Issuer shall redeem 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 12 (*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 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.

(d) ***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.

18. **Adjustments and Events affecting Securities**

This Condition 18 (*Adjustments and Events affecting Securities*) is applicable only in relation to Underlying Equity-Linked 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 other amount 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 other amount 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 redeemed, then the Notes shall be redeemed 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 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 redemption of the Notes.

(iii) *Conversion*

In respect of an Underlying Equity-Linked 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 other amount 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 redeemed, then the Notes shall be redeemed 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 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 redemption 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.

(v) *Payments pursuant to Condition 18(ii) and Condition 18(iii) in respect of Underlying Security-Linked Note*

In respect of Underlying Security-Linked Notes, for the purposes of payments (if any) made pursuant to Condition 18(ii) (*Adjustments and Events affecting Securities – Extraordinary Events*) or Condition 18(iii) (*Adjustments and Events affecting Securities – Conversion*) (each, an "**Event Payment**"):

- (A) 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
- (B) 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
- (C) 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).

(vi) *Special provisions in respect of Underlying Fund-Linked Notes*

Notwithstanding anything contained in these Conditions, in respect of Underlying Fund-Linked Notes, the following provisions shall replace Condition 18(i) (*Adjustments and Events affecting Securities – Potential Adjustment Events*) and 18(ii) (*Adjustments and Events affecting Securities – Extraordinary Events*).

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:

- (A) 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;
- (B) 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;
- (C) 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
- (D) 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, 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.

For the purposes of this Condition 18(vi) (*Adjustments and Events affecting Securities – Special Provisions in respect of Underlying Fund-Linked Notes*):

"**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 12 (*Notices*) (such Early Redemption Date being subject to postponement as further described above).

(vii) *Special provisions in respect of Underlying ETF-Linked Notes*

Notwithstanding anything contained in these Conditions, in respect of Underlying ETF-Linked Notes, the following provisions shall replace Condition 18(i) (*Adjustments and Events affecting Securities – Potential Adjustment Events*) and Condition 18(ii) (*Adjustments and Events affecting Securities – Extraordinary Events*).

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:

- (A) 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;
- (B) 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;
- (C) 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
- (D) 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 of this Condition 18(vii) (*Adjustments and Events affecting Securities – Special provisions in respect of Underlying ETF-Linked Notes*):

**"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 12 (*Notices*) (such Early Redemption Date being subject to postponement as further described above).

19. **Additional Disruption Events**

(i) *General*

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 other amount 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 redeemed, then the Notes shall be redeemed 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 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 redemption of the Notes.

(ii) *Additional Disruption Events relating to Underlying Security-Linked Notes only*

The following terms, if specified as an Additional Disruption Event in the relevant Final Terms, shall have the following meanings unless otherwise provided in the relevant Final Terms:

"**Currency Event**" has the meaning given to it in Condition 1 (*Definitions*);

"**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.

20. **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 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 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.

21. **Dealing restrictions in relation to Underlying Securities, Underlying Funds, Underlying ETFs and Currency Events**

Notwithstanding anything contained in Condition 24 (*Payment of U.S. Dollar Equivalent*), whenever any sum is due in respect of (a) Underlying Securities-Linked Notes, (b) Underlying Fund-Linked Notes or (c) Underlying ETF-Linked 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 or Hypothetical Investors 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, Shares of the relevant Underlying Fund, Shares of the relevant 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.

22. **Buy-Back Provisions for 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 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 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.

23. **Miscellaneous**

(a) *Miscellaneous provisions in relation to Underlying Security-Linked Notes*

(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.

(b) *Miscellaneous provisions in relation to Underlying Fund-Linked Notes*

- (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.

(c) *Miscellaneous provisions in relation to Underlying ETF-Linked Notes*

- (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.

24. **Payment of U.S. Dollar Equivalent**

Without prejudice to the generality of Condition 21 (*Dealing Restrictions in relation to Underlying Securities, Underlying Funds, Underlying ETFs and Currency Events*), if "Payment of U.S. Dollar Equivalent" is specified as applicable in the relevant Final Terms, then if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments in respect of the Notes when due in Offshore RMB in the relevant Offshore RMB centre, the Issuer may settle any such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent of any such Offshore RMB amount.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 24(e) (*Payment of U.S. Dollar Equivalent*) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Holders. By acceptance hereof purchasers of 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 U.S. Dollar Equivalent by the Calculation Agent.

For the avoidance of doubt, the specification of "Payment of U.S. Dollar Equivalent" as being applicable in the relevant Final Terms shall in no way, directly or indirectly, restrict or impair the ability of the Issuer to exercise its rights in accordance with the provisions of Condition 21 (*Dealing Restrictions in relation to Underlying Securities, Underlying Funds, Underlying ETFs and Currency Events*).

For the purposes of this Condition 24 (*Payment of U.S. Dollar Equivalent*) alone:

**"Determination Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, London and in New York City;

**"Determination Date"** means the day which is two Determination Business Days before the due date for any payment of the relevant amount under these Conditions;

**"Governmental Authority"** means any de facto or de jure government (or any agency or instrumentality 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 Hong Kong;

**"Illiquidity"** means where the general Renminbi exchange market in Hong Kong becomes illiquid and, as a result of which, the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay any amount in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation (if practicable) with two Renminbi Dealers;

**"Inconvertibility"** means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**"Non transferability"** means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong or from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

**"Renminbi Dealer"** means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong;

**"Spot Rate"** means the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over the counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the Spot Rate at or around 11 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate; and

**"U.S. Dollar Equivalent"** means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Determination Date.

25. **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.

26. **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.

27. **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 out of or in connection with the Notes (including any Dispute regarding the existing, validity or redemption of the Notes or the consequence of their nullity).

## **FORM OF NOTES AND SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

*This section provides information regarding Notes issued in global form and issued into certain clearing systems.*

Notes may, subject to all applicable legal and regulatory requirements, be issued in Tranches or Series comprising either Bearer Notes or Registered Notes as specified in the relevant Final Terms. The summary that follows is only in relation to Bearer Notes and Registered Notes.

### **Bearer Notes**

Bearer Notes will be issued in classic global note form.

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 will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear Bank SA/NV as operator for Euroclear and/or Clearstream, Luxembourg ("**Common Depository**"). 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 40 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 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, record of such payment is noted on a schedule to the relevant Global Note and the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

In respect of Bearer Notes represented by Global Notes, each of the persons shown in the records of

Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in a Global Note (each, an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg 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 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 U.S. 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 depository) 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 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 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 U.S. 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 depository) has been received by Euroclear or Clearstream, Luxembourg. Payments of amounts due in respect of a Permanent Global Note will be made through any of Euroclear or Clearstream, Luxembourg 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 9 (*Events of Default*), or (ii) if any of Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 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.

Where a Permanent Global Note is exchangeable for Definitive Notes, then such Notes shall be tradable only in principal amounts of at least the Denomination (or if there is more than one Denomination, the lowest Denomination).

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.

Following redenomination of the Notes pursuant to Condition 8 (*Redenomination*) 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.

All notices to the Holders of Notes will be valid, in the case of Notes in global form, if delivered to Euroclear and/or Clearstream, Luxembourg 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).

### **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;
- (c) an Unrestricted Global Registered Note and a Restricted Global Registered Note; and/or, as applicable; or
- (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-U.S. 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 issue date for the relevant Tranche with the common depository, for Euroclear and/or Clearstream, Luxembourg and registered in the name of a nominee for such common depository. 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 code 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 U.S. 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 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 issue date with, and be registered in the name of, a nominee for the common depository for Euroclear and/or 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 ("**U.S. Definitive Registered Notes**"). Rule 144A Global Registered Notes (and any U.S. 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 and Investor Representations – United States*".

Each Rule 144A Global Registered Note will have an ISIN number and a CUSIP number.

### **Combined Global Registered Note**

Combined Global Registered Notes are Registered Notes 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-U.S. Persons (as defined in Regulation S under the Securities Act) pursuant to Rule 144A and/or Regulation S under the Securities Act ("**Combined Global Registered Notes**"). Such Combined Global Registered Notes will be deposited on or about the closing date for the relevant Tranche with, and be registered in the name of, a nominee for the common depository for Euroclear and Clearstream, Luxembourg. 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 And Investor Representations – United States*".

### **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**").

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. 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 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 name of a 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 U.S. Definitive Registered Notes and Regulation S Definitive Registered Notes. Restricted Global Registered Notes (and any U.S. 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 and Investor Representations –*



*United States*".

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 and Investor Representations – United States*".

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.

**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 depository, 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 7 (*Payments*), on Global Registered Notes will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee thereof, 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. Each such payment in respect of a Global Registered Note will be made to the person shown as 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 business day on which each clearing system for which the Global Registered Note is being held is open for business which is the business day of each such clearing system before the due date for such payment.

#### **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 U.S. Definitive Registered Notes: (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 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 depository; 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 9 (*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 U.S. 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.

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 U.S. 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 9 (*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.

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.

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, 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 U.S. 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. U.S. 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 and Investor Representations – United States*"); 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 and Investor Representations*").

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 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 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 2 (*Form, Denomination and Title*) of the Conditions of the Notes.

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 U.S. 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 and Investor Representations – United States*", or upon specific request for removal of the legend on a U.S. Definitive Registered Note, the Issuer will only deliver U.S. 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.

## Form of Notes and Summary of Provisions Relating to the Notes While in Global Form

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 U.S. Definitive Registered Notes, the Registrar will register the transfer of any such U.S. Definitive Registered Notes if the transferor, in the form of transfer on such U.S. 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 U.S. 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.

## CLEARING AND SETTLEMENT

*This section provides details of the clearing systems through which the Notes may be held and how interests in the Notes may be transferred.*

Custodial and depository links have been established with Euroclear, Clearstream, Luxembourg and DTC to facilitate the initial issuance of Notes and, in relation to Euroclear, Clearstream, Luxembourg and DTC only, cross-market transfers of Notes between investors associated with secondary market trading. Transfers within Euroclear, Clearstream, Luxembourg and DTC will be in accordance with the usual rules and operating procedures of the relevant system.

### **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 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 with respect to book-entry interests in the Notes held through Euroclear and Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent, 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 holding through DTC will receive, to the extent received by the Principal Paying Agent, all distributions with respect to book-entry interests in the Notes from the Principal Paying Agent through DTC. Distributions in the United States will be subject to relevant U.S. 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 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 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 on the Register for the accounts of (i) Euroclear and Clearstream, Luxembourg and (ii) DTC to reflect the amounts of Notes 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 will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes. The Registrar will be responsible for maintaining a record of the aggregate holdings of Notes registered in the name of the common depository (or its nominee) for Euroclear and Clearstream, Luxembourg, a nominee for DTC and/or Holders of Notes represented by Definitive Registered Notes. The Principal Paying Agent, will be responsible for ensuring that payments received by it from the Issuer for Holders of interests in the Notes holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear and Clearstream, Luxembourg, as the case may be. The Principal Paying Agent, will also be responsible for ensuring that payments received by it from the Issuer for Holders of interests in the Notes holding through DTC are credited to DTC.

The Issuer will not impose any fees in respect of the book-entry interests in the Notes; however, Holders of book-entry interests in the Notes 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 U.S. dollars, or free of payment, if payment is not effected in U.S. dollars. Where payment is not effected in U.S. 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) 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 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 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) 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.

**FORM OF FINAL TERMS**

*Set out below is the template of the "Final Terms", a document which will be filled out for each issue of Notes and which will complete the terms and conditions in respect of each such issue of Notes.*

Final Terms dated: [•]

**HSBC Bank plc**

**Programme for the Issuance of Notes and Warrants**

**[Further] Issue of**

**[Aggregate Principal Amount of Tranche] [Title of Notes]**

**[(to be consolidated and form a single series with the existing Tranche[s] [ ])]**

**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 24 June 2013 in relation to the above Programme, together with each supplemental prospectus relating to the Programme published by the Issuer after 24 June 2013 but before the issue date or listing date of the Notes, whichever is later, to which these Final Terms relate which together constitute a base prospectus ("**Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC, as amended) (the "**Prospectus Directive**"). 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. However, a summary of the issue of the Notes is annexed to these Final Terms.

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 during normal business hours at HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom and [www.hsbc.com](http://www.hsbc.com) (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

1. Issuer: HSBC Bank plc
2. Tranche Number: [ ] [The Notes issued under these Final Terms are to be consolidated and form a single series with [ ] (the "**Original Issue**") issued on [ ] [(ISIN)]:[ ].]
3. Settlement Currency: [ ] (the "**Specified Currency**")
4. Aggregate Principal Amount [of Notes admitted to trading]:
  - [(i) Series: [ ]]
  - [(ii) Tranche: [ ]]
5. Issue Price: [ ] per cent. of the Aggregate Principal Amount
6. (i) Denomination(s): [ ]
- (ii) Calculation Amount: [ ]
7. Issue Date: [ ]
8. Maturity Date: [ ]



**PROVISIONS RELATING TO ADDITIONAL PAYMENTS AND INTEREST (IF ANY) PAYABLE**

9. Default Rate:  per cent. [per annum]]

**PROVISIONS RELATING TO REDEMPTION**

10. Redemption Commission Percentage:

11. Early Redemption Amount:  per cent. of the Calculation Amount] [Fair Market Value] [Not Applicable]

12. Buy-Back provisions:  [Applicable] [Not Applicable]

**PROVISIONS APPLICABLE TO EQUITY-LINKED NOTES AND INDEX-LINKED NOTES**

13. Provisions for Underlying Equity-Linked Notes:  [Applicable] [Not Applicable]

(a) Underlying Security-Linked Notes:  [Applicable] [Not Applicable]

<b>Underlying Securities (including ISIN or other security identification code)</b>	<b>Underlying Companies</b>	<b>Number of Underlying Securities per Note</b>	<b>Exchange(s)</b>	<b>Related Exchange(s)</b>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	[All Exchanges]

[(i) Underlying Securities:  [Depository Receipts] [Government Bonds]

(ii) Underlying Companies:  [Not Applicable]

(ii) Extraordinary Dividend:  [Not Applicable]

(iii) Exchange(s):

(iv) Related Exchange(s):

(v) Underlying Currencies:

(vi) PRC Underlying:  [Yes] [No]

(vii) Additional Disruption Events:  [Change in Law] [Insolvency Filing] [Hedging Disruption] [Increased Costs of Hedging] [Currency Event] [Security Redemption] [Underlying Company Default]

(b) Underlying Fund-Linked Notes:  [Applicable] [Not Applicable]

<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) Underlying Funds: [ ]
- (ii) Exchange(s): [ ]
- (iii) Related Exchange(s): [ ]
- (iv) Underlying Currencies: [ ]
- (v) Business Day: [ ]
- (vi) Currency Business Day: [ ]
- (vii) Determination Date: [ ]
- (viii) Additional Disruption Events: [Change in Law] [Insolvency Filing] [Hedging Disruption] [Increased Costs of Hedging]

- (c) Underlying ETF-Linked Notes: [Applicable] [Not Applicable]

<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) Underlying ETFs: [ ]
- (ii) Exchange(s): [ ]
- (iii) Related Exchange(s): [ ]
- (iv) Underlying Currencies: [ ]
- (v) PRC Underlying: [Yes] [No]
- (vi) Additional Disruption Events: [Change in Law] [Insolvency Filing] [ Hedging Disruption] [Increased Costs of Hedging]

14. Further provisions applicable to all Underlying Equity-Linked Notes: [Applicable] [Not Applicable]

- (i) Initial Price: [ ] [Not Applicable]
- (ii) Final Price: [ ] [Not Applicable]
- (iii) Reference Price: [ ] [Not Applicable]
- (iv) Strike Date: [ ]

15. Provisions for Underlying Index-Linked Notes: [Applicable][Not Applicable]

Underlying Indices	Index Sponsor	Index Rules	Exchanges	Related Exchanges	Weightings
[ ]	[ ]	[ ]	[ ]	[All Exchanges]	[ ]

- (i) Underlying Index(ices): [ ]
- (ii) Index Sponsor: [ ]
- (iii) Index Rules: [ ]
- (iv) Exchange(s): [ ]
- (v) Related Exchange(s): [ ]
- (vi) Weighting(s): [ ]
- (vii) Dividends to be taken into account in calculations in respect of the Underlying Index: [Yes] [No]
- (viii) Additional Disruption Events: [Change in Law] [Insolvency Filing] [Hedging Disruption] [Increased Costs of Hedging]
16. Further provisions applicable to Underlying Index-Linked Notes: [Applicable] [Not Applicable]
- (i) Initial Index Level: [ ]
- (ii) Final Index Level: [ ]
- (iii) Reference Level: [ ]
- (iv) Strike Date: [ ]
- (v) Index Substitution: [Applicable] [Not Applicable]

#### VALUATION AND AVERAGING PROVISIONS

17. Valuation Date(s): [ ]
18. Valuation Time: [ ]
19. Averaging Dates: [ ] [Not Applicable]
20. Averaging Date Market Disruption: [Omission] [Postponement] [Modified Postponement]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. Form of Notes:
- (i) Form of Notes: [Bearer Notes] [Registered Notes]
- (ii) Bearer Notes exchangeable for Registered Notes: [Yes] [No] [Not Applicable]
22. If issued in bearer form:
- (i) Initially represented by a Temporary Global Note or [Temporary] [Permanent] Global Note

Permanent Global Note:

- (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes: [Yes] [No] [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]
  - (iii) Permanent Global Note exchangeable at the option of the Issuer in circumstances where the Issuer would suffer a material disadvantage following a change of law or regulation: [Yes] [No. 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]
23. Exchange Date for exchange of Temporary Global Note: [Not earlier than 40 days after the Issue Date] [Not Applicable]
24. If issued in registered form: [Applicable] [Not Applicable]
- Initially represented by: [Regulation S Global Registered Note] [Rule 144A Global Registered Note] [Unrestricted Global Registered Note and Restricted Global Note] [Combined Global Registered Note] [Definitive Registered Notes]
25. Payments:
- (i) Relevant Financial Centre Day: [ ]
  - (ii) Business Centre(s): [ ]
  - (iii) Payment of U.S. Dollar Equivalent: [Applicable] [Not Applicable]
- Offshore RMB Centre: [Hong Kong] [Singapore] [Taiwan] [ ] [Not Applicable]
26. Redenomination: [Applicable] [Not Applicable]

**CONFIRMED**

**HSBC BANK plc**

By: .....

*Authorised Signatory*

Date: .....

**PART B – OTHER INFORMATION****LISTING**

1. (i) Listing: Application [will be] [has been] made to admit the Notes to listing on the Official List of the United Kingdom Financial Conduct Authority. No assurance can be given as to whether or not, or when, such application will be granted.
- (ii) Admission to trading: [The Original Issue was admitted to trading on the regulated market of the London Stock Exchange plc on [ ].] [Application [will be] [has been] made for the Notes to be admitted to trading on the regulated market of the London Stock Exchange plc]. No assurance can be given as to whether or not, or when, such application will be granted.] [Not Applicable]

2. **[REASONS FOR THE OFFER AND USE OF PROCEEDS, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

- (i) Reasons for the offer and use [ ] of proceeds:
- (ii) Estimated net proceeds: [ ]
- (iii) Estimated total expenses: [ ]

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

[Save for any fees payable to the [Dealer(s)] [[Lead] Manager(s)], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the [issue/offer]. The [Dealer(s)] [[Lead] Manager(s)] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.] [Not Applicable]]

4. **INFORMATION ABOUT THE UNDERLYING**

Details of past and further performance and volatility of the Underlying [Securities] [Funds] [ETFs] [Index] [Indices comprised in the basket] are obtainable from the following display pages on [Bloomberg] and such information does not form part of this document: (Source: [Bloomberg Financial Markets Information Service]) [ ] / [Additional details] [Details] relating to the [Underlying [Securities] [Funds] [ETFs] [Index] [Indices comprised in the basket]] [and the] [issuer[s] of the Underlying [Securities] [Funds] [ETFs] [Index] [Indices comprised in the basket]] are available on the following website[s] [of the issuer[s] of such Underlying [Securities] [Funds] [ETFs] [Index] [Indices comprised in the basket] [of the Index Sponsor of each Index]: [ ].] [The Issuer confirms that the information sourced from [Bloomberg Financial Markets Information Service] [and] [the website of the issuer[s] of the Underlying [Securities] [Funds] [ETFs] [Index] [Indices comprised in the basket] [of the Index Sponsor of each Index], [ ] has been accurately reproduced. As 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.

**OPERATIONAL INFORMATION**

5. ISIN Code:  [Not Applicable]
6. Common Code:  [Not Applicable]
7. [SEDOL:  [Not Applicable]]
8. [CUSIP:  [Not Applicable]]
9. Clearing System:  [Euroclear]  [Clearstream, Luxembourg]  [DTC]
10. TEFRA Rules applicable to Bearer Notes:  [TEFRA C Rules]  [TEFRA D Rules]  [TEFRA Not Applicable]
11. Principal Paying Agent/Registrar/Issue Agent/Transfer Agent:  [HSBC Bank plc]  [HSBC Bank USA, N.A.]
12. Additional Paying Agent(s) (if any):  [Not Applicable]

**ANNEX**

**ADDITIONAL PROVISIONS NOT REQUIRED BY THE SECURITIES NOTE RELATING TO  
THE UNDERLYING**

[The following Index disclaimer is applicable in respect of the [ ] Index, as agreed between the Index Sponsor and the Issuer: [ ].]

**USE OF PROCEEDS**

*This section provides details of what the Issuer intends to do with the subscription monies it receives for the Notes it issues.*

Unless otherwise specified in the relevant Final Terms, the net proceeds from each issue of Notes will be used by the Issuer for profit making or risk hedging purposes.



## TAXATION

*This section provides a summary of the withholding tax position in relation to the Notes in the United Kingdom and also provides information in relation to the EU Savings Directive, the proposed financial transactions tax and a summary of the U.S. tax position in relation to the Notes.*

**Transactions involving the Notes may have tax consequences for investors which may depend, amongst other things, upon the status of the investor and laws relating to transfer and registration taxes. Investors who are in any doubt about the tax position of any aspect of transactions involving the Notes 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. 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 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 – Interest

1. Any payments made with respect to the Notes which are considered to be payments of interest for United Kingdom tax purposes and where such Notes are 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 on such Notes which are considered to be payments of interest for United Kingdom tax purposes 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 VI of the FSMA) 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, payments on the Notes which are considered to be interest for United Kingdom tax purposes 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 United Kingdom Prudential Regulation Authority 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, payments on the Notes which are considered to be interest for United Kingdom tax purposes 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. 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. The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute "deeply discounted securities" as defined for the purposes of Schedule 23 of Finance Act 2011 (although, in this regard, HMRC published guidance for the year 2013/2014 indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).
- 3. 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. Where interest or any other payment has been paid under deduction of United Kingdom income tax, Noteholders 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.
- 2. 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 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.

3. The above summary under the heading of "*United Kingdom Taxation – Notes*" assumes that there will be no substitution of the Issuer pursuant to Condition 14 (*Meetings of Noteholders, Modification and Substitution*) of the Notes and does not consider the tax consequences of any such substitution.

## **European Union Taxation**

### ***EU Savings Directive***

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

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.

### ***The proposed financial transactions tax***

In September 2011, the EU Commission attempted to introduce an EU-wide financial transactions tax. However not all the Member States were in favour of such a tax and so the tax could not be implemented in all Member States. Subsequently, 11 Member States of the EU requested that the Commission develop a proposal for the introduction of a common financial transactions tax ("**FTT**") for each of those Member States. The Commission developed such a proposal under the EU's enhanced cooperation procedure which allows nine or more Member States to implement common legislation. In January 2013 the EU Council of Ministers authorised the Commission to proceed with enhanced cooperation for a common FTT and the Commission has now published a draft Directive containing proposals for the FTT. This FTT is intended to be introduced in the 11 participating Member States (Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). Additional Member States may decide to participate.

The proposed FTT imposes a charge on a wide range of financial transactions including purchases and sales of financial instruments including bonds; this charge will be levied at not less than 0.1% of the sale price. The FTT also imposes a charge on the conclusion of, and the purchase and sale of, a derivative contract; this charge will be levied at not less than 0.01% of the nominal amount of the derivative. Material modifications of financial instruments and derivative contracts also attract a charge at the applicable rate. In both cases the charge is applied separately to each financial institution that is party to a transaction; if a financial institution does not pay the tax then its counterparty will be jointly and severally liable.

A charge to FTT will arise if at least one party to a financial transaction is established in a participating Member State and a financial institution established in (or is treated as established in) a participating Member State is a party to the transaction, for its own account, for the account of another person, or if the financial institution is acting in the name of a party to the transaction.

It is important to be aware that a financial institution will be treated as established in a participating

Member State if, among other things, its seat is there, it is authorised there (as regards authorised transactions) or it is acting via a branch in that Member State (as regards branch transactions). It may also be treated as established in a participating Member State in relation to a particular transaction, merely because it is entering into the financial transaction with another person who is established in that Member State.

Furthermore, a financial institution which is not otherwise established in a participating Member State will be treated as established in a participating Member State in respect of a financial transaction if it is a party (for its own account or for the account of another person) or is acting in the name of a party, to a financial transaction in respect of a financial instrument issued within that Member State. The other party to such a transaction will, to the extent not otherwise established in a participating Member State, also be treated as established in that Member State.

There are limited exemptions to the proposed FTT; one important exemption is the "primary market transactions" exemption which should cover the issuing, allotting, underwriting or subscribing for shares, bonds and securitised debt, but not derivative contracts. There is some uncertainty as to whether this exemption applies to the issuance of commercial paper or money market instruments, although the taxation of such issuances would seem likely to be in breach of EU law. There are no broad exemptions for financial intermediaries or market makers. Therefore the effective cumulative rate applicable to some dealings in financial instruments and derivatives could be greatly in excess of the headline rate of the tax.

Even though the FTT is to be introduced only in the participating Member States, it can be seen from what is said above that it could make dealings in financial instruments and derivatives more costly for persons both inside and outside the 11 participating Member States, and the FTT could be payable in relation to Notes issued under this Base Prospectus if the FTT is introduced and the conditions for a charge to arise are satisfied.

The proposed FTT is still under review and it may therefore change before it is implemented. In particular, in April 2013, the UK Government announced that it is to challenge the legality of certain aspects of the proposed FTT. This challenge may lead to changes in the scope of the FTT.

It is currently proposed that the FTT should be introduced in the participating Member States on 1st January, 2014. Prospective holders of the Notes are strongly advised to seek their own professional advice in relation to the FTT.

**Transactions involving the Notes may have tax consequences for purchasers which may depend, amongst other things, upon the status of the purchaser and laws relating to transfer and registration taxes. Purchasers who are in any doubt about the tax position of any aspect of transactions involving the Notes should consult their own tax advisers.**

### **United States Taxation**

The following summary describes certain of the principal U.S. federal income tax consequences resulting from the purchase, ownership and disposition of the Notes, which are not principal protected and do not pay any interest. Investors are directed to review a further discussion of the terms of the Notes in a relevant supplement to the Base Prospectus or relevant Final Terms. This summary does not purport to consider all the possible U.S. 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 U.S. Treasury regulations promulgated thereunder, published rulings by the U.S. 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 U.S. 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.

Purchasers of the Notes should consult their own tax advisers concerning the application of U.S. 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 "**U.S. Holder**" means a beneficial owner of a Note who or which is for U.S. 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 U.S. federal income taxation on a net income basis with respect to the Notes. As used herein, the term "**Non-U.S. Holder**" means a beneficial owner of a Note that is not a U.S. Holder. In the case of a holder of Notes that is a partnership for U.S. 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.

### **Taxation of U.S. Holders of Notes Where Issuer Holds Underlyings or Reference Securities**

The discussion below addresses Notes where the Issuer or its affiliates choose to hold the relevant Underlyings or Reference Securities. This discussion does not address, among other things, Notes where neither the Issuer nor its affiliates hold the relevant Underlyings or Reference Securities. For a discussion on the U.S. federal income tax treatment of Notes where neither the Issuer nor its affiliates hold the Underlyings or Reference Securities, see "*Taxation of U.S. Holders of Notes Where Issuer Does Not Hold Underlyings or Reference Securities*" below.

#### ***Characterisation***

Currently, there are no statutory provisions, regulations, published rulings or judicial decisions addressing or involving the characterisation and treatment, for U.S. federal income tax purposes, of securities with terms substantially the same as the terms of the Notes where the Issuer or its affiliates choose to hold the Underlyings or Reference Securities. Accordingly, the proper U.S. federal income tax characterisation and treatment of such a Note is at present uncertain. Prospective investors are urged to consult their tax advisers regarding the U.S. federal income tax consequences of an investment in such a Note (including alternative characterisations of such a Note) and with respect to any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

Ownership of such a Note might represent a nominee-ownership arrangement under which the Noteholder would be treated as the owner of the Underlying or Reference Security for tax purposes. If such characterisation were respected, a U.S. Holder would be deemed to have purchased the Underlying or Reference Security. U.S. Holders are advised that the Issuer will not investigate nor will it have access to information that would permit it to ascertain whether the issuer of an Underlying or Reference Security to which a particular Note may relate is a "passive foreign investment company" for U.S. federal income tax purposes. The timing of recognition of income and the amount and character of income recognised by a U.S. Holder that owns a Note may vary significantly depending on the tax characterisation of the Note.

#### ***Treatment of Dividend Related Payments***

If the ownership of a Note where the Issuer or its affiliates choose to hold the Underlyings or Reference Securities were properly characterised as tax ownership of the Underlying or Reference Security, a U.S. Holder would be required to include an amount equal to the underlying periodic distributions on the Underlying or Reference Security as ordinary income even if the dividend payment were accrued and not currently paid to the U.S. Holder of the Note. In that case, such amounts should be treated as dividends for U.S. federal income tax purposes to the extent the underlying distributions are considered to be paid out of the relevant issuer's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). For U.S. federal income tax purposes, the amount of any distribution deemed paid in a non-U.S. currency will be the U.S. dollar value of the distribution, based on the exchange rate in effect on the date the distribution is treated as received by the U.S. Holder, whether or not the non-U.S. currency is in fact converted into U.S. dollars at that time.

If the ownership of a Note were properly characterised as tax ownership of the Underlying or Reference Security, a U.S. Holder could claim any foreign withholding taxes that are withheld from payments on the Note as a credit or deduction for U.S. federal income tax purposes (subject to limitations). No assurance can be given that the Issuer (or any affiliate) will not take a position with respect to credits or deductions arising from any foreign withholding taxes for U.S. federal income tax or other taxing jurisdiction purposes that is inconsistent with the position taken by the U.S. Holder.

If the ownership of a Note is not properly characterised as tax ownership of the Underlying or Reference Security, a U.S. Holder would not be required to include an amount equal to the underlying periodic distributions on the Underlying or Reference Security as ordinary income if the dividend payment were accrued and not paid to the U.S. Holder, but would be required to include an amount equal to actual distributions received on the Note as ordinary income.

### *Sale or Exchange of a Note*

Upon the sale or exchange of a Note where the Issuer or its affiliates choose to hold the Underlyings or Reference Securities, to a person other than the Issuer, a U.S. Holder will be required to recognise taxable gain or loss in an amount equal to the difference between the amount realised upon the sale or exchange and the U.S. Holder's adjusted tax basis in the Note. Such gain or loss would generally be treated as short-term or long-term capital gain or loss, depending on the U.S. Holder's holding period for the Note.

### **Taxation of U.S. Holders of Notes Where Issuer Does Not Hold Underlyings or Reference Securities**

The discussion below addresses Notes where neither the Issuer nor its affiliates choose to hold the relevant Underlyings or Reference Securities.

### *Characterisation*

Currently, there are no statutory provisions, regulations, published rulings or judicial decisions addressing or involving the characterisation and treatment, for U.S. federal income tax purposes, of securities with terms substantially the same as the terms of the Notes where the Issuer or its affiliates do not choose to hold the Underlyings or Reference Securities. Accordingly, the proper U.S. federal income tax characterisation and treatment of such a Note is at present uncertain, and alternative characterizations are possible. We intend to treat a Note where neither the Issuer nor its affiliates hold the relevant Underlyings or Reference Securities as a cash-settled prepaid forward contract with respect to the relevant Underlyings or Reference Securities. If the Notes do not constitute cash-settled prepaid forward contracts, the tax consequences described below would be materially different. Investors are urged to consult their tax advisers regarding the U.S. federal income tax consequences of an investment in such a Note (including alternative characterisations of such a Note) and with respect to any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

### *Sale or Exchange of a Note*

If the Notes are so treated, subject to the discussion below concerning the potential application of the “constructive ownership” rules under section 1260 of the Code, a U.S. holder should generally recognize capital gain or loss upon the sale or maturity of the Notes in an amount equal to the difference between the amount a holder receives at such time and the holder’s tax basis in the Notes. In general, a U.S. holder’s tax basis in the Notes will be equal to the price the holder paid for the Notes. Such gain or loss would generally be treated as short-term or long-term capital gain or loss, depending on the U.S. Holder's holding period for the Note.

### *Potential Application of Section 1260 of the Code*

If one or more of the Underlying or Reference Security is or includes the type of financial asset described under Section 1260 of the Code (including, among others, any equity interest in pass-thru entities such as ETFs, regulated investment companies, real estate investment trusts, partnerships, and passive foreign investment companies, each a “**Section 1260 Financial Asset**”), while the matter is not entirely clear, unless otherwise specified in the relevant supplement, there exists a substantial risk that an investment in a Note is, in whole or in part, a “constructive ownership transaction” to which Section 1260 of the Code applies. If Section 1260 of the Code applies, all or a portion of any long-term capital gain recognized by a

U.S. holder in respect of a Note will be recharacterised as ordinary income (the “**excess gain**”). In addition, an interest charge will also apply to any deemed underpayment of tax in respect of any excess gain to the extent such gain would have resulted in gross income inclusion for the U.S. holder in taxable years prior to the taxable year of the sale, exchange, or settlement (assuming such income accrued at a constant rate equal to the applicable federal rate as of the date of sale, exchange, or settlement).

If an investment in a Note is treated as a constructive ownership transaction, it is not clear to what extent any long-term capital gain of a U.S. holder in respect of the Note will be recharacterised as ordinary income. It is possible, for example, that the amount of the excess gain (if any) that would be recharacterised as ordinary income in respect of the Note will equal the excess of (i) any long-term capital gain recognized by the U.S. holder in respect of the Note and attributable to Section 1260 Financial Assets, over (ii) the “net underlying long-term capital gain” (as defined in Section 1260 of the Code) such U.S. holder would have had if such U.S. holder had acquired an amount of the corresponding Section 1260 Financial Assets at fair market value on the original issue date for an amount equal to the portion of the issue price of the Note attributable to the corresponding Section 1260 Financial Assets and sold such amount of Section 1260 Financial Assets upon the date of sale, exchange, or settlement of the Note at fair market value. Alternatively, the U.S. Internal Revenue Service (the “**IRS**”) may contend that the excess gain should not be limited to amounts attributable to a Section 1260 Financial Asset, but should instead apply to the Underlyings or Reference Securities. To the extent any gain is treated as long-term capital gain after application of the recharacterisation rules of Section 1260 of the Code, such gain would be subject to U.S. federal income tax at the rates that would have been applicable to the net underlying long-term capital gain. U.S. holders should consult their tax advisors regarding the potential application of Section 1260 of the Code to an investment in the Notes.

#### **Potential Changes in Tax Treatment**

On 7 December 2007, the IRS released a notice that may affect the taxation of holders of the Notes. According to the notice, the IRS and the U.S. Treasury Department are actively considering whether the holder of instruments such as the Notes should be required to accrue ordinary income on a current basis, and they are seeking taxpayer comments on the subject. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, holders of Notes will ultimately be required to accrue income currently and this could be applied on a retroactive basis. The IRS and the U.S. Treasury Department are also considering other relevant issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital, whether foreign holders of such instruments should be subject to withholding tax on any deemed income accruals, and whether the special “constructive ownership rules” of Section 1260 of the Code might be applied to such instruments. The Issuer intends to continue treating the Notes for U.S. federal income tax purposes in accordance with the treatment described in this Base Prospectus unless and until such time as the IRS and the U.S. Treasury Department determine that some alternative treatment is more appropriate. Prospective investors are urged to consult their own tax advisers concerning the significance, and the potential impact, of the above considerations.

#### **Non-U.S. Holders of Notes**

Subject to the discussion of certain Non-U.S. Holders and the discussion of backup withholding below, a Non-U.S. Holder will generally not be subject to U.S. federal income or withholding tax for amounts paid in respect of the Notes, provided that (i) the holder complies with any applicable certification requirements, (ii) the payment is not effectively connected with the conduct by the holder of a U.S. trade or business, and (iii) if the holder is a non-resident alien individual, such holder is not present in the U.S. for 183 days or more during the taxable year of the sale or maturity of the Notes. In the case of (ii) above, the holder generally would be subject to U.S. federal income tax with respect to any income or gain in the same manner as if the holder were a U.S. holder and, in the case of a holder that is a corporation, the holder may also be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable U.S. income tax treaty) of a portion of its earnings and profits for the taxable year that are effectively connected with its conduct of a trade or business in the U.S., subject to certain adjustments. Such persons are urged to consult their U.S. tax advisers before purchasing Notes.

As discussed above, alternative characterisations of the Notes for U.S. federal income tax purposes are possible. Should an alternative characterisation, by reason of change or clarification of the law, by

regulation or otherwise, cause payments as to the notes to become subject to withholding tax, such payment will be withheld upon at the applicable statutory rate. The IRS has also indicated that it is considering whether income in respect of instruments such as the Notes should be subject to U.S. federal withholding tax. Prospective investors should consult their U.S. tax advisers in this regard.

A dividend equivalent payment is treated as a dividend from sources within the U.S. and such payments generally would be subject to a 30% U.S. federal withholding tax if paid to a Non-U.S. Holder unless reduced by any applicable tax treaty. Under proposed U.S. Treasury Regulations, certain payments that are contingent upon or determined by reference to U.S. source dividends, including payments reflecting adjustments for extraordinary dividends with respect to equity-linked instruments may be treated as dividend equivalents. If enacted in their current form, the regulations would impose a withholding tax on payments made on equity-linked Notes on or after January 1, 2014 that are treated as dividend equivalents. In that case, the Issuer (or the applicable paying agent) would be entitled to withhold taxes on payments with respect to such Notes at the applicable statutory rate and the Issuer will not pay any additional amounts in respect of such withholding. Further, Non-U.S. Holders may be required to provide certifications prior to, or upon the sale, redemption or maturity of the notes in order to minimize or avoid U.S. federal withholding taxes. Non-U.S. Holders of the Notes should consult their U.S. tax advisers regarding the possible implications of these rules.

### **Information Reporting and Backup Withholding**

Payments made in respect of the Note within the United States or through certain U.S.-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, and if required, demonstrates this fact, or (ii) in the case of backup withholding, provides certain information required under U.S. federal income tax law. Backup withholding may apply to such payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. U.S. Holders should consult their U.S. tax advisers as to their qualification for exemption from backup withholding and information reporting and the procedure for obtaining an exemption.

### **Reportable Transactions**

A U.S. 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 U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. In the event the acquisition, holding or disposition of Notes constitutes participation in a reportable transaction for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$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 U.S. Holder realises a loss on any Note (or, possibly, aggregate losses from the Notes) satisfying the monetary thresholds discussed above, the U.S. Holder could be required to file an information return with the IRS, and failure to do so may subject the U.S. 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 U.S. 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**

Certain U.S. Holders 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 a specified threshold amount. 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-U.S. persons; (ii) any financial instrument or contract



held for investment that has an issuer or counterparty which is not a U.S. person; and (iii) any interest in a non-U.S. entity. Penalties may be imposed for the failure to disclose such information regarding specified foreign financial assets. U.S. Holders are advised to consult their tax advisers regarding the potential reporting requirements that may be imposed on them with respect to their ownership of the Notes.

#### **Withholding of U.S. tax on account of FATCA**

Whilst the Notes are in global form and held within the ICSDs, it is expected that Sections 1471 through 1474 of the Code (commonly referred to as "**FATCA**") will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent, the common depositary or common safekeeper (as applicable), given that each of the entities in the payment chain beginning with the Issuer and ending with the ICSDs is a major financial institution whose business is dependent on compliance and participation with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the securities may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances.

An investor should be aware that if any payments in relation to a Note were subject to withholding or deduction under FATCA, the Issuer would have no obligation to pay any additional amounts in relation to such withholding or deduction in accordance with Condition 6 (*Taxation*) of the Notes.

## CERTAIN ERISA CONSIDERATIONS

*This section provides details of U.S. regulations which may be relevant for investors buying on behalf of U.S. regulated employee benefit plans.*

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 Notes 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 Notes 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 Notes 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 Notes by a Plan with respect to which the Issuer or the dealers selling Notes 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 Notes 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 Notes, 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) 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 Notes.

Unless otherwise provided in a drawdown prospectus, each purchaser or transferee by its purchase of any offered Note (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 through and including the date on which the purchaser or transferee disposes of its interest in such offered Note, 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 Note (or any interest therein) 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 Similar Law.

The sale of Notes 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 Notes, including the addition of further ERISA restrictions on purchase and transfer. In addition, the purchaser or transferee of a Note 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.

## SUBSCRIPTION AND SALE OF NOTES

*This section sets out details of the arrangements between the Issuer and the Dealer(s), as to the offer and sale of Notes and summarises selling restrictions that apply to the offer and sale of Notes in various jurisdictions.*

### General

- (1) 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 Dealer(s) 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.
- (2) No action has been or will be taken in any country or jurisdiction by the Issuer or the relevant Dealer(s) 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 relevant Dealer(s) 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 the Base Prospectus or any Final Terms or related offering material, in all cases at their own expense.

### Australia

Neither this Base Prospectus nor any other prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia ("**Corporations Act**")) in relation to the Programme or the Notes may be lodged with the Australian Securities and Investments Commission ("**ASIC**") or ASX Limited ("**ASX**").

- (a) No (direct or indirect) offers or invitations for the issue, sale or purchase of the Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia) may be made; and
- (b) this Base Prospectus or any other offering material or advertisement relating to the Notes in Australia may not be distributed or published,  
unless:
  - (i) each offeree, and any person on whose account or behalf an offeree is acting, is a "professional investor" within the meaning of section 708(11) of the Corporations Act; and
  - (ii) such action complies with all applicable laws, regulations and directives and does not require any document to be lodged with ASIC or ASX.

Prior to making a decision to purchase a Note, each prospective purchaser should read the entire Base Prospectus including any supplements thereto (and in respect of any particular Series of Notes, the relevant Final Terms in its entirety) and seek professional advice as to whether the purchase is appropriate in the context of the purchaser's particular investment needs, objectives and financial and taxation circumstances.

### Dubai International Financial Centre

The Notes have not and may not be offered to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "**Exempt Offer**" in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority (the "**DFSA**"); and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

### **European Economic Area**

#### ***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**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), 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 may not be made except that, with effect from and including the Relevant Implementation Date, an offer of such Notes to the public in that Relevant Member State may be made:

- (a) ***Approved prospectus***: if the Final Terms or drawdown prospectus, as applicable, 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;
- (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 of 4 November 2003 (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 France Securities Laws***

Notes may not be offered or sold, directly or indirectly, nor may this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes be distributed to the public in France. An 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.

For the purposes of this provision only, the expression "**the public in France**" does not include (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 and D.411 1 of the French Code monétaire et financier, but excluding individuals referred to in Article D.411-1 ii 2.

***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 no Notes may be offered, sold or delivered, and no copies of this Base Prospectus and any other document relating to the Notes may be distributed, 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**");
- (2) that Notes may be offered, sold or delivered, or copies of any prospectus relating to such Notes may be distributed, 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, 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 this 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, in any subsequent distribution of the Notes in the Republic of Italy (with a minimum denomination lower than €100,000 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 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.

***Selling Restrictions Addressing Additional The Netherlands Securities Laws***

Zero Coupon Notes (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 Note in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes 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 Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in a Zero Coupon Note 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 Notes**" are Notes 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.

#### ***Selling Restrictions Addressing Additional Norway Securities Laws***

Notes denominated in Norwegian Krone (NOK) may not be offered or sold, directly or indirectly within the Kingdom of Norway or to or for the benefit of Norwegian purchasers. Each purchaser of Notes denominated in Norwegian Krone (NOK) 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.

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.

#### ***Selling Restrictions Addressing Additional Kingdom of Spain Securities Laws***

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.

#### ***Selling Restrictions Addressing Additional United Kingdom Securities Laws***

An invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) may only be communicated or caused to be communicated in connection with the issue or sale of Notes in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer.

All applicable provisions of the FSMA must be complied with in respect of anything done in connection with the Notes in, from or otherwise involving the United Kingdom.

#### **Hong Kong**

Notes (except for Notes which are a "**structured product**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) may not be offered or sold in Hong Kong by means of any document 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. No 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) may be issued or held in the possession of the Issuer or any Dealer or any other offeror nominated by the Issuer for the purpose of such issue of Notes, 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

In respect of Notes for which the Reference Jurisdiction (or one of the Reference Jurisdictions) is India:

- (A) By the purchase of any Notes, on the date of purchase and on each day the Notes are being held, each Noteholder 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.

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);
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 the Noteholder nominees, associates or affiliates (each, a "**Transfer**") with, an entity which is a Restricted Entity or an entity which is not a Regulated Entity; and



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 20 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 20 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 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 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 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
    - (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 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 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**

No registration statement with respect to the Base Prospectus and Final Terms has been and no such registration statement will be filed with the Financial Services Authority (Otoritas Jasa Keuangan or OJK) 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.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and, accordingly, Notes may not be offered or sold, 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 the FIEA 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.

### **Kingdom of Bahrain**

This Base Prospectus does not constitute an offer to: (i) the Public (as defined in Articles 142 - 146 of the Commercial Companies Law (decree Law No. 21/2001 of Bahrain)) in the Kingdom of Bahrain; or (ii) any person in the Kingdom of Bahrain who is not an "**accredited investor**".

For this purpose, an "accredited investor" means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

The Notes have not been and will not be offered to (i) to the Public in the Kingdom of Bahrain except pursuant to the provisions of Articles 80-85 of the Central Bank of Bahrain and Financial Institutions Law; and (ii) except on a private placement basis to persons in the Kingdom of Bahrain who are accredited investors.

### **Korea**

The Notes have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder. The Notes may not be offered or sold, directly or indirectly, or offered or sold for re-offering or resale, 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 recognition by the Securities Commission of Malaysia pursuant to Section 212 of the Malaysian Capital Markets and Services Act 2007 nor approval of 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 or lodged with the Securities Commission of Malaysia or any other Malaysian regulatory authority. Accordingly, the Notes are not being, and will not be deemed to be, issued, made available, offered for subscription or purchase, directly or indirectly, in Malaysia and neither this Base Prospectus nor any document or other material in connection therewith is being or will be distributed, caused to be distributed, circulated, caused to be circulated 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) (the "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.

### **New Zealand**

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 it is a condition of the subscription of each prospective investor 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 or who has, in the last 18 months, paid a minimum subscription price of at least NZ\$500,000 for Notes (or other securities of the Issuer) in a single transaction (disregarding any amount lent by the Issuer, or any associated person of the Issuer), in each case before the allotment of those Notes; or
- (d) a person who is an "eligible person" as that term is defined in section 5(2CC) of the NZ Securities Act; or
- (e) a person who, in all the circumstances, can properly be regarded as having been selected otherwise than as a member of the public in terms of the NZ Securities Act; or
- (f) in other circumstances where there is no contravention of the NZ Securities Act (or any statutory modification or re-enactment of, or statutory substitution for, the NZ Securities Act).

In connection with the distribution of the Notes, each prospective investor:

- (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, this Base Prospectus or any other offering material or advertisement relating to the Notes in New Zealand,

unless each offeree is:

- (a) not resident in New Zealand and was 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 or who has, in the last 18 months, paid a minimum subscription price of at least NZ\$500,000 for Notes (or other securities of the Issuer) in a single transaction (disregarding any amount lent by the Issuer, or any associated person of the Issuer), in each case before the allotment of those Notes; or
- (d) a person who is an "eligible person" as that term is defined in section 5(2CC) of the NZ Securities Act; or
- (e) a person who, in all the circumstances, can properly be regarded as having been selected otherwise than as a member of the public in terms of the NZ Securities Act; or
- (f) in other circumstances where there is no contravention of the NZ Securities Act (or any statutory modification or re-enactment of, or statutory substitution for, the NZ Securities Act).

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

Notes linked to PRC Underlyings (including those underlying an Underlying Index) (for the purpose of this section, the "**PRC Underlying Notes**") may not be offered or sold in the 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 the PRC Underlying Notes 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).

Notes may not be offered or sold, directly or indirectly, in the People's Republic of China (the "**PRC**") (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

This Base Prospectus or any information obtained by reference herein relating to the Notes does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC. This Base Prospectus, any information contained herein or the Notes have not been, or will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Notes in the PRC. The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any Notes or distribution of this Base Prospectus in the PRC.

The Notes may only be invested by the PRC investors that are authorised to engage in the investment in the Notes of the type being offered or sold. Investors are responsible for obtaining all relevant government approvals, verifications, licenses or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations and/ or overseas investment regulations.

## 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.**

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:

- (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.

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.

## Russia

The Notes have not been and will not be registered in the Russian Federation or admitted to public placement and/or public circulation in the Russian Federation and are not intended for "**placement**" or "**circulation**" in the Russian Federation and may not be offered in any form to any person in the Russian Federation except as permitted by Russian law.

## 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.

## Singapore

This Base Prospectus 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 six 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.

### **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 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 may be publicly distributed or otherwise made publicly available in Switzerland.

Notes which are "**structured products**" according to the Swiss Collective Investment Scheme Act (the "**CISA**") may only be offered, sold, advertised or otherwise distributed, and any offering or marketing material relating to such Notes may only be distributed in Switzerland by way of private placement exclusively to qualified investors according to article 10 CISA.

Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus according to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus according to the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus according to CISA.

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.

The Notes do not constitute participations in a collective investment scheme according to the CISA. Therefore, the Notes are not subject to the approval of, or supervision by, the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"), and investors in the Notes will not benefit from protection under the CISA or supervision by FINMA.

### **Taiwan**

The Notes linked to Taiwanese Underlyings (including those underlying an Underlying Index) (for the purpose of this section, the "**Taiwanese Underlying Notes**") and any documents relating to the Taiwanese Underlying Notes may not be offered or distributed in Taiwan.

The Taiwanese Underlying Notes may not be sold to any holder acting for the benefit or account of, or using funds of, (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.

Noteholders are not permitted to, directly or indirectly, sell, transfer, assign, novate or otherwise dispose of the Taiwanese Underlying 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.

The Taiwanese Underlying 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 Taiwanese Underlying Notes in violation of these restrictions will be invalid and will not be recognised by the Issuer.

The Notes may not be offered or sold in Taiwan unless they have been approved or reported for effectiveness for public offering and sale or are sold through private placement pursuant to Taiwan laws. The Notes may not be sold to any holder acting for the benefit or account of, or using funds of, any residents of Taiwan, corporations in Taiwan, or corporations outside Taiwan that are beneficially owned by residents of, 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, any residents of Taiwan, corporations in Taiwan, or corporations outside Taiwan that are beneficially owned by residents of, 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, any residents of Taiwan, corporations in Taiwan, or corporations outside Taiwan that are beneficially owned by residents of, 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**

Notes may not be offered or sold and will not offer or sell, whether directly or indirectly, in the Kingdom of Thailand and no invitation to subscribe for the Notes shall be made, whether directly or indirectly, in the Kingdom of Thailand. This Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes has not been circulated or distributed, nor will it be circulated or distributed in Thailand, whether directly or indirectly, to any persons in Thailand.

If a purchaser of the Notes resells the Notes into Thailand, it will resell such Notes only to qualified "**Institutional Investors**", as defined under the Bank of Thailand regulations, in accordance with and subject to the applicable regulations of the Bank of Thailand, and to the extent permitted by the Bank of Thailand to invest in foreign currency denominated debt securities. Such qualified Institutional Investors currently include: (i) The Government Pension Fund, (ii) The Social Security Fund, (iii) provident funds, (iv) mutual funds (excluding private funds), (v) securities companies purchasing Notes for their own accounts or other investors' accounts, (vi) insurance companies, (vii) financial institutions established under specific acts, (viii) legal entities whose principal business is manufacturing, trading or services and having assets on their balance sheets of at least Baht 5 Billion, and (ix) companies listed on the Stock Exchange of Thailand.

#### **United Arab Emirates (excluding the Dubai International Financial Centre)**

The Notes have not and may not be offered, sold or publicly promoted or advertised in the United Arab Emirates (the "**UAE**") other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities. The information contained in this Base Prospectus or any Final Terms does not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and the information contained in this Base Prospectus or any Final Terms is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the UAE.

### **United States of America**

The Notes 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, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Master Note Issuance Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of 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 Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, other than pursuant to Rule 144A, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto 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, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

The Master Note Issuance Agreement provides that the Arranger, or any other Dealer with the prior written consent of the Arranger, may directly or through its respective agents or affiliates arrange for the resale of Restricted Registered Notes in the United States only to qualified institutional buyers pursuant to Rule 144A.

### **Vietnam**

The Notes may not be offered or sold directly or indirectly in Vietnam or to, or for the benefit of, any resident in Vietnam (which term as used in this Base Prospectus shall have the same meaning as that defined in the 2005 Ordinance on Foreign Exchange, which include (a) any corporation or other entity incorporated under the laws of Vietnam and operating in Vietnam (a "**Vietnamese entity**"), (b) any Vietnamese citizen residing in Vietnam or residing abroad for a period of less than 12 months, or any Vietnamese entity's representative office established in any other country, and (c) any foreigners residing in Vietnam for a period of 12 months or more, except for those who immigrate to Vietnam for study, medical treatment, tourism or working for diplomatic agencies, consulates or foreign organizations' representative offices in Vietnam). Unless permitted under the securities laws of Vietnam, no advertisement, invitation or document relating to the Notes will be issued in Vietnam.



## TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

*This section sets out restrictions on transfers of the Notes in different jurisdictions which may be applicable to a purchaser of the Notes and a number of representations which the purchaser is deemed to make in respect of the Notes.*

### 1. Transfer restrictions

Each purchaser of the Notes will be subject to the transfer restrictions below under the headings "Australia", "India", "Korea", "Malaysia", "People's Republic of China", "Taiwan", "United States" and "Vietnam", together with any other transfer restrictions listed below to the extent the country heading corresponds to the Reference Jurisdiction (as specified in the relevant Final Terms) of the relevant Series of Notes. By purchasing the Notes, each purchaser of the Notes shall be deemed to have agreed to (1) comply with such transfer restrictions as at the date on which it acquires (whether through purchase, exchange or other transfer), redeems or sells any of the Notes; and (2) provide notice of all applicable transfer restrictions to any subsequent transferees of the Notes.

#### AUSTRALIA

(I) NO PROSPECTUS OR OTHER DISCLOSURE DOCUMENT (AS DEFINED IN THE CORPORATIONS ACT) IN RELATION TO THE PROGRAMME OR THE NOTES HAS BEEN, OR WILL BE, LODGED WITH ASIC OR THE ASX. THE PURCHASER IS A "**PROFESSIONAL INVESTOR**" WITHIN THE MEANING OF SECTION 708(11) OF THE CORPORATIONS ACT AND, UNLESS THE RELEVANT FINAL TERMS OTHERWISE PROVIDES, IN CONNECTION WITH THE DISTRIBUTION OF THE NOTES, IT:

- (A) SHALL NOT (DIRECTLY OR INDIRECTLY) OFFER OR INVITE APPLICATIONS FOR THE ISSUE, SALE OR PURCHASE OF THE NOTES IN, TO OR FROM AUSTRALIA (INCLUDING AN OFFER OR INVITATION WHICH IS RECEIVED BY A PERSON IN AUSTRALIA); AND
- (B) SHALL NOT DISTRIBUTE OR PUBLISH THIS BASE PROSPECTUS OR ANY OTHER OFFERING MATERIAL OR ADVERTISEMENT RELATING TO THE NOTES IN AUSTRALIA,

UNLESS:

- I. EACH OFFEREE, AND ANY PERSON ON WHOSE ACCOUNT OR BEHALF AN OFFEREE IS ACTING, IS A "PROFESSIONAL INVESTOR" WITHIN THE MEANING OF SECTION 708(11) OF THE CORPORATIONS ACT; AND
- II. SUCH ACTION COMPLIES WITH ALL APPLICABLE LAWS, REGULATIONS AND DIRECTIVES AND DOES NOT REQUIRE ANY DOCUMENT TO BE LODGED WITH ASIC OR ASX.

#### INDIA

In respect of Notes for which the Reference Jurisdiction (or one of the Reference Jurisdictions) is India:

- (I) THE NOTES 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 NOTES 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 NOTES 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 NOTES 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 HOLDER HAS NOT ENTERED INTO ANY AGREEMENT FOR THE ISSUANCE OF A BACK-TO-BACK ODI<sup>1</sup> AGAINST THE NOTES;
- (VI) THAT THE NOTES SHALL NOT BE, DIRECTLY OR INDIRECTLY, SOLD, TRANSFERRED, ASSIGNED, NOVATED OR OTHERWISE DISPOSED OF TO NOR ANY BACK-TO-BACK ODIS<sup>2</sup> OR AGREEMENT WITH RESPECT TO ANY OF THE FOREGOING ENTERED INTO WITH AN ENTITY WHICH IS A RESTRICTED ENTITY OR AN ENTITY WHICH IS NOT A REGULATED ENTITY (AN "**UNREGULATED ENTITY**");
- (VII) THAT 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

---

<sup>1</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 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).

<sup>2</sup> For the purposes of paragraphs VI and VII, a "back-to-back ODI" shall not include the issue of any ODI to be issued by a holder 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).

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;

- (VIII) 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 AND/OR THE PROPOSED TRANSFEREE, THE NOTES 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;
- (IX) 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
- (X) 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 NOTES, 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 NOTES BY THE ISSUER OR ITS ASSOCIATES/AFFILIATES AND COMPELLING THE TRANSFEREE TO REDEEM ANY NOTES HELD BY SUCH TRANSFEREE.

#### **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 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 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 OUTSIDE 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.

#### **PEOPLE'S REPUBLIC OF CHINA**

In respect of Notes for which the Reference Jurisdiction (or one of the Reference Jurisdictions) is the PRC:

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 GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY NOTES HELD BY SUCH TRANSFEREE.

#### **TAIWAN**

In respect of Notes for which the Reference Jurisdiction (or one of the Reference Jurisdictions) is 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 GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY NOTES HELD BY SUCH TRANSFEREE.

#### **UNITED STATES**

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 are personal to such 144A Offeree and do 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 to non-U.S. persons 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 the Base Prospectus or the Final Terms.

Each purchaser of Notes represented by a Restricted Global Registered Note, a Rule 144A Global Registered Note or a Combined Global Registered Note will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S are used herein as defined therein):

- (1) That either: (a) in the case of the issue or transfer of a Note to or for a person who takes delivery in the form of Notes represented by a Restricted Global Registered Note, (A) the purchaser is a qualified institutional buyer within the meaning of Rule 144A, (B) it is acquiring the Note for its own account or for the account of a qualified institutional buyer, and (C) each beneficial owner of such Note is aware that the sale of the Note to it is being made in reliance on Rule 144A, or (b) in the case of the issue or transfer of a Note to or for a person who takes delivery in the form of Notes represented by a Combined Global Registered Note, either (A)(i) the purchaser is a qualified institutional buyer within the meaning of Rule 144A, (ii) it is acquiring the Note for its own account or for the account of a qualified institutional buyer, and (iii) each beneficial owner of such Note is aware that the sale of the Note to it is being made in reliance on Rule 144A, or (B) the purchaser is outside the United States, is not a U.S. person and is aware that the sale of the Note is being made in reliance on Regulation S.
- (2) The purchaser understands that the Restricted Global Registered Notes, Rule 144A Global Registered Notes and Combined Global Registered Notes (as applicable) 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 Global Registered Notes or Combined Global Registered 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**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES 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. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR THE RESALE OF NOTES REPRESENTED BY THIS NOTE.

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-U.S. 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 (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."

- (4) Each purchaser of Restricted Global Registered Notes, Rule 144A Global Registered Notes or Combined Global Registered 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 Global Registered Notes, Rule 144A Global Registered Notes or Combined Global Registered 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) Each purchaser or transferee by its purchase of any Note (or any interest therein) will be deemed to represent, on each day from the date on which the purchaser or transferee acquires a Note through and including the date on which the purchaser or transferee disposes of its interest in such offered Note, 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 for purposes of ERISA or any Similar Law, respectively or (b) its purchase, holding and disposition of such Note (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 capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" of this Base Prospectus.

## 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 GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY NOTES HELD BY SUCH TRANSFEREE.

### 2. **Investor Representations**

Each purchaser of the Notes, by its purchase of the Notes, will be deemed to represent, warrant, undertake, acknowledge and agree, to, with and for the benefit of the Issuer, the Programme Arranger and each Dealer, as at the date on which it acquires (whether through purchase, exchange or other transfer), redeems or sells any of the Notes, as follows:

- 2.1 It represents and warrants that it has all requisite power and authority in connection with the purchase and holding of the Notes, and its acquisition of and payment for any Notes do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.
- 2.2 It represents and warrants that it is not purchasing any Notes with a view toward resale, distribution or other disposition thereof in violation of the Securities Act. It further agrees that none of the Notes acquired by it or any interest therein may ever be offered, sold, pledged, assigned, delivered or otherwise transferred or redeemed by it, directly or indirectly, (including, without limitation, through a conditional contract to sell, or through a grant of an option to purchase, or through any other hedge of its long position in any of the Note), except (x) to the Issuer or a Dealer or (y) in accordance with applicable securities laws of any state of the United States and in accordance with Rule 144A or Regulation S, as applicable, exclusively through the Issuer to persons reasonably believed by the transferor to be Eligible Investors at the time of the transfer.
- 2.3 It acknowledges and agrees that the Issuer has the right, at its option, to compel any legal or

beneficial owner of Notes that has acquired such Notes in violation of the transfer restrictions thereon or the representations, warranties, undertakings, acknowledgements and agreements in this section (*Transfer Restrictions and Investor Representations*) at the time it acquired such Notes to redeem the Notes held by such legal or beneficial owner.

- 2.4 It acknowledges and agrees that the Issuer, the Programme Arranger and each Dealer will rely upon the representations, warranties, undertakings, acknowledgements and agreements set out in this section (*Transfer Restrictions and Investor Representations*) in connection with offering and sales, from time to time, of Notes.
- 2.5 It acknowledges that information contained in the Base Prospectus, any drawdown prospectus, the Final Terms and the term sheet relating to the Notes shall not be considered investment advice or a recommendation to acquire such Notes.
- 2.6 It represents and agrees that it shall not acquire any Notes, unless:
- (i) it acquires such Notes solely for its own account or for the account of one or more entities each of which it exercises at such time sole investment discretion and for each of which it has at such time full power and is duly authorised to make the representations, warranties, undertakings, acknowledgements and agreements set forth in this section (*Transfer Restrictions and Investor Representations*), based upon its own judgment and upon advice of such business, financial, investment, legal, regulatory, accounting, tax or other advisers as it deems necessary;
  - (ii) apart from the Base Prospectus and any relevant Final Terms, it has not relied upon any communication (written or oral) of the Issuer, the Programme Arranger or any Dealer, or any of their respective affiliates, representatives or agents with respect to the business, financial, investment, legal, regulatory, accounting, tax or other implications of the investment in such Notes in assessing the merits, risks and suitability of subscribing for or purchasing the Notes, and it will only invest in the Notes after carefully considering, with its financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of its particular circumstances (including without limitation its own financial circumstances and investment objectives and the impact the Notes will have on its overall investment portfolio) and the information contained in this Base Prospectus and the relevant Final Terms; and
  - (iii) it has read and understand the information contained in the Base Prospectus and the Final Terms relating to the Notes.
- 2.7 It acknowledges that the Notes will be derivative-linked securities and that (i) Notes are highly speculative and in some instances they could suffer a partial or complete loss of their investment; (ii) any investment return on a Note determined by reference to changes in the value of the Underlying described in the Final Terms is subject to fluctuation and may be less than would be received by investing in a conventional debt instrument; and (iii) changes in value of the Underlying cannot be predicted.
- 2.8 It acknowledges that there may be publicly available information relating to the Underlying or securities underlying the Underlying, as applicable, which is not required to be included in this Base Prospectus including, without limitation, any offering documentation relating to such underlying securities and the financial statements and annual and interim reports of the issuer(s) of such underlying securities, and that investors are advised to read and consider such information prior to making an investment decision to invest in such Notes.
- 2.9 It represents that the purpose of the acquisition of such Notes is to secure a profit or minimise a loss by reference to fluctuations in the price or level, as applicable, of the Underlying, and accordingly, that it is an express term of such Notes that:
- (i) it shall not acquire any interest in or right to acquire any relevant Underlying or the Component Security underlying the Underlying by virtue of holding any Note;

- (ii) neither the Issuer, the Programme Arranger, the Dealers or any entity acting for the Issuer, Programme Arranger or Dealers is obliged to sell, purchase, hold, deliver, pledge, transfer or receive any relevant Underlying or the Component Security underlying the Underlying;
  - (iii) the primary right of the Noteholder and the primary obligation of the Issuer for any Notes is to receive or make the respective payments referred to in the Base Prospectus; and
  - (iv) it will not in any way have any rights with respect to any Underlying or the Component Security underlying the Underlying, including, but not limited to, voting rights.
- 2.10 It acknowledges and agrees, in connection with any acquisition by it of any Note that the Issuer, the Programme Arranger, the Dealers and their affiliates will not be responsible for determining the legality or suitability of an investment by it in such Notes and that the Issuer, the Programme Arranger, the Dealers and/or their affiliates may be acting at any time in respect of any Notes through a separate and segregated part of its business as an underwriter, distributor or other similar agent for the issuer, owner, guarantor or sponsor of the relevant Underlying or Security underlying the Underlying in connection with the acquisition by the investor of such Notes.
- 2.11 It acknowledges that no representation is made by the Issuer, the Programme Arranger or any Dealer as to the tax consequences for any person of acquiring, holding or disposing of any Notes or any other transaction involving any Notes; and that it understands and accepts the tax risks associated with the Reference Jurisdiction set out in this Base Prospectus (including, but not limited to, the risk of such jurisdiction renegotiating its double taxation treaties or the applicability of any general anti-avoidance rules); those who are in any doubt about such matters or any other tax issues relating to the Notes should consult and rely on their own tax advisers.
- 2.12 It acknowledges and agrees that none of the Issuer, the Programme Arranger, any Dealer or any of their respective affiliates, representatives or agents is acting as a fiduciary for or an adviser to it with respect to the acquisition of any Notes or with respect to the Base Prospectus, or has recommended or otherwise will recommend to it the investment in any Notes.
- 2.13 It acknowledges that the Issuer, the Programme Arranger, each Dealer and their affiliates may from time to time have a direct or indirect investment in, or a banking or other business relationship with, any relevant Underlying Company, and, in the course of such, relationships, the Issuer or any of their affiliates may come into possession of material, non-public information regarding the relevant Underlying Company.
- 2.14 It acknowledges that the Issuer, the Programme Arranger, each Dealer and/or their affiliates may be acting at any time during in respect of any Notes through a separate and segregated part of its business as an underwriter, distributor or other similar agent for any Underlying Company independent of the acquisition by the investor of such Notes and that they are under no obligation to inform prospective purchasers or legal or beneficial owners either of the nature of or the fact that they were in possession of such information or were so acting.
- 2.15 It acknowledges that from time to time, the Issuer or any of its affiliates may provide or make available to the investor, as well as to others, research, opinions and other information in regard to securities (including any Notes), commodities, other financial assets, and market participants or events which include the Underlying or any Underlying Company in respect of such Notes. It acknowledges that if such information provided to it by the Issuer, the Programme Arranger or a Dealer, it is so provided without regard to the investor's personal financial situation or other circumstances and that the provision by the Issuer or such affiliate of such information to it, whether sent directly or made readily accessible, and whether in writing, in electronic form or the subject of a taping, broadcast or narrowcast, does not imply that an investment in the Notes linked to such Underlying is suitable in light of its particular circumstances. It agrees that if such information is received by it, it will not be the basis of any investment decision by the investor. While all information produced by the Issuer or any of its affiliates is based on sources believed to be reliable, it acknowledges that the Issuer and its affiliates do not guarantee or warrant the



accuracy, reliability or timeliness of such information, and further, all information and opinions are current only as of the time provided, and are subject to rapid change without prior notice. It also acknowledges that the Issuer or any of its affiliates may execute transactions for others or for their own account in financial instruments consisting of or linked to the Underlying including Notes linked to such Underlying and such transactions may have an adverse effect on the price of the Underlying and/or Notes linked to such Underlying; it agrees that it has requested the Issuer to structure and sell Notes of any particular Series to it through the relevant Dealer on its own initiative without reference to any of the foregoing activities by the Issuer or any of its affiliates with any Underlying Company or Underlying to which such Notes are linked.

- 2.16 It represents that it does not have any material, non-public information regarding any relevant Underlying Company at the time it purchases the Notes and it undertakes that it will not sell the Notes prior to or on their Maturity Date if it has any material, non-public information regarding any relevant Underlying Company at that time.
- 2.17 It represents that it is not a country, territory, individual or entity named on any publicly available list of known or suspected terrorists, terrorist organisations or other sanctioned persons or entities, or an individual or entity that resides or has a place of business in a country or territory named on such lists, issued by the U.S. government, including those lists administered by the Office of Foreign Assets Control or such list of any other relevant government body and it has established procedures to identify clients on such lists;
- 2.18 It agrees that it, its employees, representatives or other agents may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment (including those pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly known as "FATCA")) and tax structure of the offering of the Notes pursuant to the Base Prospectus and all materials of any kind (including any opinions or other tax analyses provided) relating to such U.S. federal income tax treatment and tax structure.
- 2.19 It is not a "Foreign Shell Bank" as defined in the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT Act"), a foreign bank operating under an "Offshore Banking License" as defined in the USA PATRIOT Act, a foreign bank operating in a non-cooperative Financial Action Task Force jurisdiction (as defined in the USA PATRIOT Act), or a foreign bank operating in an industry or jurisdiction designated as of primary money laundering concern by the U.S. Secretary of the Treasury.
- 2.20 It authorises the Issuer to provide information regarding the Noteholder and the Notes to any governmental or regulatory authority or court of competent authority from time to time, or if applicable, to any the Programme Arranger, any Dealer or any of their respective affiliate for onward transmission to any such governmental or regulatory authority or court of competent authority, in order to comply with the request by such governmental or regulatory authority or court of competent authority or if so required under applicable regulations in the Reference Jurisdiction, the jurisdiction of incorporation or domicile of the Issuer or other applicable jurisdictions as determined by the Issuer in its sole and absolute discretion.
- 2.21 It undertakes and agrees that it will provide the Issuer with such additional information, from time to time, that the Issuer, the Programme Arranger, the Dealers and/or their respective affiliate deems necessary or appropriate in order to comply with the request by any governmental or regulatory authority or the court of competent authority or if so required under application regulations in the Reference Jurisdictions or the jurisdictions of incorporation or domicile of the Issuer or other applicable jurisdictions as determined by the Issuer in its sole and absolute discretion.
- 2.22 It represents that it is not currently the subject of any investigation or enquiry by any governmental or regulatory authority in the Reference Jurisdictions in connection with a failure to disclose information relating to such holder or to an offshore transaction linked to underlying securities.

- 2.23 It represents and warrants that it will comply with all applicable selling restrictions set out in this Base Prospectus and the relevant Final Terms.

## INDEX AND ETF DISCLAIMERS

*This section sets out disclaimers which may be applicable in respect of an issue of Notes which are linked to a reference index or an exchange-traded fund.*

**Where a Series of Notes relates to any Index, a statement will be included in the relevant Final Terms in or substantially in the form set out below.**

"Notes issued by the Issuer are not sponsored, endorsed, sold or promoted by any index sponsor or the affiliates of any such index sponsor (collectively, the "**Publisher**"). The Publisher shall not be liable (whether as a result of negligence or otherwise) to any person for any error in the relevant index and the Publisher is under no obligation to advise any person of any error therein. The Publisher does not make any representation or warranty, express or implied, to the prospective investors or any member of the public regarding the advisability of investing in securities generally or in the Notes particularly.

The Issuer shall have no liability to the Holders of the Notes for any act or failure to act by any index sponsor in connection with the calculation, adjustment or maintenance of any index relating to the Notes. The Issuer has no affiliation with or control over any index or any index sponsor or any control over the computation, composition or dissemination of any index. The only relationship the Publisher has with the Issuer is as licensee (the "**Licensee**") regarding the licensing of certain trademarks and trade names of the Publisher and of the relevant index which is determined, composed and calculated without regard to the Licensee or the Notes. The Publisher is not responsible for and neither has participated in the determination of the timing of, prices at, or quantities of the Notes to be offered or issued or in the determination or calculation of the equation by which the Notes to be offered or issued are to be converted into cash or otherwise disposed of. The Publisher does not have any obligation or liability in connection with the administration, marketing or trading of the Notes to be offered or issued.

Although the Issuer will obtain information concerning various indices from publicly available sources it believes reliable, it will not independently verify this information.

The provisions of this section are without prejudice to the responsibilities assumed by the Issuer in the Base Prospectus."

**Where a Series of Notes relates to any exchange-traded funds ("ETFs"), a statement will be included in the relevant Final Terms in or substantially in the form set out below.**

"Notes issued by the Issuer are not sponsored, endorsed, sold or promoted by any ETF, any ETF manager or the affiliates of any such ETF or ETF manager (collectively, the "**Publisher**"). The Publisher shall not be liable (whether as a result of negligence or otherwise) to any person for any error in any information relating to such ETF and the Publisher is under no obligation to advise any person of any error therein. The Publisher does not make any representation or warranty, express or implied, to the prospective investors or any member of the public regarding the advisability of investing in securities generally or in the Notes particularly.

The Issuer shall have no liability to the Holders of the Notes for any act or failure to act by any ETF or ETF manager in connection with the management of such ETF or the computation, composition or dissemination of any data produced by any ETF or ETF manager relevant to the Notes. The Issuer has no affiliation with or control over any ETF or ETF manager or any control over the computation, composition or dissemination of any data produced by any ETF or ETF manager or the management processes of any ETF. The only relationship the Publisher has with the Issuer is as licensee (the "**Licensee**") regarding the licensing of certain trademarks and trade names of the Publisher. The Publisher is not responsible for and neither has participated in the determination of the timing of, prices at, or quantities of the Notes to be offered or issued or in the determination or calculation of the equation by which the Notes to be offered or issued are to be converted into cash or otherwise disposed of. The Publisher does not have any obligation or liability in connection with the administration, marketing or trading of the Notes to be offered or issued.

Although the Issuer will obtain information concerning various ETFs or ETF managers from publicly available sources it believes reliable, it will not independently verify this information.

The provisions of this section are without prejudice to the responsibilities assumed by the Issuer in this Base Prospectus."

**Where a Series of Notes relates to any Index specified below, the corresponding statement set out below will be included in the relevant Final Terms in or substantially in the form set out below.**

**STATEMENTS REGARDING INDEXES SPONSORED BY MSCI INC.**

"THE NOTES ARE NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MSCI INC. ("MSCI"), ANY AFFILIATE OF MSCI OR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES ARE SERVICE MARK(S) OF MSCI OR ITS AFFILIATES AND HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY HSBC. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF THE NOTES OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN FINANCIAL SECURITIES GENERALLY OR IN THE NOTES PARTICULARLY OR THE ABILITY OF ANY MSCI INDEX TO TRACK CORRESPONDING STOCK MARKET PERFORMANCE. MSCI OR ITS AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES AND OF THE MSCI INDEXES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY MSCI WITHOUT REGARD TO THE NOTES OR THE ISSUER OR OWNER OF THE NOTES. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUERS OR OWNERS OF THE NOTES INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE MSCI INDEXES. NEITHER MSCI, ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX IS RESPONSIBLE FOR OR HAS PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF THE NOTES TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY WHICH THE NOTES IS REDEEMABLE FOR CASH. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, THE MAKING OR COMPILING ANY MSCI INDEX HAS ANY OBLIGATION OR LIABILITY TO THE OWNERS OF THE NOTES IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR OFFERING OF THE NOTES.

ALTHOUGH MSCI SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE MSCI INDEXES FROM SOURCES WHICH MSCI CONSIDERS RELIABLE, NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO MAKING OR COMPILING ANY MSCI INDEX NOTES OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY LICENSEE, LICENSEE'S CUSTOMERS OR COUNTERPARTIES, ISSUERS OF THE FINANCIAL SECURITIES, OWNERS OF THE FINANCIAL SECURITIES, OR ANY OTHER PERSON OR ENTITY, FROM THE USE OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH THE RIGHTS LICENSED HEREUNDER OR FOR ANY OTHER USE. NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS OF OR IN CONNECTION WITH ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. FURTHER, NEITHER MSCI, ANY OF ITS AFFILIATES NOR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX MAKES ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, AND MSCI, ANY OF ITS AFFILIATES AND ANY OTHER PARTY INVOLVED IN, OR RELATED TO MAKING OR COMPILING ANY MSCI INDEX HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY MSCI INDEX AND ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL MSCI, ANY OF ITS AFFILIATES OR ANY OTHER PARTY INVOLVED IN, OR RELATED TO, MAKING OR COMPILING ANY MSCI INDEX HAVE ANY LIABILITY FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR ANY OTHER DAMAGES (INCLUDING LOST PROFITS) EVEN IF

NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

No purchaser, seller or holder of this security, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote this product without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI."

#### **STATEMENTS REGARDING THE FTSE® BURSA MALAYSIA INDEX SERIES**

"The Notes referencing an index in the FTSE® BURSA MALAYSIA Index Series (for the purpose of this section, the "**Notes**" and the "**Index**" respectively) are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("**FTSE**") or by Bursa Malaysia Berhad ("**BURSA MALAYSIA**") or by the London Stock Exchange Group companies (the "**LSEG**" and neither FTSE nor BURSA MALAYSIA nor LSEG makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the Index, and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. However, neither FTSE nor BURSA MALAYSIA nor LSEG shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE nor BURSA MALAYSIA nor LSEG shall be under any obligation to advise any person of any error therein.

"FTSE®", "FT-SE®" and "Footsie® " are trade marks of LSEG and are used by FTSE under licence. "BURSA MALAYSIA "is a trade mark of BURSA MALAYSIA."

#### **STATEMENTS REGARDING THE STRAITS TIMES INDEX**

"The Notes referencing an Straits Times Index (for the purpose of this section, the "**Notes**" only and the "**ST Index**" respectively) are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("**FTSE**"), the London Stock Exchange Group companies, SPH Data Services Pte Ltd or Singapore Press Holdings Ltd (together, "**SPH**") or Singapore Exchange Securities Trading Limited ("**SGX**") (collectively hereinafter referred to as the "**Index Sponsor**" for the purpose of this section). The Index Sponsor makes no warranty or representation whatsoever, either expressly or impliedly, either as to the results to be obtained from the ST Index and / or the figure at which the ST Index stands at any particular time on any particular day or otherwise. The Index Sponsor further does not warrant nor represent nor guarantee to any broker or holder of any Notes sold or marketed by HSBC Bank plc or any member of the public as to the accuracy or completeness of the ST Index and its computation or any information related thereto. No warranty or representation or guarantee of any kind whatsoever relating to the ST Index or the Notes is given by the Index Sponsor. The Notes are not issued, endorsed, sold or promoted by the Index Sponsor and the Index Sponsor bears no liability in connection with the administration, marketing or trading of the Notes.

The ST Index is calculated by FTSE. The Index Sponsor accepts no liability (whether in negligence or otherwise) towards any person for any error in the ST Index and shall not be under any obligation to advise any person of any error therein. The compilation or composition of the ST Index or the constituent stocks and factors may be altered or changed by the Index Sponsor without notice. "

Singapore Press Holdings Ltd is entitled to all relevant intellectual property rights in the ST Index.

#### **STATEMENTS REGARDING THE FTSE® CHINA INDEX SERIES**

"The Notes referencing an index in the FTSE China Index Series (for the purpose of this section, the "**Notes**" and the "**Index**" respectively) are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("**FTSE**") or the London Stock Exchange Group companies ("**LSEG**") (together, the "**Licensor Parties**") and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the Index (upon which the Notes are based), (ii) the figure at which the Index is said to stand at any particular time on any particular day or otherwise, or (iii) the suitability of the Index for the purpose to which it is being put in connection with the Notes. None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the Index to HSBC Bank plc or to its clients. The Index is calculated by FTSE or its agent. None of the Licensor Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in the Index or (b) under any

obligation to advise any person of any error therein.

All rights in the Index vest in FTSE. "FTSE®" is a trade mark of LSEG and is used by FTSE under licence."

#### STATEMENTS REGARDING THE HANG SENG INDEX

"The Hang Seng Index (for the purpose of this section, the "**Index**") is published and compiled by HSI Services Limited pursuant to a licence from Hang Seng Data Services Limited. The mark and name "Hang Seng Index" is proprietary to Hang Seng Data Services Limited. HSI Services Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index by HSBC Bank plc in connection with the Notes referencing the Index (for the purpose of this section, the "**Product**"), **BUT NEITHER HSI SERVICES LIMITED NOR HANG SENG DATA SERVICES LIMITED NOTES OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (iii) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO THE INDEX IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSI Services Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HSI SERVICES LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE INDEX BY HSBC BANK PLC IN CONNECTION WITH THE PRODUCT; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HSI SERVICES LIMITED IN THE COMPUTATION OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE INDEX WHICH IS SUPPLIED BY ANY OTHER PERSON; OR (iv) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON DEALING WITH THE PRODUCT AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HSI SERVICES LIMITED AND/OR HANG SENG DATA SERVICES LIMITED** in connection with the Product in any manner whatsoever by any broker, holder or other person dealing with the Product. Any broker, holder or other person dealing with the Product does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on HSI Services Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and HSI Services Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship."

#### STATEMENTS REGARDING THE HANG SENG CHINA ENTERPRISES INDEX

"The Hang Seng China Enterprises Index (for the purpose of this section, the "**Index**") is published and compiled by HSI Services Limited pursuant to a license from Hang Seng Data Services Limited. The mark and name "Hang Seng China Enterprises Index" ("**HSCEI**") is proprietary to Hang Seng Data Services Limited. HSI Services Limited and Hang Seng Data Services Limited have agreed to the use of, and reference to, the Index by HSBC Bank plc in connection with the Notes referencing the Index (for the purpose of this section, the "**Product**"), **BUT NEITHER HSI SERVICES LIMITED NOR HANG SENG DATA SERVICES LIMITED NOTES OR REPRESENTS OR GUARANTEES TO ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON (i) THE ACCURACY OR COMPLETENESS OF THE INDEX AND ITS COMPUTATION OR ANY INFORMATION RELATED THERETO; OR (ii) THE FITNESS OR SUITABILITY FOR ANY PURPOSE OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT; OR (iii) THE RESULTS WHICH MAY BE OBTAINED BY ANY PERSON FROM THE USE OF THE INDEX OR ANY COMPONENT OR DATA COMPRISED IN IT FOR ANY PURPOSE, AND NO WARRANTY**

**OR REPRESENTATION OR GUARANTEE OF ANY KIND WHATSOEVER RELATING TO THE INDEX IS GIVEN OR MAY BE IMPLIED.** The process and basis of computation and compilation of the Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSI Services Limited without notice. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY HSI SERVICES LIMITED OR HANG SENG DATA SERVICES LIMITED (i) IN RESPECT OF THE USE OF AND/OR REFERENCE TO THE INDEX BY HSBC BANK PLC IN CONNECTION WITH THE PRODUCT; OR (ii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES OR ERRORS OF HSI SERVICES LIMITED IN THE COMPUTATION OF THE INDEX; OR (iii) FOR ANY INACCURACIES, OMISSIONS, MISTAKES, ERRORS OR INCOMPLETENESS OF ANY INFORMATION USED IN CONNECTION WITH THE COMPUTATION OF THE INDEX WHICH IS SUPPLIED BY ANY OTHER PERSON; OR (iv) FOR ANY ECONOMIC OR OTHER LOSS WHICH MAY BE DIRECTLY OR INDIRECTLY SUSTAINED BY ANY BROKER OR HOLDER OF THE PRODUCT OR ANY OTHER PERSON DEALING WITH THE PRODUCT AS A RESULT OF ANY OF THE AFORESAID, AND NO CLAIMS, ACTIONS OR LEGAL PROCEEDINGS MAY BE BROUGHT AGAINST HSI SERVICES LIMITED AND/OR HANG SENG DATA SERVICES LIMITED** in connection with the Product in any manner whatsoever by any broker, holder or other person dealing with the Product. Any broker, holder or other person dealing with the Product does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on HSI Services Limited and Hang Seng Data Services Limited. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker, holder or other person and HSI Services Limited and/or Hang Seng Data Services Limited and must not be construed to have created such relationship."

#### **STATEMENTS REGARDING THE TAIWAN TAIEX INDEX**

"The Notes referencing any of the TWSE Capitalization Weighted Stock Index (TAIEX), TAIEX Electronics Sub-Index, TAIEX Finance Sub-Index, TAIEX Non-Finance Non-Electronics Sub-Index (for the purpose of this section, each the "**Index**") are not in any way sponsored, endorsed, sold or promoted by Taiwan Stock Exchange Corporation ("**TWSE**") and TWSE does not make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the Index and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by TWSE. However, TWSE shall not be liable (whether in negligence or otherwise) to any person for any error in the Index and TWSE shall not be under any obligation to advise any person of any error therein."

#### **STATEMENTS REGARDING THE KOSPI INDEXES**

- "(1) KOREA EXCHANGE ("**KRX**") DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE INDICES DEVELOPED AND PRODUCED BY KRX FOR WHICH LICENCE IS GRANTED TO HSBC BANK PLC, INCLUDING BUT NOT LIMITED TO KOSPI 200 INDEX (THE "**KRX INDEXES**") OR ANY DATA INCLUDED THEREIN AND KRX SHALL HAVE NO LIABILITY FOR ANY ERRORS, OMISSIONS, OR INTERRUPTIONS THEREIN.
- (2) KRX DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF THE KRX INDEXES OR ANY DATA INCLUDED THEREIN THE ISSUER (FOR THE PURPOSE OF THIS SECTION, THE "**LICENSEE**"), PUCHASERS OF THE NOTES LINKED TO KRX INDEXES, OR ANY OTHER PERSON OR ENTITY THAT USES THE KRX INDEXES OR ANY DATA INCLUDED THEREIN.
- (3) KRX MAKES NO EXPRESSS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE KRX INDEXES OR ANY DATA INCLUDED THEREIN.
- (4) WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL KRX HAVE ANY LIABILITY FOR ANY SPECIAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS), EVEN IF NOTIFIED OF THE POSSIBILITY OF

SUCH DAMAGES.

- (5) KRX makes no representation or warranty, express or implied, to the owners of the warrants linked to KRX Indexes or any member of the public regarding the advisability of investing in securities generally or in the products particularly or the ability of the KRX Indexes to track general stock market performance (profitability).
- (6) KRX's only relationship to the Licensee is the licensing of certain trademarks and trade names of KRX and of the KRX Indexes which is determined, composed and calculated by KRX without regard to the Licensee or the content of the product.
- (7) KRX has no obligation to take the needs of the Licensee or the owners of the Notes linked to KRX Indexes into consideration in determining, composing or calculating the KRX Indexes. KRX is not responsible for and has not participated in the determination of the timing of the issuance or sale of the Notes linked to KRX Indexes or in the determination or calculation of the equation by which the Notes linked to KRX Indexes is to be converted into cash.
- (8) KRX has no obligation or liability to the owners of the Notes linked to KRX Indexes in connection with the administration, marketing or trading of the Notes.
- (9) The disclaimers or KRX under this Section shall continue to be effective even after the termination of the relevant license agreement."

**STATEMENTS REGARDING TOPIX INDEX AND TOPIX SECTOR INDICES**

- (1) The TOPIX Index and TOPIX Sector Indices (for the purpose of this section, each the "**Index**"). Index Value and the Index Marks are subject to the rights owned by the Tokyo Stock Exchange, Inc. and the Tokyo Stock Exchange, Inc. owns all rights relating to the Index such as calculation, publication and use of the Index Value and relating to the Index Marks.
- (2) The Tokyo Stock Exchange, Inc. shall reserve the rights to change the methods of calculation or publication, to cease the calculation or publication of the Index Value or to change the Index Marks or cease the use thereof.
- (3) The Tokyo Stock Exchange, Inc. makes no warranty or representation whatsoever, either as to the results stemmed from the use of the Index Value and the Index Marks or as to the figure at which the Index Value stands on any particular day.
- (4) The Tokyo Stock Exchange, Inc. gives no assurance regarding accuracy or completeness of the Index Value and data contained therein. Further, the Tokyo Stock Exchange, Inc. shall not be liable for the miscalculation, incorrect publication, delayed or interrupted publication of the Index Value.
- (5) No Notes referencing the Index (for the purposes of this section, the "**Products**") are in any way sponsored, endorsed or promoted by the Tokyo Stock Exchange, Inc.
- (6) The Tokyo Stock Exchange, Inc. shall not bear any obligation to give an explanation of the Products for the purpose of this section or an advice on investments to any purchaser of the Products or to the public.
- (7) The Tokyo Stock Exchange, Inc. neither selects specific stocks or groups thereof nor takes into account any needs of the issuing company or any purchaser of the Products for calculation of the Index Value.
- (8) Including but not limited to the foregoing, the Tokyo Stock Exchange, Inc. shall not be responsible for any damage resulting from the issue and sale of the Products.

**STATEMENTS REGARDING A S&P ASX INDEX**

Standard & Poor's®, "S&P®", are trademarks of Standard & Poor's Financial Services LLC ("**S&P**"); Dow Jones® is a registered trade mark of Dow Jones trademark Holdings LLC ("**Dow Jones**"); and these



trademarks have been licensed for use by S&P Dow Jones Indices LLC. Standard & Poor's®, "S&P®" are trademarks of S&P and have been licensed for use by S&P Dow Jones Indices LLC and its affiliates and sublicensed for certain purposes by HSBC Bank plc. Dow Jones® is a trademark of Dow Jones and have been licensed for use by S&P Dow Jones Indices LLC and its affiliates and sublicensed for certain purposes by HSBC Bank plc. The S&P ASX Index to which the Notes referred (for the purpose of this section, the "**Index**") is a product of S&P Dow Jones Indices LLC and/or Australian Securities Exchange ("**ASX**") and has been licensed for use by HSBC Bank plc. The Notes referencing the Index (for the purpose of this section, the "**Products**") are not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P, any of their respective affiliates (collectively, "**S&P Dow Jones Indices**") or ASX. Neither S&P Dow Jones Indices nor ASX makes any representation or warranty, express or implied, to the owners of HSBC Bank plc's Products or any member of the public regarding the advisability of investing in securities generally or in HSBC Bank plc's Products particularly or the ability of the Index to track general market performance. S&P Dow Jones Indices' and ASX's only relationship to HSBC Bank plc with respect to the Index is the licensing of the Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or ASX. The Index is determined, composed and calculated by S&P Dow Jones Indices and/or ASX without regard to HSBC Bank plc or HSBC Bank plc's Products. S&P Dow Jones Indices and ASX have no obligation to take the needs of HSBC Bank plc or the owners of HSBC Bank plc's Products into consideration in determining, composing or calculating the Index. Neither S&P Dow Jones Indices nor ASX are responsible for and have not participated in the determination of the prices, and amount of HSBC Bank plc's Products or the timing of the issuance or sale of HSBC Bank plc's Products or in the determination or calculation of the equation by which HSBC Bank plc's Products is to be calculated. S&P Dow Jones Indices and ASX have no obligation or liability in connection with the administration, marketing or trading of HSBC Bank plc's Products. There is no assurance that investment products based on the Index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within the Index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

NEITHER S&P DOW JONES INDICES NOR ASX GUARANTEES THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES AND ASX SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES AND ASX MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY HSBC BANK PLC, OWNERS OF HSBC BANK PLC'S PRODUCTS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES OR ASX BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND HSBC BANK PLC, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

## INFORMATION RELATING TO FUNDS

*This section contains a summary overview of funds which invest in Saudi Arabian securities and which may be applicable in respect of an issue of Notes which are linked to such funds.*

The Funds relating to an issuance of Fund-Linked Saudi Market Access Securities for which the Reference Jurisdiction is Saudi Arabia may include any one of the following funds:

1. HSBC Saudi Companies Equity Fund
2. HSBC Saudi Industrial Companies Equities Fund
3. HSBC Saudi Equity Fund
4. HSBC Saudi Equity Trading Fund
5. HSBC Saudi Financial Institutions Equity Fund
6. 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 Kingdom of Saudi Arabia, 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. **HSBC Saudi Companies Equity Fund**

### **Fund objectives**

The HSBC Saudi Companies 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 5,000
Minimum additional subscription	SAR 2,500
Regular monthly subscription	Not Applicable
Cut off time	12 noon Riyadh time Sunday and Tuesday
Valuation	Monday and Wednesday
Redemption payout	2 business days after valuation day
Unit price at inception	SAR 10
Launch date	1 May 2004

### **Fund Manager**

HSBC Saudi Companies 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. **HSBC Saudi Industrial Companies Equities Fund**

### **Fund objectives**

The HSBC Saudi Industrial Companies Equities 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 5,000
Minimum additional subscription	SAR 2,500
Regular monthly subscription	Not Applicable
Cut off time	12 noon Riyadh time Sunday and Tuesday
Valuation	Monday and Wednesday
Redemption payout	2 business days after valuation day
Unit price at inception	SAR 10
Launch date	1 April 2005

### **Fund Manager**

HSBC Saudi Industrial Companies Equities 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. **HSBC Saudi Equity Fund**

#### **Fund objectives**

The HSBC 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 5,000
Minimum additional subscription	SAR 2,500
Regular monthly subscription	Not Applicable
Cut off time	12 noon Riyadh time Sunday and Tuesday
Valuation	Monday and Wednesday
Redemption payout	2 business days after valuation day
Unit price at inception	SAR 10
Launch date	12 December 1992

#### **Fund Manager**

HSBC 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. **HSBC Saudi Equity Trading Fund**

#### **Fund objectives**

The HSBC 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 5,000
Minimum additional subscription	SAR 2,500
Regular monthly subscription	Not Applicable
Cut off time	12 noon Riyadh time Sunday and Tuesday
Valuation	Monday and Wednesday
Redemption payout	2 business days after valuation day
Unit price at inception	SAR 10
Launch date	01 November 1997

#### **Fund Manager**

HSBC 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. **HSBC Saudi Financial Institutions Equity 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 5,000
Minimum additional subscription	SAR 2,500
Regular monthly subscription	Not Applicable
Cut off time	12 noon Riyadh time Sunday and Tuesday
Valuation	Monday and Wednesday
Redemption payout	2 business days after valuation day
Unit price at inception	SAR 10
Launch date	01 August 2004

**Fund Manager**

HSBC Saudi Financial Institutions 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)

**6. HSBC Saudi Petrochemical Equity Opportunities Fund****Fund objectives**

The HSBC Saudi Petrochemical Equity Opportunities 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 5,000
Minimum additional subscription	SAR 2,500
Regular monthly subscription	Not applicable
Cut off time	12 noon Riyadh time Sunday and Tuesday
Valuation	Monday and Wednesday
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)

## GENERAL INFORMATION

*This section provides additional, general disclosure in relation to the Programme.*

1. The continuation of the Programme and the issue of Notes under the Programme have been duly authorised by and pursuant to resolutions of a committee of the board of directors of the Issuer dated 11 June 2013.
2. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg, and DTC. The appropriate the International Securities Identification Number ("**ISIN**"), common code ("**Common Code**"), Stock Exchange Daily Official List number ("**SEDOL**") and/or Committee on Uniform Securities Identification Procedures number ("**CUSIP**") in relation to the Notes of each Series will be set out in the relevant Final Terms. The address of Euroclear Bank SA/NV 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 DTC is 55 Water Street – 15L, New York, NY 10041-0099, USA.
3. Settlement arrangements will be agreed between the Issuer, the relevant Dealers and the Registrar (where applicable) and the Principal Paying Agent.
4. In relation to the Issuer, any transfer of, or payment in respect of, a Note involving the government of any country which is at the relevant time the subject of United Nations, European Union or United Kingdom sanctions or other similar measures implemented or effective in the United Kingdom, any person or body resident in, incorporated in or constituted under the laws of, or carrying on a business in, 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 or other similar measures, or otherwise may be the target of any such sanctions or other similar measures.
5. Generally, any notice, document or information to be sent or supplied by the Issuer to its shareholder(s) may be sent or supplied in accordance with the Companies Act 2006 (the "**Act**") (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 Issuer 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 Issuer 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.
6. Notices to the Noteholders are made in accordance with the Conditions of the relevant Notes.
7. Any tranche of Notes intended to be admitted to listing on the Official List of the FCA 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 FCA and the London Stock Exchange of the relevant Final Terms and any other information required by the FCA and/or the London Stock Exchange, subject in each case to the issue of the relevant Notes. Prior to listing and admittance to trading of Notes, 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.
8. A M Thomas and S N Cooper were appointed as an independent non-executive Director of the Issuer and a non-executive Director of the Issuer, respectively, with effect from 18 April 2013. A R D Monro-Davis resigned from the Issuer's board of directors with effect from 25 April 2013.

## INDEX OF DEFINED TERMS

*This section indicates where terms used in this Base Prospectus have been defined.*

£.....	vi	Definitive Notes .....	79
€.....	vi, 58	Definitive Registered Notes .....	119
2010 PD Amending Directive .....	149	Delisting.....	56
Accountholder .....	118	Deposit Agreement .....	56
Act .....	182	Depository .....	56
Additional Disruption Event.....	54	Depository Receipt(s).....	56
Additional Payment.....	82, 84	Determination Date.....	66, 69, 74, 78
Affected Jurisdiction .....	59	Dispute .....	116
Affected Payment Date.....	54	Disrupted Day .....	56
Aggregate Net Proceeds .....	90	DR Linked Notes .....	56
Aggregate Sale Amount .....	85, 86, 88	Early Closure .....	56
ANP Receipt Date .....	91	Early Redemption Amount .....	56, 110, 111
ASA Receipt Date .....	86, 89	Early Redemption Date.....	98, 110, 111
A-shares.....	38	Effective FX Rate .....	87, 89, 91
ASIC.....	148	EMU Event .....	57
ASX.....	148	Equity-Linked Note .....	65
Averaging Date.....	54	ERISA.....	146
Base Prospectus .....	i	ERISA Plans .....	146
Bearer Notes .....	3, 79	ETFs.....	28
B-shares .....	38	EUR .....	vi, 58
BURSA MALAYSIA.....	173	euro .....	vi, 58
Calculation Agent.....	53	Euro.....	vi, 58
Calculation Amount .....	54	Euro Business Day.....	58
Cash Settlement Payment Date .....	87, 89, 91	Euroclear.....	3, 58
Clearing System .....	55	Event Occurrence Date .....	109
Clearing System Business Day.....	55	Event of Default.....	98
Clearstream, Luxembourg .....	3, 55	Event Payment .....	108
CMA.....	178	Event Receipt.....	109
CMD.....	24	Event Receipt Date .....	109
CML .....	178	Excess Deduction.....	92, 93
CNY .....	66, 73	Exchange.....	57, 69
Code .....	140, 146	Exchange Business Day.....	57, 69
Combined Definitive Registered Notes.....	120	exchange date.....	57
Common Code.....	182	Exchange Disruption.....	57
Common Depository.....	117	Extraordinary Dividend .....	57
Component Security .....	55	Extraordinary ETF Event .....	74
Conditions .....	vii, 53, 128	Extraordinary Event .....	57
Conversion .....	55	Extraordinary Fund Event.....	69
Conversion Costs.....	66, 73, 78	Fair Market Value .....	58
Converted Amount .....	81, 82, 83, 84, 109	FATCA withholding .....	96
Converted ANP .....	91	FCA.....	i
Converted ASA .....	87, 89	FII .....	35, 67, 76, 78
Corporations Act .....	148	FIIs.....	36
Costs.....	66, 74, 78	Final Price.....	58
CRA Regulation .....	ii	Final Redemption Amount.....	67, 70, 76, 78
Crisis Management Directive .....	24	Final Terms .....	i, 53
Currency Business Day .....	69	Final Valuation Date .....	71
Currency Event.....	55, 112	Financial Information.....	41
Custodian.....	120	FINI.....	67, 76, 78
Custodian Account .....	38	Fitch .....	ii
Custodian Bank .....	38	Fixed CGT Rate .....	68, 76
Dealer .....	iv, 53	Foreign Institutional Investor outside PRC.....	38
Decree No. 58.....	150	FTSE.....	173
Deduction Shortfall .....	92, 93	Fund .....	58, 179
Deed of Covenant.....	53	Fund Adviser.....	58
Definitive Bearer Notes .....	117	Fund Application Date.....	71

Fund Documents.....	58	Merger Event .....	61, 71
Fund Manager .....	178	Moody's.....	ii
Fund-Linked Warrants .....	26	Multiple Exchange Index .....	61
Global Note .....	117	Multiple Exchange Index-Linked Notes .....	62
Global Registered Notes.....	119	National Currency Unit.....	62
Government Bond .....	58	Nationalisation .....	62
Government Bonds.....	58	NDF transaction .....	86, 89, 91
Governmental Authority.....	58	New Issuer .....	101
Gross Sale Amount.....	85, 86, 88	New Shares .....	110, 111
Group.....	3	Non-exempt Offer.....	149
Hedge Positions .....	59	Non-US Holder .....	141
Hedging .....	59	Noteholders .....	53
Hedging Disruption .....	59	Notes .....	i, 3
Hedging Disruption Events .....	71, 76	Notional Holder .....	67, 76, 78
HMRC .....	137	Number of Underlying ETFs per Note.....	76
hold.....	114	Number of Underlying Indices per Note.....	79
holder.....	114	Number of Underlying Securities per Note ...	67, 72
Holders .....	80	ODI Issuer.....	35
holding.....	113, 114	Offshore RMB .....	vi, 62
Hong Kong .....	vi	Offshore RMB Centre.....	62
HSCEI .....	174	Original Issue.....	128
Hypothetical Investor .....	71	Participating Member State.....	62
ICB .....	10	Parties in Interest .....	146
IFR.....	178	Paying Agents .....	53
Increased Cost of Hedging .....	59	Permanent Global Note.....	117
Index.....	59, 174, 175, 176	Plans.....	146
Index Cancellation.....	106	Potential Adjustment Event .....	62, 71
Index Cancellation Notice .....	106	PRC.....	67, 76, 156
Index Modification .....	106	PRC Capital Gains Tax.....	68, 76
Index Rules.....	59	Principal Paying Agent .....	53
Index Sponsor.....	60, <b>173</b>	Product.....	174
Index Substitution Notice .....	60	Products .....	176
Index-Linked Note .....	59	professional investors.....	151, 152
Indices .....	59	Programme.....	i, 53
Initial Index Level .....	60	prospectus .....	151
Initial Price .....	60	Prospectus .....	128
Insolvency .....	60	Prospectus Directive .....	i, 128, 149
Insolvency Filing.....	60	PTCE.....	146
interest.....	138	QFII.....	38, 68, 77
IRS.....	140, 143	qualified investors.....	150
ISIN .....	182	Realisable Sale Price.....	85, 87, 90
Issue Agent .....	53	Receipt Date.....	81, 83
Issue Date .....	60	Record Date .....	96
Issuer .....	i, 1, 53	Recovery and Resolution Directive .....	24
Issuing and Paying Agency Agreement.....	53	Redemption Commission.....	68, 72, 77, 79
Korean Won .....	38	Redemption Costs .....	68, 77, 79
KRX .....	175	Redenomination Date.....	62
KRX INDEXES .....	175	Reference Jurisdiction.....	63
Law.....	71, 76	Reference Level .....	63
LICENSEE .....	175	Reference Price .....	63
Licensor Parties .....	173	Reference Securities.....	i, 10, 79
Limit Valuation Date.....	101	Reference Security .....	i, 10
LMV .....	151	Register .....	79
local banking day.....	60	Registered Notes .....	3, 79
London Stock Exchange.....	i	Registrar .....	3, 53
LSEG.....	173	Regulation No. 11971 .....	150
Mark Date.....	81	Regulation S.....	i
Mark Date"),.....	83	Regulation S Definitive Registered Notes ....	119
Market Disruption Event .....	60	Regulation S Global Registered Note .....	119
Master Note Issuance Agreement.....	53		



Regulations .....	80	Tax Equalisation Payment Notification Date	92, 93
Related Exchange .....	63	tax uncertainties .....	92
Relevant Banking Day .....	63	tax uncertainty .....	92
Relevant Date .....	95	TEFRA C .....	117
Relevant Financial Centre .....	63	TEFRA D .....	117
Relevant Financial Centre Day .....	63	Temporary Global Note .....	117
Relevant Hedge .....	85, 88, 90	Tender Offer .....	64
Relevant Implementation Date .....	149	Trading Disruption .....	64
Relevant Member State .....	149	Tranche .....	53
Relevant Period .....	81, 83	Tranches .....	3
relevant person .....	113, 114	Transaction Costs .....	68, 77, 79
Relevant Reference Price .....	68, 77	Transfer Agent .....	53
Restricted Global Registered Note .....	120	transfer date .....	64
RRD .....	24	Treaty .....	64
RSA 421-B .....	v	TWSE .....	175
Rule 144A .....	ii	Underlying .....	i
Rule 144A Global Registered Note .....	120	Underlying Companies .....	i, 10
Rule 144A Legend .....	80	Underlying Company .....	i, 10, 65
SAT .....	39	Underlying Company Default .....	112
Scheduled Closing Time .....	63, 72	Underlying Countries .....	i
Scheduled Trading Day .....	64, 72	Underlying Country .....	i
Scheduled Valuation Date .....	64	Underlying Currencies .....	i
SDFS .....	126	Underlying Currency .....	i, 72
SEBI .....	36	Underlying Currency Amount .....	81, 82, 83, 84
Securities .....	64	Underlying ETF .....	i, 10
Securities Act .....	i	Underlying ETFs .....	i, 10
Security .....	64	Underlying Fund .....	i, 10, 78
Security Redemption .....	112	Underlying Fund Disruption Event .....	73
Series .....	3, 53	Underlying Fund Value .....	73
Settlement Currency .....	i, 4, 64	Underlying Fund Value <sub>Final</sub> .....	72
Settlement Cycle .....	64	Underlying Funds .....	i, 10
SFA .....	157	Underlying Index .....	i, 10
SGX .....	173	Underlying Indices .....	i, 10
Share .....	72, 77	Underlying Securities .....	i, 10
Similar Law .....	146	Underlying Security .....	i, 10
Similar Law Plans .....	146	Underlyings .....	i
Specified Currency Equivalent .....	72	United States person .....	117
Standard & Poor's .....	ii	Unpaid Costs .....	87, 89, 91
Strike Date .....	64	Unrestricted Global Registered Note .....	120
structured product .....	151	US Definitive Registered Notes .....	120
Substitute Index .....	64	US dollars .....	vi
Substitute Index Level .....	64	US Holder .....	141
Successor Index .....	64, 105	US\$ .....	vi
TARGET Business Day .....	58	Valid Date .....	65
TARGET2 .....	64	Valuation Date .....	65
Tax Certainty Date .....	68, 77	Valuation Time .....	65
Tax Clarification Effective Date .....	68, 77	X .....	87
Tax Deducted .....	92, 93	Y .....	88
Tax Equalisation Payment .....	92, 93		
Tax Equalisation Payment Date .....	92, 93		

**REGISTERED AND HEAD OFFICE OF THE ISSUER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**PRINCIPAL PAYING AGENT, ISSUE AGENT, REGISTRAR, TRANSFER AGENT AND  
PAYING AGENT**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**REGISTRAR**

**HSBC Bank USA, National Association**  
Corporate Trust  
452 Fifth Avenue  
New York, New York, 10018  
USA

**CALCULATION AGENT**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**LEGAL ADVISERS TO THE ISSUER**

*as to English law*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
United Kingdom