



**HSBC Bank plc**

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

**PROGRAMME FOR THE ISSUANCE OF NOTES AND WARRANTS**

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

This Offering Memorandum (which expression shall include each of Parts A to F hereof and all documents incorporated by reference herein) has been prepared for the purpose of providing disclosure information with regard to the notes (the "**Notes**") and warrants (the "**Warrants**") to be admitted to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market. The Irish Stock Exchange's Global Exchange Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive (2004/39/EC). **This Offering Memorandum constitutes listing particulars for the purposes of listing on the Irish Stock Exchange's Official List and trading on its Global Exchange Market and does not constitute a prospectus for the purposes of Directive 2003/71/EC (as amended), (the "Prospectus Directive").** Investors should note that securities to be admitted to the Irish Stock Exchange's Official List and trading on its Global Exchange Market will, because of their nature, normally be bought and traded by a limited number of investors who are particularly knowledgeable in investment matters.

**The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of the Prospectus Directive. The Offering Memorandum has been prepared solely with regard to Notes and Warrants that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2004/39/EC and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).**

In relation to any Notes or Warrants, this Offering Memorandum must be read as a whole and together also with the relevant pricing supplement (the "**Pricing Supplement**"). Any Notes or Warrants issued under the Programme on or after the date of this Offering Memorandum are issued subject to the provisions described herein. This does not affect any Notes or Warrants already in issue.

This Offering Memorandum will be valid until 12 months from the date hereof.

Any person (an "**Investor**") intending to acquire or acquiring any securities from any person (an "**Offeror**") will do so, and offers and sales of the securities to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with Investors (other than the Dealers as defined herein) in connection with the offer or sale of the securities and, accordingly, this Offering Memorandum and any Pricing Supplement will not contain such information and an Investor must obtain such information from the Offeror.

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

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.

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

Programme Arranger, Dealer and Manager  
**HSBC**

18 June 2013

## IMPORTANT NOTICES

*The Issuer accepts responsibility for the information contained in this Offering Memorandum. 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 Offering Memorandum 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. The Warrants may be issued for consideration of more or less than EUR100,000 (or its equivalent in any other currency) per Warrant. The Issuer does not intend to provide post-issuance information.*

*None of the Programme Arranger nor any dealer for an issue of Notes nor any manager for an issue of Warrants (each such dealer or manager 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 Offering Memorandum or any other information provided by the Issuer in connection with the Programme or the Notes or the Warrants 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 Offering Memorandum 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 the Dealer.*

*Neither this Offering Memorandum nor any Pricing Supplement nor any further information supplied in connection with the Programme or any Notes or any Warrants should be considered as a recommendation or as constituting an invitation or offer by the Issuer or the Dealer to any recipient of this Offering Memorandum to subscribe for or purchase any Notes or any Warrants. Each investor contemplating subscribing for or purchasing any Notes or any Warrants should make its own independent investigation of the affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Memorandum nor any other information supplied in connection with the Programme or any Notes or any Warrants constitutes an offer by or on behalf of the Issuer or the Dealer to subscribe for or purchase any Notes or any Warrants.*

*This Offering Memorandum has been prepared on the basis that, below may apply, any offer of Notes or Warrants in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes or Warrants. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes or Warrants which are the subject of an offering/placement contemplated in this Offering Memorandum as completed by a Pricing Supplement in relation to the offer of those Notes or Warrants may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes or Warrants in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. For the purposes of this paragraph only, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, and includes any relevant implementing measure in the Relevant Member State.*

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

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

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

*The distribution of this Offering Memorandum and the offer, distribution or sale of Notes or Warrants may be restricted by law in certain jurisdictions. None of the Issuer or the Dealer represents that this document may be lawfully distributed, or that any Notes or Warrants may be lawfully offered, or assumes any responsibility for facilitating any such distribution or offering, in any such jurisdiction. In particular, action may be required to be taken to permit a public offering of any Notes or Warrants or a distribution of this Offering Memorandum in any jurisdiction. Accordingly, no Notes or Warrants may be offered or sold, directly or indirectly, and neither this Offering Memorandum 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 Offering Memorandum or any Notes or Warrants come must inform themselves about, and observe, any such restrictions.*

*For details of certain restrictions on the distribution of this Offering Memorandum and the offer or sale of Notes and Warrants in the Dubai International Financial Centre, the European Economic Area, France, Hong Kong, Indonesia, Italy, Japan, Kingdom of Bahrain, Korea, Malaysia, Mexico, New Zealand, Norway, People's Republic of China, Philippines, Russia, Singapore, Spain, Switzerland, The Netherlands, Taiwan, Thailand, the United Arab Emirates (excluding the Dubai International Financial Centre), the United Kingdom and the United States of America, see "Subscription and Sale of Notes" and "Purchase and Sale of Warrants" below.*

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#### **United States**

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

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

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

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

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

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

transactions under the Programme and all materials of any kind (including opinions or other tax analyses) that are provided by or on behalf of the Issuer to that person relating to such US tax treatment and US tax structure.

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### **United Kingdom**

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

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### **Hong Kong**

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

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

All references in this Offering Memorandum to "**Sterling**", "**GBP**" and "**£**" refer to the lawful currency of the United Kingdom, all references to "**US dollars**", "**USD**" and "**US\$**" refer to the lawful currency of the United States of America, all references to "**Hong Kong dollars**", "**HKD**" and "**HK\$**" 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 Offering Memorandum, 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 Chinese Renminbi that is freely deliverable between accounts in the relevant Offshore RMB Centre as specified in the relevant Pricing Supplement 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 Pricing Supplement prevailing as of the trade date of the Notes or Warrants, 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 European Union, as amended. Any other currency referred to in any Pricing Supplement will have the meaning specified in the relevant Pricing Supplement.

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## HOW TO USE THIS DOCUMENT

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

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

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

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

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

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

All investors and prospective investors in Currency-Linked Notes and Warrants should read the front cover and the sections headed "*Important Notices*". "*Part A - Information relating to the Programme Generally*". "*Part B – Information relating to the Notes Generally*" and in the case of Currency-Linked Notes or "*Part C – Information relating to the Warrants Generally*" in the case of Currency-Linked Warrants together with the relevant Pricing Supplement for the particular series of Currency-Linked Notes or Currency-Linked Warrants.

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

In this Offering Memorandum, "**Conditions**" means, as applicable, the terms and conditions of the Notes and the terms and conditions of the Warrants, respectively. Other than as expressly defined in any other section of this Offering Memorandum, terms defined in the Conditions, the "*Summary of Provisions Relating to the Notes while in Global Form*" and the "*Summary of Provisions Relating to the Warrants while in Global Form*" have the same meanings in other all sections of this Offering Memorandum.

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**Part A – Information Relating to the Programme Generally – Risk Factors**

**PART A - INFORMATION RELATING TO THE PROGRAMME GENERALLY**



## Part A – Information Relating to the Programme Generally – Risk Factors

### RISK FACTORS

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

*Any investment in the Notes and Warrants is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes or Warrants, the business of the Issuer and the industry in which it operates together with all other information contained in this Offering Memorandum, including, in particular the risk factors described below and the risk factors contained in 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 Warrants and/or risk factors that are material for the purposes of assessing the market risk associated with the Notes and Warrants. Words and expressions defined in the Conditions or elsewhere in this Offering Memorandum have the same meanings in this section.*

*The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes or Warrants and should be used as guidance only. Additional risks and uncertainties relating to the Issuer or the Notes and Warrants 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 and Warrants themselves, and, if any such risk should occur, the price of the Notes and Warrants may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes or Warrants is suitable for them in light of the information in this Offering Memorandum 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 and Warrants.

<i>Name of sub-section</i>	<i>Applicable to</i>	<i>Explanation</i>
(1) Risks relating to all issues of Notes and Warrants	All Notes and Warrants	This sub-section will be relevant for all issues of Notes and Warrants, as it details the risk factors which the Issuer deems to be material in respect of all Notes and Warrants issued under the Programme. <i>In addition, risk factors from the following sub-sections may be relevant to an issue of Notes and Warrants.</i>
(2) Risks relating to the Notes	All Notes only	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 issued under the Programme. <i>In addition, risk factors from the following sub-sections may be relevant to an issue of Notes.</i>
(3) Risks relating to the Warrants	All Warrants only	This sub-section will be relevant for all issues of Warrants as it details the risk factors which the Issuer deems to be material in respect of all Warrants issued under the Programme. <i>In addition, risk factors from the following sub-sections may be relevant to an issue of Warrants.</i>
(4) Risks relating to Emerging Markets	Notes and Warrants linked to Reference Assets/ securities underlying Reference	This sub-section will be relevant for all issues of (i) Notes and Warrants linked to Reference Assets/ securities underlying Reference Indices which are: listed in an emerging

**Part A – Information Relating to the Programme Generally – Risk Factors**

	Indices which are listed in an emerging markets country; and/or issued by an entity incorporated in an emerging markets country and/or located in emerging markets and/or settled in emerging market currency and Notes and Warrants denominated and/or settling in an emerging markets currency.	markets country; and/or issued by an entity incorporated in an emerging markets country and/or located in emerging markets and/or settled in emerging market currency. (ii) <i>Notes and Warrants denominated and/or settling in an emerging market currency.</i>  <i>In addition, risk factors from the following sub-sections may be relevant to an issue of Notes and Warrants linked to Reference Assets/ securities underlying Reference Indices which are: listed in an emerging markets country; and/or issued by an entity incorporated in an emerging markets country and/or located in emerging market currency and Notes and Warrants denominated and/or settling in an emerging markets currency.</i>
(5) Risks relating to Equity/Index Linked Notes and Warrants	Notes and Warrants linked to (i) one security or a basket of securities (including shares, depository receipts, funds (including exchange traded funds), exchange-traded bonds (including exchange-traded convertible bonds)) (" <b>Equity-Linked Notes and Warrants</b> "); or (ii) linked to one or more indices (" <b>Index-Linked Notes and Warrants</b> ").	This sub-section will be relevant for all issues of Equity-Linked Notes and Warrants and Index-Linked Notes and Warrants. <i>In addition, risk factors from the above sub-sections may be relevant to an issue of Equity-Linked Notes and Warrants and Index-Linked Notes and Warrants.</i>
(6) Risks relating to Preference Share-Linked Notes	Notes linked to the performance of one or more Preference Shares.	This sub-section will be relevant for all issues of Notes linked to the performance of one or more Preference Shares. <i>In addition, risk factors from the above sub-sections may be relevant to an issue of Notes linked to the performance of one or more Preference Shares.</i>
(7) Risks relating to Commodity/Commodity Index-Linked Notes and Warrants	Notes and Warrants linked to the performance of one or more commodities or commodity indices.	This sub-section will be relevant for all issues of Notes and Warrants linked to the performance of one or more commodities or commodity indices. <i>In addition, risk factors from the above sub-sections may be relevant to an issue of Notes and Warrants linked to the performance of one or more commodities or commodity indices.</i>
(8) Risks relating to Interest Rate-Linked Notes and Warrants and Inflation Rate-Linked Notes and Warrants	Notes and Warrants linked to interest rates, inflation rates or similar variables	This sub-section will be relevant for all issues of Notes and Warrants linked to interest rates, inflation rates or similar variables. <i>In addition, risk factors from the above sub-sections may be relevant to an issue of Notes and Warrants linked to interest rates,</i>

## Part A – Information Relating to the Programme Generally – Risk Factors

		<i>inflation rates or similar variables.</i>
(9) Risks relating to Currency-Linked Notes and Warrants	Notes and Warrants linked to foreign exchange rates.	This sub-section will be relevant for all issues of Notes and Warrants linked to foreign exchange rates. <i>In addition, risk factors from the above sub-sections may be relevant to an issue of Notes and Warrants linked to foreign exchange rates.</i>
(10) Risks relating to Credit-Linked Notes	Notes and Warrants linked to the credit of one or more entities	This sub-section will be relevant for all issues of Notes and Warrants linked to the credit of one or more entities. <i>In addition, risk factors from the above sub-sections may be relevant to an issue of Notes and Warrants linked to the credit of one or more entities.</i>

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

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

#### ***Credit risk***

The Notes and Warrants 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 and Warrants (the Issuer's credit risk). If the Issuer becomes insolvent or defaults on its obligations under the Notes and Warrants, in the worst case scenario investors in the Notes and Warrants 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 and Warrants 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 and Warrants as the Notes and Warrants are unsecured. If the Issuer became unable to pay amounts owed to the investor under the Notes or Warrants (as applicable), such investor does not have recourse to the Reference Assets or Reference Asset Component any other security/collateral and, in a worst case scenario, may not receive any payments under the Notes or Warrants (as applicable).

#### ***The Notes and Warrants are not ordinary debt securities***

An investment in the Notes and Warrants is not an equivalent to an investment in a time deposit. The terms of the Notes and Warrants may differ from those of ordinary debt securities because the Notes may not pay interest, the Warrants do not pay interest and, on redemption or expiry (as applicable), depending on the performance of the Reference Asset(s) or Reference Asset Component(s), as applicable, may return less than the amount invested or nothing.

The repayment of any amount invested in Notes and Warrants and any return on investment may be variable and not guaranteed. Unlike a savings account or similar investment with a lower return and little or no capital risk, the Notes and Warrants may potentially have a greater return but there is a greater risk of loss of capital. As a result, the investors' capital can fall below the amount initially invested.

## **Part A – Information Relating to the Programme Generally – Risk Factors**

Warrants and Notes are designed to track the value or level of the underlying Reference Asset(s). The value or level of the Reference Assets can alter sharply because they reflect the performance of the underlying value or general stock and other market conditions. Therefore, there is a risk that, if the underlying Reference Asset(s) does not move in the anticipated direction, the Warrants or 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 may be a risk that if the issuers of an underlying Reference Asset(s) becomes insolvent, the value of such Reference Asset(s) will become zero. As a result thereof the value of the Warrants or Notes will be adversely affected and in a worst case scenario become zero as well. Investors in the Warrants or Notes would then lose all of their invested amounts.

***Capital risks relating to Notes and Warrants:*** Unless the relevant Series of Notes is fully principal protected, the repayment of any amount invested in the Notes or Warrants is not fully guaranteed. As a result the investors' capital can fall below the amount initially invested in such Notes or Warrants. Unlike a savings account or similar investment, an investment in the Notes or Warrants is not covered by the UK Financial Services Compensation Scheme.

### ***No ownership rights***

An investment in Notes or Warrants relating to a Reference Asset or Reference Asset Component is not the same as an investment in the Reference Asset or any Reference Asset Component and does not (prior to settlement of any exchange of Notes for the Reference Asset, where applicable) provide a Noteholder or Warrantholder with any of the rights that a holder of such security underlying a Reference Asset or any Reference Asset Component may have (such as voting rights and rights to receive dividends).

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

Any Series of Notes or Warrants issued will be new securities which may not be widely distributed and for which there is no active trading market (even where, in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche which is already issued). If the Notes or Warrants are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar Notes or Warrants (as applicable), general economic conditions, commissions paid by the Issuer and the financial condition of the Issuer. Accordingly, the investor is subject to the risk that its investment in the Notes and Warrants may be difficult or impossible to trade.

It is not possible to predict whether any trading market for the Notes and Warrants will develop or, if it does, the price at which Notes and Warrants will trade in the secondary market or whether such market will be liquid or illiquid. If any Notes and Warrants are not listed or traded on any exchange, pricing information for the Notes and Warrants may be more difficult to obtain and the liquidity of the Notes and Warrants may be adversely affected. Also, to the extent that Notes are redeemed or purchased and cancelled or Warrants are exercised or purchased and cancelled, the number of Notes or Warrants outstanding will decrease, resulting in a lessening of the liquidity of the Notes and Warrants. A lessening of the liquidity of the Notes and Warrants may cause, in turn, an increase in the volatility associated with the price of the Notes and Warrants. An investor in the Notes or Warrants is subject to the risk therefore, that to the extent that there is no liquid market in the Notes and Warrants, an investor may have to wait until redemption of such Notes or until it is able to exercise such Warrants in order to realise the value of its investment and, as such, an investor should proceed on the assumption that they may have to bear the economic risk of an investment in the Notes or Warrants until their redemption or exercise date.

### ***Illegality***

The Noteholders and Warrantholders 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 Warrants (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 an illegality event, the Issuer may terminate its obligations under the Notes or Warrants against payment of an amount determined by the Calculation Agent which may be, if so specified in the relevant Pricing Supplement, the Fair Market Value of such Note or Warrant immediately prior to such termination (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

## Part A – Information Relating to the Programme Generally – Risk Factors

Warrants or any related hedging or funding arrangements as a result of such events). Noteholders and Warrantholders may suffer a loss of some or all of their investment as a result of such early termination, and will forego any future appreciation in the securities underlying the relevant Reference Asset and, in the case of Notes only, future interest payments applicable to such Notes (if any).

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

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

(a) *Fluctuations in the level or value of the Reference Asset(s) or Reference Asset Component(s)*

Fluctuations in the value or level of the Reference Asset(s) or Reference Asset Component(s) may affect the value of the Notes or Warrants, but equally an investor in the Notes or Warrants is subject to the risk that expectations of fluctuation in value or level of the Reference Asset(s) or Reference Asset Component(s) during the remaining period to the maturity of the Notes or expiry of the exercise period of the Warrants (as applicable) or any earlier redemption or exercise date would adversely affect amounts payable in respect of the Notes or Warrants. The level of the Reference Asset, Reference Asset or Reference Asset Component 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*

Rising interest rates may lower the value of the Reference Asset(s) or Reference Asset Component(s), and thus, the value of the Notes and Warrants. Changes in interest rates may also affect the economy of a country in which securities underlying the Reference Asset(s) or Reference Asset Component(s) are traded, and which may adversely affect the value of the Notes and Warrants.

(c) *Volatility of the Reference Asset(s) or Reference Asset Component(s)*

If the size and frequency of market fluctuations in value of the Reference Asset(s) or Reference Asset Component(s) increase or decrease, the trading value of the Notes and Warrants may be adversely affected.

(d) *Time remaining to maturity or expiry*

The Notes and Warrants may trade at a value above that which would be expected based on the level of interest rates and the level of the Reference Asset(s) or Reference Asset Component(s). Any such difference will reflect a "time premium" resulting from expectations concerning the Reference Asset(s) or Reference Asset Component(s) during the period prior to the maturity of the Notes or stated expiry of the Warrants. An investor in the Notes and Warrants should be aware of the risk that, as the time remaining to the redemption or exercise (as applicable) of the Notes and Warrants decreases, this time premium would likely decrease, which would adversely affect the value of the Notes and Warrants.

(e) *Dividend rates*

An investor in the Notes and Warrants is subject to the risk that changes in dividend or other distribution rates on the Reference Asset(s) or Reference Asset Component(s) may adversely affect the trading value of the Notes and Warrants. If the dividend or other income rates on the Reference Asset(s) or Reference Asset Component(s) increase, the trading value of the Notes and

## **Part A – Information Relating to the Programme Generally – Risk Factors**

Warrants are likely to decrease as the Notes and Warrants generally do not reflect such distributions by way of increase in amounts payable on exercise or redemption, or pass-through payments of such distributions.

### ***Pricing***

As part of the valuation mechanism, Notes and Warrants may specify a time and an exchange or other venue in which the level or value of the Reference Asset(s) are to be observed. Depending on how the level or value of the Reference Asset(s) is calculated, the level or value of such Reference Asset(s) may fluctuate throughout the trading day, and they may change rapidly. As a result, investors should note that return on any Notes and Warrants 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 and Warrants. 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 interest***

The Issuer or affiliates of the Issuer may from time to time advise: (i) the issuers of or obligors in respect Reference Assets regarding transactions to be entered into by them; (ii) engage in transactions involving Reference Assets or Reference Asset Components for their proprietary accounts and for other accounts under their management; (iii) carry out hedging activities related to the Notes and Warrants by purchasing the Reference Assets or Reference Asset Components; or (iv) publish research reports relating to certain Reference Assets or Reference Asset Components. Any such activities may have a negative effect on the value of such Reference Assets and therefore on the value of any Notes and Warrants 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 and Warrants; (ii) be the Calculation Agent responsible for making determinations and calculations in connection with the Notes and Warrants; or (iii) publish research reports which express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes and Warrants referencing the Reference Assets. 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 or Warrantholders (as applicable).

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

The original issue price of the Notes or Warrants may include the distribution commission or fee charged by the Issuer and/or its affiliates and the cost or expected cost of hedging the Issuer's obligations under the Notes or Warrants (if any). Accordingly, there is a risk that, upon issue, the price, if any, at which the Issuer or its affiliates would be willing to purchase Notes or Warrants from the investor in the secondary market would be lower than the original issue price. Such fee, commission and cost of hedging may also be deducted from the redemption amount payable upon early termination of the Notes or Warrants. In addition, any such prices may differ from values determined by pricing models used by the Issuer or affiliates as a result of such compensation or other transaction costs.

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

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

### ***Hedging activities of the Issuer and affiliates***

The Issuer or its affiliates may carry out hedging activities related to the Notes and Warrants, including purchasing Reference Assets or Reference Asset Components, but will not be obliged to do so. Certain of the Issuer's affiliates may also purchase and sell the Reference Assets or Reference Asset Components on a regular basis as part of their securities businesses. Any of these activities could potentially affect the

## **Part A – Information Relating to the Programme Generally – Risk Factors**

value of the Reference Factor, Reference Asset or Reference Asset Component and, accordingly, the value of the Notes or Warrants.

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

Calculation of the interest payments (if applicable) and/or amount payable in respect of redemption or expiry or exercise may be by reference to certain specified screen rates or level or value published on an exchange or other quotation system, or if any such rate or level or value is not displayed at the relevant time a rate or level or value (as applicable) determined by the Calculation Agent in its sole and absolute discretion acting in good faith. The Notes may be redeemable prior to their scheduled maturity and the Warrants may expire prior to their scheduled expiry in certain circumstances at an amount determined by the Calculation Agent which may be less than their nominal amount. Accordingly, an investor in the Notes and Warrants is subject to the risk that the calculation of payment and other determinations under the Notes and Warrants 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.

The Calculation Agent may be permitted to use its proprietary models in setting the terms of an adjustment, and it may be difficult for investors to predict the resulting adjustments in advance. In such case, an investor would be subject to the risk that it would be difficult to verify that adjustments made to payments under the Notes and Warrants are legitimate and consistent with the terms of an issue of Notes and Warrants without expertise in applying valuation models.

All calculations and determinations made by the Calculation Agent in relation to the Notes and Warrants shall (save in the case of manifest error at the time the relevant determination is made) be final and binding on the Issuer and all Noteholders. The Calculation Agent shall have no obligations to the holders of Notes or Warrants, and shall only have the obligations expressed to be binding on it pursuant to the Conditions.

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

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

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

If an investor anticipates that it will need to convert payments made under the Notes or Warrants 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 (in the case of Notes) or cash settlement (in the case of Warrants) payable to the investor and (ii) the market value of the Notes or Warrants, 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 or Warrants, as converted, may be less than expected or zero.

#### ***Material risks involved in currency conversion***

The material risks involved in the currency conversion include the risk that exchange rates may change significantly (including changes due to appreciation of the Investor's Currency relative to the Settlement Currency). 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 and Warrants.

#### ***Exchange control risks***

Investors in Notes and Warrants should also be aware that there is the risk that authorities with jurisdiction over the Investor's Currency or Settlement 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

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and Warrants. As a result of exchange controls and restrictions the Issuer may not be able to make payments under the Notes and Warrants in the Settlement Currency and will therefore pay the equivalent of the amounts due under the Notes in U.S. dollars or another currency. Investors in the Notes and Warrants will therefore forego to any future appreciation of the Settlement Currency. See for further details "*Risks relating to Emerging Markets*".

### ***Certain considerations regarding hedging***

Investors intending to purchase Notes or Warrants to hedge against the market risk associated with investing in a Reference Asset should recognise that there is a risk that the value of the Notes or Warrants may not exactly correlate with the value of the Reference Asset to which they relate. Due to fluctuating supply and demand for the Notes or Warrants, there is no assurance that their value will correlate with movements of the Reference Asset. This is, in part, due to fluctuating supply and demand for the Notes and Warrants. In addition, the formula for redemption or exercise (as applicable) may be subject to a cap. For these reasons, among others, it may not be possible to purchase or liquidate assets in a portfolio at the prices used to calculate the value of any relevant Reference Asset. Accordingly, investors who invest in Notes or Warrants as a means of hedging may be exposed to risks arising out of such differences in value.

### ***Value of Baskets***

The value of a basket of Reference Assets to which any Notes or Warrants relate may be affected by the number of Reference Assets included in such basket. Generally, the value of a basket that includes Reference Assets from a number of companies or obligors or other components or which gives relatively equal weight to each Reference Asset will be less affected by changes in the value of any particular Reference Asset included therein than a basket that includes fewer Reference Assets or that gives greater weight to some Reference Assets.

In particular, if the Reference Assets included in a basket are all in or relate to a particular industry, the value of such a basket will be affected to a greater extent by the economic, financial and other factors affecting that industry than if the Reference Assets 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.

Investors in the Notes and Warrants are subject to the risk that other risks relating to the Reference Assets which adversely affect the value of the Notes or Warrants will be exacerbated due to the number of and/or type of Reference Assets.

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

The Conditions of the Notes and the Conditions of the Warrants are based on English law and United Kingdom tax law in effect as at the date of this Offering Memorandum. 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 and Warrants. The value of the Notes and Warrants may also be affected by changes in the laws of the jurisdiction of listing or incorporation of the Reference Asset(s) or Reference Asset Component(s).

No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Memorandum.

### ***Clearing systems***

Because Notes and Warrants may be held by or on behalf of the relevant clearing system as specified in the relevant Pricing Supplement investors will be able to trade their interests only through the relevant clearing system and will have to rely on their procedures for transfer, payment and communication with the Issuer to receive payment under the Notes and Warrants. In addition, Notes and Warrants may be issued as Uncertificated Registered Notes or Uncertificated Registered Warrants. CREST will maintain records of the interests in such Notes and Warrants and investors will be able to trade their interests only through CREST. Title to such Notes or Warrants will pass upon registration of such clearing systems for the transfer in the Operator register of corporate securities. All transactions in relation to such Notes or Warrants (including in any transfers) in the open market or otherwise must be effected through an account at the Operator subject to and in accordance with the rules and procedures for the time being of the Operator. Investors are therefore subject to the risk of those settlement procedures failing such that



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payments due under the Notes or Warrants may be delayed and that entries in the register are entered incorrectly which may lead to difficulties within investor assisting ownership of the Notes or Warrants.

The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, interests in the global Notes or global Warrants. Holders of interests in the global Notes or global Warrants will not have a direct right to vote in respect of the relevant Notes or Warrants. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system to appoint appropriate proxies.

### *Modification, waiver and substitution*

Investors in the Notes or Warrants are subject to the risk that modifications to the Conditions of the Notes or Warrants may be made without the consent of any Noteholders or Warrantheolders, as the case may be, where the Issuer determines that:

- the modification is not materially prejudicial to the interests of the Noteholders and the Warrantheolders as a whole;
- where the modification of the Notes or Warrants 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 or Warrants.

There is a commercial risk that the obligations of the Warrantheolder or the Noteholder will be owed by a principal debtor other than the Issuer. The Notes and the Warrants permit the substitution of an affiliate of the Issuer as principal debtor in respect of the Notes and the Warrants, provided that the Issuer provides a guarantee.

### *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 and Warrants 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*

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 and Warrants 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 and Warrants 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 and Warrants.

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

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

Transactions involving Notes or Warrants 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 or Warrants 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 or Warrants may be subject to U.S. reporting obligations which, if not satisfied, may require U.S. tax to be withheld*

Whilst the Notes and Warrants are in global form and held within Euroclear Bank S.A./N.V. 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 and Warrants are discharged once it has paid the common depositary or common safekeeper for the ICSDs (as bearer, book-entry or registered holder (as applicable) of the Notes and Warrants) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries.

### *French FTT*

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 Reference Assets or securities underlying Reference Indices to hedge their exposure under the Warrants and/or the Notes if such Reference Assets or securities underlying Reference Indices 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, Warrantholders and/or Noteholders are subject to the risk that payments under the Warrants and/or the Notes may be adversely affected by the French FTT, where applicable, as this tax may be deducted from the amounts payable to the Warrantholders and/or Noteholders.

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In case a physical settlement of the Warrants would give rise to an acquisition of French Qualifying Securities or Synthetic French Qualifying Securities, the French FTT would apply to this acquisition and the corresponding cost would be charged to the Warrantholders. Similarly, in case redemption of the Notes would give rise to an acquisition of Qualifying Securities or Synthetic French Qualifying Securities, the French FTT would apply to this acquisition and the corresponding cost would be charged to the Noteholders.

*Italian financial transactions tax may apply to Notes and Warrants linked to Reference Assets that are securities issued by Italian issuers*

In addition to the risk factors set out above, the following risk factor also applies for Notes and Warrants relating to Reference Assets (including through underlying a Reference Index) for which the Reference Jurisdiction is Italy.

A financial transactions tax ("**Italian FTT**") has recently been introduced under Italian law (pursuant to Article 1, Law 24 December 2012, no. 228). The Italian 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 Reference Asset relating to the Warrants and, where deemed to represent the underlying equity instruments or characterised as derivative instruments, the Notes (together with the Warrants, the "**Affected Instruments**"), is an Italian resident or the issuer of a security underlying a Reference Index is an Italian resident. Residence and nationality of the Issuer and any holder of the Affected Instruments, and the place of execution of the Affected Instrument would be irrelevant as the application of the FTT on Derivatives is exclusively dependent on the residence of the issuer of the underlying Reference Asset or securities underlying a Reference Index.

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

- Index-linked Affected Instruments where a security underlying the Reference Index is issued by an Italian-resident company: from €0.01875 to €15, depending on the notional value of the contract;
- Equity-Linked Affected Instruments where an underlying Reference Asset is issued by an Italian-resident company: from €0.125 to €100, depending on the notional value of the contract;
- Affected Instruments linked to a basket of Reference Assets or Reference Indices: 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 Affected Instruments is subject to the risk that payments under the Affected Instruments will be adversely affected by this Italian transaction tax as these charges will be deducted from the Cash Settlement Amount or Final Redemption Amount.

Besides the FTT on Derivatives, the Italian 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 Reference Assets or securities underlying Reference Indices to hedge their exposure under the Affected Instruments 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.

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The FTT on Shares would be applicable in the case in-scope securities are transferred to investors in Affected Instruments upon physical settlement of the relevant Affected Instruments.

An investor in the Affected Instruments is subject to the risk that payments under the Affected Instruments will be adversely affected by this Italian financial transactions tax as these charges may be deducted from the Cash Settlement Amount or 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.

### *Limitations on exercise or trading size*

If so indicated in the relevant Pricing Supplement, an investor must tender a specified minimum number of Warrants (and integral multiples of Warrants thereafter) or minimum trading size or total consideration of Notes at any one time in order to exercise or on-sell the Notes or Warrants. Thus, investors with fewer than the specified minimum number of Warrants (or specified multiples thereof) or minimum trading size or total consideration of Notes will either have to sell their Warrants or Notes or purchase additional Warrants or Notes, incurring transaction costs in each case, in order to realise their investment. Furthermore, investors in such Warrants or Notes incur the risk that there may be differences between the trading price of such Warrants or Notes and the Cash Settlement Amount or the Physical Settlement Value (in the case of Physical Settlement Warrants) of such Warrants or the Final Redemption Amount or Early Redemption Amount of such Notes (as applicable).

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

### *Risk of early termination (Knock out risk)*

In relation to certain types of Notes or Warrants mandatory early redemption or termination occurs if certain conditions set out in the relevant Pricing Supplements are met. Investors should therefore be aware that certain types of Notes and Warrants may terminate prior to the stated maturity date or expiry date (as applicable). As a result investors in such Notes or Warrants may forego any future interest or other payments as well as any appreciation or depreciation (as applicable) in the underlying Reference Assets.

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

*General*

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

*Notes issued at a substantial discount or premium*

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

*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 Tranche of Notes due to any withholding or deduction for or on account of United Kingdom tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions of the Notes. If specified in the relevant Pricing Supplement, 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 and investors will forego any further interest payments (if any) in respect of the Notes. The Noteholders may not benefit from any appreciation in value or level of the Reference Asset(s) or Reference Asset Component(s) that may occur following such redemption.

*Notes with multiple denominations*

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

*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 (as defined in the Conditions) 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 applicable Pricing Supplement, together with accrued but unpaid interest, if any.

*Meetings of Noteholders*

Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority, so investors in the Notes are subject to the risk that the Conditions may be modified without their consent.

## Part A – Information Relating to the Programme Generally – Risk Factors

### *Specific risks relating to Fixed Rate Notes*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Investors will not benefit from any increases in market interest rates above the fixed rate payable in respect of the relevant Notes.

### *Specific risks relating to Floating Rate Notes*

Floating Rate Notes have returns that are variable as a result of the method by which the interest is calculated. The rate of interest is not fixed and is tied to the performance of an underlying benchmark and, if so specified in the relevant Pricing Supplement, may be subject to a maximum rate or minimum rate on the interest payable. The rate of interest can periodically go down and therefore return on the Notes is not guaranteed and may in a worst case become zero. Investors should be aware that in respect of Floating Rate Notes which are subject to a maximum return on the Notes is limited to such maximum and therefore investors will not benefit from any further increases of the underlying benchmark above such maximum return.

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

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Investors should consider reinvestment risk in light of other investments available at that time. As a result of the exercise of a call right by the Issuer, investors will forego any further interest payments (if any) in respect of the Notes and, if so specified in the Pricing Supplement, investors may receive less than their invested amount.

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

Investors in Notes are exposed to the risk that subsequent changes in interest rates may adversely affect the value of the Notes. Investments in the Notes may involve interest rate risk with respect to the currency of denomination of the Notes. A variety of factors influence interest rates such as macro economic, governmental, speculative and market sentiment factors. Such fluctuations may have an impact on the value of the Notes.

## **(3) Risks relating to the Warrants**

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

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

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

## **Part A – Information Relating to the Programme Generally – Risk Factors**

As a result of these factors the price at which a Warrantholder may be able to sell the Warrants prior to expiry may be less than the initial amount invested in the Warrants. Investors should also note that each of these factors interrelate in complex ways (for example, one factor may offset an increase in the trading value of the Warrants caused by another factor).

### ***Variation of settlement***

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

### ***Time lag after exercise***

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

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

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

## **(4) Risks relating to Emerging Markets**

Warrants and Notes issued may relate to Reference Assets which are located in an emerging market. Investors in such Warrants or Notes should be aware that these markets are subject to greater risks than well-developed markets. The value or level of the Reference Asset(s) or Reference Asset Component(s) which are linked to an emerging market country may therefore be volatile and investment in such Warrants and Notes will involve additional risks and special considerations not typically associated with investing in Warrants or 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 Reference Asset(s) or Reference Asset Component(s) 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. Inefficient systems may result in delayed payments on the Reference Asset(s) or Reference Asset Component(s), which may in turn delay payments under the Warrants or Notes.

## Part A – Information Relating to the Programme Generally – Risk Factors

### (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 Warrants or Notes where the underlying Reference Asset(s) or Reference Asset Component(s) are linked to an emerging market country or in Warrants or Notes which are denominated and/or settling in an emerging market currency are subject to the risk that, if such Notes or Warrants cease to be convertible into the Settlement Currency or become only semi-convertible, then unless "Payment of Alternative Currency Equivalent" is specified as applicable in the relevant Pricing Supplement, the Warrants or Notes may return less on exercise or expiry or maturity (respectively) than the amount invested or nothing.

Moreover the value of investments in the underlying Reference Asset(s) or Reference Asset Component(s) 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 Reference Asset(s) and Reference Asset Component(s) 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 Warrants is that the price of the Warrant might be more volatile (as the amounts payable under the Warrant are linked to the value of the Reference Asset or Reference Index) or that issuers of the underlying Reference Assets or constituent securities of a Reference Index will not perform at an expected level, which may cause payments due under the Warrants 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 Warrants linked to an emerging market country are subject to the risk that information available on the Reference Assets and Reference Indices which might form the basis of its investment decision in respect of the Warrants may be of poorer quality than that available on Reference Assets and Reference Indices linked to well-developed markets and investors may not receive relevant information relating to the Reference Assets and Reference Indices at the same time as other market participants, which may cause price volatility and the market price of the Warrants 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 Reference Asset(s) or Reference Asset Component(s). 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 Reference Asset(s), thus adversely affecting the value of the Warrants.



## Part A – Information Relating to the Programme Generally – Risk Factors

Therefore, there is a risk that the trading price of such Warrants or Notes may be more volatile and that value of the underlying Reference Asset(s) or Reference Asset Component(s) may be adversely affected (following which, amounts payable under the Warrants or 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 Reference Asset(s) and Reference Asset Component(s) which may underlie the Warrants or 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 underlying Reference Asset(s) or Reference Asset Component(s) and therefore reduce the market value of the Warrants or Notes any amounts 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 Warrants' or Notes' trading price (during the life of the Warrants or Notes) or the relevant amount payable thereunder 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 Warrants or Notes, or entitle the Issuer to terminate the Warrants or 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 Reference Asset(s) or the Reference Asset Component(s).

(g) *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 Reference Asset(s) or Reference Asset Component(s) and therefore the value of the Warrants and Notes.

## **Part A – Information Relating to the Programme Generally – Risk Factors**

### (h) *Restrictions and controls*

Warrants and Notes may be subject to risk that restrictions and controls on the Reference Asset(s) or Reference Asset Component(s) are imposed by governments, governmental or regulatory bodies, regulators or exchanges of emerging markets jurisdictions. As a result of such restrictions and controls, potential delays might occur in respect of payments due under the Warrants or Notes linked to such Reference Asset(s) or even funds may not be payable under the Warrants or Notes on settlement following exercise, sale, redemption or termination of the Warrants or Notes. Also, taxes and charges levied in respect of buying and selling equity or debt securities relating to such restrictions and controls may be deducted from amounts payable under the Warrants or Notes.

### (i) *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.

### ***Specific risks relating to Notes and Warrants settling in emerging markets currencies***

Notes and Warrants issued may be denominated and/or settle in an emerging market currency. Investors in such Notes and Warrants should be aware that these markets are subject to greater risks than well developed markets. Investment in the Notes and Warrants will involve additional risks and special considerations not typically associated with investing in Notes and Warrants which are settled in more conventional currencies such as Euro or U.S. dollar.

### ***Inconvertibility, Non-transferability or Illiquidity***

Notes and Warrants which are payable in an emerging market currency may provide that, if the Settlement Currency is not available at or about the time when a payment is due to be made under the Notes or Warrants (as applicable) or it is impracticable for the Issuer to satisfy its obligations to pay any amounts due under the Notes or Warrants (as applicable) because of circumstances beyond the control of the Issuer, then the Issuer is entitled to make the payments in an Alternative Payment Currency. These circumstances could include the imposition of exchange controls or a disruption in the currency market which prevents the Issuer from obtaining the Settlement Currency.

### ***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 Settlement Currency is linked to an emerging market country. Currency exchange risks are described in detail above in the section entitled "*Risks applicable to all Notes and Warrants – Exchange rate risks and exchange control risks*".

### ***Risks relating to Notes and Warrants settled in Offshore RMB outside the PRC***

Notes and Warrants denominated and/or 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 and Warrants.

## Part A – Information Relating to the Programme Generally – Risk Factors

- (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 Pricing Supplement) may adversely affect the liquidity of the Notes and Warrants***

RMB is currently not freely convertible. For instance where Hong Kong is the relevant Offshore RMB Centre as specified in the relevant Pricing Supplement, 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 where Hong Kong identity card holders may have to allow more time to convert RMB from/to another country. Where the Offshore RMB Centre as specified in the relevant Pricing Supplement 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 Warrants and thus the value of the Notes and Warrants.

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

Interest rates are government controlled in Mainland China and it is uncertain whether full liberalisation of interest rate 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 and Warrants 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 and Warrants 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 or Warrantholder's investment in U.S. dollar, Hong Kong dollar or other applicable foreign currency terms will decline.

- (d) ***RMB payment risk***

If the Settlement Currency for the Notes or Warrants is Offshore RMB and "Payment of Alternative Payment Currency Equivalent" is specified as applicable in the relevant Pricing Supplement, an investor is subject to the risk that payments in respect of such Notes or Warrants will be made in U.S. dollars or another currency (as specified in the relevant Pricing Supplement) 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 (each, as defined in the Conditions), the Issuer shall be entitled, to settle any such payment in U.S. dollars or another currency on the due date at the Alternative Payment Currency Equivalent (as defined in the Conditions) of any such amounts. In this case, the risk factors in the section entitled "*Risks relating to all Notes and Warrants – Exchange rate risks and exchange control risks*" would apply as if U.S. dollars or such other currency (as specified in the relevant Pricing Supplement) were the Settlement Currency.

- (e) ***Gains on the transfer of Notes or Warrants denominated or 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

## Part A – Information Relating to the Programme Generally – Risk Factors

"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 or Warrants 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 or Warrants 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 or Warrants 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 or Warrants

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

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

Investors in the Notes and Warrants should be aware that all Offshore RMB payments under the Notes and Warrants will be made solely by credit to Renminbi bank accounts maintained at banks in the relevant Offshore RMB Centre as specified in the relevant Pricing Supplement 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 Pricing Supplement.

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

#### ***Information***

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

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

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

#### ***Market Disruption Events***

Investors in the Equity/Index-Linked Notes, Notes and Warrants are subject to the risk that a Market Disruption Event will occur in relation to a Reference Asset or Reference Asset Component. A Market Disruption Event may occur in respect of Notes and Warrants 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.

## Part A – Information Relating to the Programme Generally – Risk Factors

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

### *Additional Disruption Events*

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

The following Additional Disruption Events may be specified to be applicable in the relevant Pricing Supplement:

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

Upon the occurrence of such an early redemption prior to the originally scheduled maturity date of the relevant Notes or of an exercise date prior to the originally scheduled exercise dates or expiry dates of the relevant Warrants, Noteholders may suffer a loss of some or of all of their investment and will forego any future appreciation in the relevant Reference Asset that may occur following such redemption or termination.

### **Specific risk factors relating to Index-Linked Notes and Warrants**

#### *Successor Index, Index Modification, Index Calculation*

In certain circumstances, certain adjustments may be made to the index or indices to which Notes or Warrants are linked (a "**Reference Index**"), which may result in a loss to the Noteholders or Warrantholders. The Issuer considers the following to be material risks of adjustment:

- (i) the replacement of the relevant Reference Index by a successor index if the relevant Reference Index is not calculated or announced by the relevant Index Sponsor or is replaced by a successor index;
- (ii) the modification of the relevant Reference Index by the relevant Index Sponsor which may have a material effect on the Notes and Warrants; and
- (iii) the cancellation of the relevant Reference Index by the relevant Index Sponsor which may result in either (A) the termination of the relevant Notes or Warrants upon payment of such amount as may be determined by the Calculation Agent to be the fair market value of the Notes or Warrants immediately prior to such termination or (B) the continuation of the Notes and Warrants, in which case relevant level of the Reference Index will be determined by the Calculation Agent in its sole and absolute discretion.

## **Part A – Information Relating to the Programme Generally – Risk Factors**

### ***Calculation of HSBC managed Indices / HSBC Bank plc as index sponsor***

With respect to Notes or Warrants which are linked to one or more Reference Indices managed by HSBC, investors should understand that, although the Issuer is the *sponsor* of such HSBC managed Reference Indices, such Reference Indices are calculated independently and the Issuer as *sponsor* will make determinations of the level of the HSBC managed Reference Indices, and of any adjustments that need to be made to the HSBC managed Reference Indices, without considering the interests of investors in the Notes or Warrants.

Reference Indices which are managed by HSBC may have an index sponsor and/or an index calculation agent which is the same entity as the Issuer or an entity within the HSBC group. The role of the Issuer as Index Sponsor and index calculation agent may be performed by different divisions of the Issuer. The roles of these various divisions within the Issuer may give rise to various potential and actual conflicts of interest. In its capacity as either the index sponsor or index calculation agent, the Issuer does not act as fiduciary for or an advisor to the Warrantholder or Noteholder in respect of any determination or judgment or otherwise. Also, in its capacity as index sponsor or index calculation agent, HSBC Bank plc may have economic interests adverse to those of the Warrantholders and Noteholders, including with respect to certain determinations and judgments that the Index Sponsor and/or index calculation agent may be required to make pursuant to the terms of the Reference Index, any of which may affect payments in respect of the Notes. HSBC Bank plc may act in its own interests in such capacities and need not have regard to the interests of the Noteholders.

### ***Specific risk factors relating to Equity-Linked Notes and Warrants***

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

There is a risk in respect of Equity-Linked Notes or Warrants that certain events may occur in respect of Reference Asset(s) (such as 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 Reference Asset(s)). If such event has occurred, the Calculation Agent may take certain actions, such as adjusting certain Conditions or redeeming the Notes or terminating the Warrants.

Upon the occurrence of such an early redemption or termination of the relevant Equity/Index-Linked Notes or Warrants, the holders thereof may suffer a loss of some or of all of their investment and will forego any future appreciation in the relevant Reference Asset(s) that may occur following such redemption or termination.

#### ***FX Rates***

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

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

Investors in Equity-Linked Notes or Warrants are subject to the risk that certain circumstances in respect of Reference Asset(s) 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 Reference Asset(s)). 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 determines to be appropriate, to the number of Reference Asset(s) to which each Equity-Linked Notes or Warrant relates and to any other exercise, settlement, payment or other term of the relevant Equity-Linked Notes or Warrants and determine the effective date(s) of such adjustment(s). As a result of such adjustments the value of the relevant Equity-Linked Notes or Warrants may be adversely affected and the holders thereof may suffer a loss of some or all of their investment as a result.

## Part A – Information Relating to the Programme Generally – Risk Factors

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

In respect of Equity-Linked Notes and Warrants where the Reference Asset(s) are units in a Fund, one of the following events may occur:

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

Following the occurrence of such event ("**Extraordinary Fund Event**"), the Calculation Agent may make certain adjustments or substitutions for the Affected Units as the Calculation Agent may determine in its sole and absolute discretion, or the Calculation Agent may determine in its sole and absolute discretion that the relevant Notes or Warrants shall be terminated upon payment to the holders thereof 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 such holders.

### *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 or Warrants 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 or Warrants may be adversely affected.

### *Class of Investments*

Prospective purchasers or 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 or Warrants and any amounts payable thereunder.

### *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 effect on the value of the Notes or Warrants and any amounts payable thereunder.

## Part A – Information Relating to the Programme Generally – Risk Factors

### *High yield*

Some Reference 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 or Warrants 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 or Warrants (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 or Warrants has occurred. The Issuer may have acquired, or during the term of the Notes or Warrants 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 holders of such Notes or Warrants. Therefore, an investor in the Notes or Warrants should obtain and evaluate information concerning the relevant Funds as it would if it were investing directly in such Funds.

### *ETFs*

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

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

### *General*

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

### *Preference Share Underlying*

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

**Credit Risk of Preference Share Issuer** – Preference Share-Linked Notes are linked to the performance of the relevant preference shares issued by the Preference Share Issuer. Investors bear the Preference Share Issuer risk. The value of the Preference Share-Linked Notes is dependent not only on the value of the preference share, but also on the creditworthiness of the Preference Share Issuer, which may vary over the term of the Preference Share-Linked Notes. The Preference Share Issuer is not an operating company.



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Its sole business activity is the issue of redeemable preference shares. The Preference Share Issuer does not have any trading assets and does not generate any significant net income. As its funds are limited any misappropriation of funds or other fraudulent action by the Preference Share Issuer or person acting on its behalf would have a significant effect on the value of the preference shares and will affect the value of the Preference Share-Linked Notes.

### *Potential conflicts of interest*

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

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

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

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

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

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

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

The performance of a commodity, and consequently the corresponding commodity contract, is dependent upon various factors, including supply and demand, liquidity, weather conditions and natural disasters, direct investment costs, location and changes in tax rates as set out in more detail below. Commodity prices are more volatile than other asset categories, making investments in commodities riskier and more complex than other investments.

- (i) *Supply and demand* - The planning and management of commodities supplies is very time-consuming. This means that the scope for action on the supply side is limited and it is not always possible to adjust production swiftly to take account of demand. Demand can also vary on a regional basis. Transport costs for commodities in regions where these are needed also

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affect their prices. The fact that some commodities take a cyclical pattern, such as agricultural products which are only produced at certain times of the year, can also result in major price fluctuations.

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

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

Commodity Indices track the performance of a synthetic production-weighted basket of commodity contracts on certain physical commodities. The level of a Commodity Index replicates an actual investment in commodity contracts, and therefore goes up or down depending on the overall performance of this weighted basket of commodity contracts. Although Commodity Indices track the performance of the commodity markets, in a manner generally similar to the way in which an index of equity securities tracks the performance of the share market, there are important differences between a commodity index and an equity index. First, an equity index typically weights the shares in the index based on market capitalisation, while the commodities included in a Commodity Index are typically, though not always, weighted based on their world production levels and the dollar value of those levels with the exception any sub-index of a Commodity Index based upon such sub-index. Second, unlike shares, commodity contracts expire periodically and, in order to maintain an investment in commodity contracts, it is necessary to liquidate such commodity contracts before they expire and establish positions in longer-dated commodity contracts. This feature of a Commodity Index, which is discussed below – see risk factor "Exposure to "Rolling" and its impact on the performance of a Commodity Index", has important implications for changes in the value of a Commodity Index. Finally, the performance of a Commodity Index is dependent upon the macroeconomic factors relating to the commodities that underpin the commodities contracts included in such Commodity Index, such as supply and demand, liquidity, weather conditions and natural disasters, direct investment costs, location and changes in tax rates – see the risk factor, "Factors affecting the performance of both Commodities and Commodity Indices". The performance of commodity contracts in one sector may offset the performance of commodity contracts in another sector.

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

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

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

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

#### (i) "Rolling"

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

#### (ii) "Backwardation"

When the price of the near-dated commodity contract is greater than the price of the longer-dated commodity contract, the market for such contracts is referred to as in "*backwardation*". If the rolling

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

(iii) "Contango"

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

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

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

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

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

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

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

If a Market Disruption Event occurs then:

- (i) the Calculation Agent will determine if such event has a material effect on the Notes and Warrants and, if so, will calculate the relevant Interest Amount and/or make another relevant calculation using, in lieu of a published price for the relevant Commodity or Commodity Index, the price for that Commodity or Commodity Index as at the time specified on the relevant Pricing Date, as determined by the Calculation Agent taking into consideration the latest available quotation for such Commodity or Commodity Index and any other information that in good faith it deems relevant; or
- (ii) unless Delayed Redemption on Occurrence of Market Disruption Event is specified as being applicable in the relevant Pricing Supplement, on giving notice to holders, the Issuer will redeem, the Notes or terminate the Warrants, and pay in respect of each Note or Warrant an amount equal to the fair market value of such Notes or Warrants less any Associated Hedging Costs, all as determined by the Calculation Agent in its sole and absolute discretion; or
- (iii) where Delayed Redemption on Occurrence of Market Disruption Event is specified as being applicable in the relevant Pricing Supplement, the Calculation Agent will calculate the fair

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market value of each Note or Warrant, taking into account the Market Disruption Event less any Associated Hedging Costs (the "**Calculated Market Disruption Amount**") as soon as practicable following the occurrence of the Market Disruption Event (the "**Calculated Market Disruption Amount Determination Date**") and, on the Maturity Date or Expiry Date (as applicable), shall redeem each Note or terminate the Warrants at an amount calculated by the Calculation Agent equal to the Calculated Market Disruption Amount plus interest accrued (if any) from and including the Calculated Additional Market Disruption Amount Determination Date to but excluding the Maturity Date or Expiry Date (as applicable) at a rate equal to Issuer's funding cost at such time. Consequently the occurrence of a Market Disruption Event in relation to a Commodity or Commodity Index may have an adverse effect on the value or liquidity of the Notes and Warrants.

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

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

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

#### *Volatility*

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

#### *Interest income risk*

In relation to certain types of Interest Rate Linked Notes and Warrants and Inflation Rate Linked Notes and Warrants, interest only accrues on days on which the interest related Reference Asset fixes within a predetermined range set out in the Pricing Supplement. If the interest related Reference Asset does not fix within such range on one or more days during the term of the Notes or Warrants, then the return on the Notes or Warrants may be lower than traditional fixed rate securities, or even zero. Holders should note that no interest accrues on days when the interest related Reference Asset fixes outside of the range.

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

#### *Volatility of exchange rates*

Exchange rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in rates of exchange between the Specified Currency and Reference Currencies, the Denomination Currency and the Settlement Currency and the Settlement Currency and Alternative Payment Currency (as applicable) may result in a decrease in the value of interest payments or the principal payable on the Notes at maturity or the payments on Warrants at expiry or exercise. As a consequence, the market value of the Notes or Warrants may also fall.

#### *FX Disruption*

Investors in the Notes or Warrants should be aware that, following the occurrence of a FX Disruption the Calculation Agent may delay the determination of the Underlying Currency Pair Exchange Rate and/or Conversion Rate (as applicable) until such rate can be obtained by reference to the Underlying Currency Pair Fixing Page or Conversion Fixing Page (as applicable) provided that if the FX Disruption continues for five days following the original fixing date the Calculation Agent may determine to redeem the Notes or terminate the Warrants (as applicable) against payment of an amount determined by the Calculation Agent to be the fair market value of the Notes or Warrants less the cost to the Issuer of unwinding any

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underlying related hedging arrangements. Such amount may be less than any amount received at maturity or expiry or exercise and may result in a loss to the investors. Also, if the Notes are redeemed early or the Warrants are terminated early investors will forego any future appreciation or depreciation in the underlying currency.

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

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated ("**Dual Currency Notes**"). Prospective investors should be aware that:

- (i) the market price of such Notes may be very volatile;
- (ii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iii) they may lose all or a substantial portion of their principal and/or interest payments;
- (iv) the relevant currencies may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices; and
- (v) the timing of changes in a relevant currency may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the relevant currency, the greater the effect on yield.

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

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

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

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

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

- (a) the Issuer's obligations to pay interest on the Notes and to redeem the Notes at their principal amount may be subject to the conditions precedent that no Credit Event Notice has been given. If any Credit Event Notice is given on or before the Maturity Date or (if applicable) the Extended Maturity Date (as defined in the relevant Pricing Supplement) then, unless specified otherwise, (1) no interest in respect of the interest period current on the date on which such Credit Event Notice is given or any subsequent period shall be payable by the Issuer (but without prejudice to any interest payments already made to Noteholders or which became due and payable before the Credit Event Notice was given); and (2) the Issuer may or may not be obliged to redeem the Notes at their principal amount;
- (b) the Issuer's obligation to redeem the Notes may be replaced by an obligation to pay a cash amount (which may be zero) calculated by reference to the value of certain reference obligations, as specified in the Pricing Supplement; and

## Part A – Information Relating to the Programme Generally – Risk Factors

- (c) it shall be the responsibility of the Noteholders to ensure that their accounting, regulatory and all other treatments of the Notes are consistent with the conditional nature of the Noteholders' entitlement to receive the payments referred to above.

The Issuer may exercise its right to deliver a Credit Event Notice at any time after the occurrence of a Credit Event even if the Credit Event is not continuing at the time such right is exercised. Noteholders will have no right to compel the Issuer to exercise its rights and no right to control the timing of such exercise. Furthermore, Noteholders will have no right to remedy, waive or rescind the Credit Event or take any action to mitigate the ultimate loss which may be imposed upon them by virtue of their interest in the Notes and will bear the risk of any change in the value of obligations of the affected reference entity between the date of the Credit Event and the Auction Final Price Determination Date (as defined in Condition 6(o) applying to Credit-Linked Notes) or, if the Fallback Settlement Method applies, the Valuation Date (as defined in the relevant Pricing Supplement). During this period there could be a substantial decrease in the value of such obligations.

If a Credit Event occurs and the Issuer gives a Credit Event Notice, the following risks may arise:

- (a) In respect of Credit-Linked Notes that are redeemed following the occurrence of a Credit Event, the amount payable in respect of the Notes may be determined by reference to the Auction Final Price determined according to an auction procedure set out in the applicable Credit Derivatives Auction Settlement Terms. There is a possibility that the Calculation Agent (or one of its affiliates) would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation) submitting bids, offers and physical settlement requests with respect to the relevant Deliverable Obligations. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), the Calculation Agent (or an affiliate of it) will be under no obligation to consider the interests of any Noteholder.
- (b) In respect of a Credit Event relating to Credit-Linked Notes, a Credit Event may not be triggered unless either (i) a request is submitted to ISDA within 60 calendar days of the occurrence of such potential Credit Event for the relevant Credit Derivatives Determinations Committee to consider whether the relevant event constitutes a Credit Event (and the Credit Derivatives Determinations Committee subsequently Resolves that such event does constitute a Credit Event) or (ii) a Credit Event Notice (and, if applicable copies of relevant Publicly Available Information) is delivered by the Issuer to the Noteholders within 60 calendar days of the occurrence of such Credit Event and is effective during the Notice Delivery Period. For Succession Events, the look-back mechanics operate in a similar way to the above to provide a cut-off date for any Succession Event to apply to the relevant Credit Linked Notes. The actual look-back period for a Succession Event is either (i) 90 calendar days from the date on which a request is given to a Credit Derivatives Determinations Committee regarding a Succession Event (if the Credit Derivatives Determinations Committee subsequently Resolves that a Succession Event has occurred) or (ii) 90 calendar days from the date on which the Calculation Agent determines that a Succession Event has occurred. These provisions mean that both (i) there is a time limit on the ability to act on a Credit Event or Succession Event and (ii) it is possible that the Notes could be affected by a Credit Event or Succession Event that took place prior to the Trade Date.
- (c) If the Fallback Settlement Method applies, under the terms of the Notes, the Issuer will be free to select for the purposes of constituting the Portfolio any obligations of the reference entity in respect of which such Credit Event has occurred (whether as principal, guarantor or otherwise) which satisfy the requirements for a Valuation Obligation. Such obligations are likely to be in default at the time of delivery. Furthermore, in selecting such obligations the Issuer will not be required to consider the interests of the Noteholders or mitigate their losses. The Issuer will have complete discretion to select the cheapest, most illiquid obligations of the reference entity so long as such obligations satisfy the requirements for a Valuation Obligation under the terms of the Notes.

Not all of the Credit Events require an actual default with respect to a reference entity's obligations. Thus Noteholders could bear losses based on a deterioration in the credit of a reference entity short of a default. Also, not all of the Credit Events are triggered by events which are easily ascertainable and disputes can and have arisen as to whether a specific event did or did not constitute a Credit Event. Under the terms of the Notes, the Issuer's or Calculation Agent's good faith, reasonable determination that a Credit Event has

## **Part A – Information Relating to the Programme Generally – Risk Factors**

or has not occurred will be binding on the Issuer and the holders, and may be different than the view of the holders or other financial institutions, rating agencies or commentators.

The Issuer shall be under no obligation to give notice of any Credit Event and no delay in giving, or omission to give, notice of any Credit Event(s) with regard to the reference entity or reference entities in question shall prejudice the Issuer's right to give notice with respect to such Credit Event or any other Credit Event in relation to such reference entity provided such notice is given no later than the Maturity Date or (if applicable) the Extended Maturity Date.

The trading value of the Notes will be affected by factors that interrelate in complex ways. The Notes may lose 100 per cent. of their value. It is important for investors to understand that the effect of one factor may offset the increase in the trading value of the Notes caused by another factor, and that the effect of one factor may exacerbate the decrease in the trading value of the Notes caused by another factor. For example, a drop in the creditworthiness of a reference entity may more than offset any increase in the Issuer's creditworthiness.

### ***No representation by Issuer or Calculation Agent***

The Issuer and Calculation Agent make no representation whatsoever with respect to the underlying Reference Entity or Reference Entities, reference obligations or underlying obligations on which it is relying or is entitled to rely.

### ***Dealings by Issuer, Calculation Agent and affiliates***

The Issuer, the Calculation Agent and their respective affiliates may deal in the underlying reference obligations or underlying obligations and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, the reference entity or entities, any affiliate of the reference entity or entities, and/or any other person or entity having obligations relating to the reference entity and may act with respect to such business in the same manner as each of them would if these Notes had not been issued, regardless of whether any such action might have an adverse effect on the reference entity or entities, the reference obligation(s), or underlying obligation(s) or the Noteholders or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event).

### ***No disclosure of information***

The Issuer, the Calculation Agent and their respective affiliates may, whether by virtue of the types of relationships described herein or otherwise, on the issue date of the Notes or at any time thereafter, be in possession of information in relation to the reference entity or entities or any underlying obligation(s) that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholders. There is no obligation on the part of the Issuer, the Calculation Agent or their respective affiliates to disclose to the Noteholders any such relationship or information (whether or not confidential).

### ***Potential conflict of interest***

HSBC Bank plc as Calculation Agent or Issuer will be entitled to make certain determinations and judgements under the Conditions including (*inter alia*) as to whether an event constituting a Credit Event has occurred. In making such determinations and judgements, potential conflicts of interest may exist between HSBC Bank plc and the Noteholders. In its capacity as Calculation Agent or Issuer, HSBC Bank plc does not act as a fiduciary for or as an advisor to any of the Noteholders in respect of any such determination or judgement or otherwise.

### ***Credit risk***

The Notes will provide investors with a return linked to the credit of the Issuer and the Reference Entity or Reference Entities and will not provide protection of principal or a guarantee of interest. The investors are exposed to the credit risk of the Issuer and the Reference Entity or Reference Entities. In relation to the Issuer, investors are exposed to the risk that the Issuer is not able to meet its obligations created by the Notes.



## **Part A – Information Relating to the Programme Generally – Risk Factors**

### ***Amendments by Calculation Agent***

The Calculation Agent may from time to time amend any provision of the Conditions to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions (including without limitation with respect to settlement by reference to auctions following a Restructuring Credit Event) and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent and the Issuer determine in a commercially reasonable manner are necessary to reflect market practice for credit derivative transactions.

### ***No post-issuance information***

Unless otherwise specified in the relevant Pricing Supplement, the Issuer shall not be providing the investors with any post-issuance information regarding the Reference Entity, Reference Entities or underlying obligation. In addition, prospective investors should understand that the historical performance of the Reference Entity, Reference Entities or underlying obligation should not be viewed as predictive of future results.

### ***Additional Risks relating to Leveraged Credit-Linked Notes***

Leveraged Credit-Linked Notes provide investors with a leveraged exposure to the credit of the related reference entity or reference entities so that investors are exposed to a notional Credit-Linked calculation amount greater than the Aggregate Principal Amount of the Notes. In relation to such Notes a notional Reference Transaction is valued on a regular basis by the Calculation Agent and if the offered side spread is greater than a specified amount, a Trigger Event will occur and the Issuer may elect either to issue additional Notes of the same Series (but so that the calculation amount relating to the Notes is not changed) or to redeem the Notes at an amount equal to the Note Value. In such circumstances the Note Value may be significantly less than the Aggregate Principal Amount of such Notes and could be zero. A Trigger Event may occur notwithstanding that no Credit Event may have occurred. Accordingly investors in leveraged Credit-Linked Notes risk losing all or some of their capital as a result of movements in the credit spreads relating to the underlying reference entities even if no Credit Event occurs.

### ***Currency Risk***

Exchange rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in rates of exchange between (i) the Settlement Currency, (ii) the Reference Obligation Currency and (iii) the relevant local currency of the investor's domicile.

### ***The Notes can be redeemed by physical delivery of the Reference Obligation***

If an Early Redemption Event or Credit Event occurs, the Notes may, at the option of the Issuer, be redeemed by delivery of the Reference Obligation to the Noteholders, which may have a value at such date substantially less than the par value of the Notes. The Notes may redeem below par or may redeem at zero.

### ***Payments on the Notes calculated by reference to a Notional Holder***

Prospective purchasers of the Notes should be aware that payments of interest (if applicable) and principal in relation to the Notes are calculated on the basis of the amounts received in the Reference Obligation Currency by a Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation. Amounts received by Noteholders are therefore dependent on where the Notional Holder is (notionally) domiciled and may be less than the Noteholder would receive if it were to hold the Reference Obligation directly.

## **(B) Factors relating to Emerging Market Credit-Linked Notes**

### ***Possible Negative Effects of Emerging Markets Risk on the Notes***

There may be a high degree of uncertainty and volatility associated with obligors from emerging market countries (including the Reference Entity) and the performance and payment under the Notes may be directly impacted by certain political, economic and legal events and conditions. The price of the Reference Obligations (which are linked to an emerging market country) may therefore be volatile and

## **Part A – Information Relating to the Programme Generally – Risk Factors**

investment in the Notes (which are credit-linked and market-linked to such Reference Obligations) will involve additional risks and special considerations not typically associated with investing in credit-linked Notes which are linked to other more established economies. See the more detailed description of emerging markets risks "*Risks relating to Emerging Markets*" above.

## Part A – Information Relating to the Programme Generally – Incorporation by Reference

### INCORPORATION BY REFERENCE

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

- (a) the registration document relating to the Issuer dated 16 April 2013 and filed with the Irish Stock Exchange (the "**Registration Document**");
- (b) the articles of association of the Issuer dated 20 October 2010;
- (c) the Annual Report and Accounts of the Issuer and its subsidiary undertakings for the years ended 31 December 2011 and 2012 (the "**Financial Information**");
- (d) the Terms and Conditions of the Notes contained at pages 21 to 65 and the Terms and Conditions of the Warrants contained at pages 66 to 95 in the base prospectus relating to the Programme dated 1 August 2005 (the "**2005 Conditions**");
- (e) the Terms and Conditions of the Notes contained at pages 55 to 97 and the Terms and Conditions of the Warrants contained at pages 346 to 379 in the base prospectus relating to the Programme dated 2 August 2006 (the "**2006 Conditions**");
- (f) the Terms and Conditions of the Notes contained at pages B1 to B-26 and D-16 to D-66 and the Terms and Conditions of the Warrants contained at pages C-1 to C-15, D-150 to D-170 in the base prospectus relating to the Programme dated 2 August 2007 (the "**2007 Conditions**");
- (g) the Terms and Conditions of the Notes contained at pages B-1 to B-28, D-18 to D-43 and H-11 to H-12, and the Terms and Conditions of the Warrants contained at C-1 to C-16 and D-74 to D94, in the base prospectus of the Issuer dated 31 July 2008 (the "**2008 Conditions**");
- (h) the Terms and Conditions of the Notes contained at pages B-1 to B-29, D-18 to D-44, H-10 to H-11 and J-14 to J-17, and the Terms and Conditions of the Warrants contained at C-1 to C-17, D-76 to D-96 and I-9 to I-131, in the base prospectus of the Issuer dated 30 July 2009 (the "**2009 Conditions**");
- (i) the Terms and Conditions of the Notes contained at pages B-1 to B-31, D-21 to D-53, H-10 to H-11 and J-15 to J-18 and the Terms and Conditions of the Warrants contained at C-1 to C-19, D-111 to D-134 and I-9 to I-76, in the base prospectus of the Issuer dated 27 July 2010 (the "**2010 Conditions**");
- (j) the Terms and Conditions of the Notes contained at pages B-1 to B-32, D-55 to D-109, H-10 to H-41 and I-5 to I-61 and the Terms and Conditions of the Warrants contained at C-1 to C-19 and D-135 to D-150, in the base prospectus of the Issuer dated 27 July 2011 (the "**2011 Conditions**");
- (k) the Terms and Conditions of the Notes contained at pages B-1 to B-47, D-12 to D-87, F-5 to F-33, G-11 to G-35, H-5 to H-31 and I-4 to I-193 and the Terms and Conditions of the Warrants contained at C-1 to C-28, D-88 to D-120, F-34 to F-52, G-11 to G-13, G-36 to G-45 and H-32 to H-45 in the base prospectus of the Issuer dated 19 June 2012 (the "**2012 Conditions**").]

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Memorandum to the extent that a statement contained in any document subsequently incorporated by reference and in respect of which a supplement to this Offering Memorandum is prepared modifies or supersedes such statement. Any documents incorporated by reference in the Registration Document or the Financial Information does not form part of the Offering Memorandum. To the extent that only certain parts of the above documents are specified to be incorporated by reference herein, the non-incorporated parts of such documents are either not relevant for investors or covered elsewhere in this Offering Memorandum.

The Issuer will at its registered office and at the offices of the Principal Paying Agent and Principal Warrant Agent make available for inspection during normal business hours, upon reasonable notice, and free of charge, upon oral or written request, a copy of this Offering Memorandum (or any document

## **Part A – Information Relating to the Programme Generally – Incorporation by Reference**

incorporated by reference in this Offering Memorandum and any future filings or financial statements published by the Issuer). Written or oral requests for inspection of such documents should be directed to the specified office of the Principal Paying Agent or the Principal Warrant Agent. Additionally, this Offering Memorandum 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 Offering Memorandum or any information appearing on such websites and pages do not form part of this Offering Memorandum.

**CLEARING AND SETTLEMENT**

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

**CREST**

Please refer to Condition 2(d) of the Notes and Condition 2(d) of the Warrants for information regarding clearing and settlement through CREST.

**Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal and interest (if any) with respect to book-entry interests in the Notes and Warrants held through Euroclear and Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent, in the case of Notes, or the Principal Warrant Agent, in the case of Warrants, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

**DTC**

DTC is a limited-purpose trust company organised under the laws of the State of New York and a "banking organisation" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for DTC participants and facilitates the clearance and settlement of securities transactions between DTC participants through electronic book-entry changes in accounts of DTC participants. DTC participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organisations. Indirect access to DTC is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Holders of book-entry interests in the Notes and Warrants holding through DTC will receive, to the extent received by the Principal Paying Agent, in the case of Notes, or the Principal Warrant Agent, in the case of Warrants, all distributions of principal and interest (if any) with respect to book-entry interests in the Notes and Warrants from the Principal Paying Agent through DTC. Distributions in the United States will be subject to relevant US tax laws and regulations.

**Interests in Global Registered Notes held through DTC, Euroclear and Clearstream, Luxembourg**

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Registered Note to such persons may be limited. Because DTC, Euroclear and Clearstream, Luxembourg can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Registered Note or a Global Registered Warrant to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

## Part A – Information Relating to the Programme Generally – Clearing and Settlement

The aggregate holdings of book-entry interests in the Notes and Warrants in Euroclear, Clearstream, Luxembourg and DTC will be reflected in the book-entry accounts of each such institution.

In respect of Registered Notes, as necessary, the Registrar will adjust the amounts of Notes and Warrants on the Register for the accounts of (i) Euroclear and Clearstream, Luxembourg and (ii) DTC to reflect the amounts of Notes and Warrants held through Euroclear and Clearstream, Luxembourg and DTC, respectively. Beneficial ownership in Notes will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream, Luxembourg and DTC. Euroclear, Clearstream, Luxembourg or DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes and Warrants will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes and Warrants. The Registrar will be responsible for maintaining a record of the aggregate holdings of Notes and Warrants registered in the name of the common depository (or its nominee) or the Common Safekeeper (or its nominee) for Euroclear and Clearstream, Luxembourg, a nominee for DTC and/or Holders of Notes represented by Definitive Registered Notes or Holders of Warrants represented by Definitive Registered Warrants. The Principal Paying Agent, in the case of Notes, or the Principal Warrant Agent, in the case of Warrants, will be responsible for ensuring that payments received by it from the Issuer for Holders of interests in the Notes or Warrants holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear and Clearstream, Luxembourg, as the case may be. The Principal Paying Agent and the Principal Warrant Agent, as the case may be, will also be responsible for ensuring that payments received by it from the Issuer for Holders of interests in the Notes or Warrants holding through DTC are credited to DTC.

The Issuer will not impose any fees in respect of the book-entry interests in the Notes or Warrants; however, Holders of book-entry interests in the Notes or Warrants may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream, Luxembourg or DTC.

Interests in an Unrestricted Global Registered Note and a Restricted Global Registered Note will be in uncertificated book-entry form. Purchasers electing to hold book-entry interests in the Notes through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional eurobonds. Book-entry interests in the Global Registered Notes will be credited to Euroclear participants' securities clearance accounts on the business day following the relevant issue date against payment (value such issue date), and to Clearstream, Luxembourg participants' securities custody accounts on the relevant issue date against payment in same day funds. DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Notes through DTC will follow the delivery practices applicable to securities eligible for DTC's Same-Day Funds Settlement ("**SDFS**") system. DTC participant securities accounts will be credited with book-entry interests in the Notes following confirmation of receipt of payment to the Issuer on the relevant issue date.

### Secondary Market Trading in relation to Global Registered Notes

*Trading between Euroclear and/or Clearstream, Luxembourg participants:* Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds (subject, in the case of a transfer of an interest in the Notes from accountholders of a beneficial interest in an Unrestricted Global Registered Note to an accountholder wishing to purchase a beneficial interest in a Restricted Global Registered Note (and vice versa), to the certification procedure provided in the Issuing and Paying Agency Agreement).

*Trading between DTC participants:* Secondary market sales of book-entry interests in the Notes between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's SDFS system in same-day funds, if payment is effected in US dollars, or free of payment, if payment is not effected in US dollars. Where payment is not effected in US dollars, separate payment arrangements outside DTC are required to be made with the DTC participants.

*Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser:* When book-entry interests in Notes are to be transferred from the account of a DTC participant holding a beneficial interest in a Restricted Global Registered Note to the account of a Euroclear or Clearstream, Luxembourg

## Part A – Information Relating to the Programme Generally – Clearing and Settlement

accountholder wishing to purchase a beneficial interest in an Unrestricted Global Registered Note (subject to the certification procedures provided in the Issuing and Paying Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream, Luxembourg accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg participant. On the settlement date, the Custodian will instruct the Registrar to (i) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Restricted Global Registered Note and (ii) increase the amount of Notes registered in the name of the common depositary (or its nominee) or the Common Safekeeper (or its nominee) for Euroclear and Clearstream, Luxembourg, and evidenced by the Unrestricted Global Registered Note. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

*Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser:* When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in a Restricted Global Registered Note (subject to the certification procedures provided in the Issuing and Paying Agency Agreement), the Euroclear or Clearstream, Luxembourg participant must send to Euroclear or Clearstream, Luxembourg delivery free of payment instructions by 7.45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, Luxembourg, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream, Luxembourg or the Common Safekeeper (as the case may be) and the Registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream, Luxembourg accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream, Luxembourg or the Common Safekeeper (as the case may be) will (a) transmit appropriate instructions to the Custodian who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the Registrar to (i) decrease the amount of Notes registered in the name of the common depositary (or its nominee) or the Common Safekeeper (or its nominee) for Euroclear and Clearstream, Luxembourg and evidenced by the Unrestricted Global Registered Note and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Restricted Global Registered Note.

Although the foregoing sets out the procedures of Euroclear, Clearstream, Luxembourg and DTC in order to facilitate the transfers of interests in the Notes among participants of Euroclear, Clearstream, Luxembourg and DTC, none of Euroclear, Clearstream, Luxembourg or DTC is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Principal Paying Agent, the Registrar, any Paying Agent, any Transfer Agent, any Dealer or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act, will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg and DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described above.

**TAXATION**

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

**United Kingdom Taxation - Notes**

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest and certain other payments in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("**HMRC**"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with any other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any Series of Notes as specified in the relevant Pricing Supplement may affect the tax treatment of that and other Series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

**(A) United Kingdom Withholding Tax**

1. Interest on Notes issued for a term of less than one year (and which are not issued under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax.
2. Notes issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on such Notes may be made without withholding or deduction for or on account of United Kingdom income tax. Securities will be regarded as "listed on a recognised stock exchange" for this purpose if (and only if) they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. The Irish 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 listed on the Irish Stock Exchange and admitted to trading on its Global Exchange Market.



## **Part A – Information Relating to the Programme Generally – Taxation**

3. In addition to the exemptions set out in paragraphs 1 and 2 above, interest on the Notes may be paid without withholding or deduction for or on account of United Kingdom income tax so long as the Issuer is a "bank" for the purposes of section 878 of the Income Tax Act 2007 and so long as such payments are made by the Issuer in the ordinary course of its business. In accordance with the published practice of HMRC, such payments will be accepted as being made by the Issuer in the ordinary course of its business unless either:
  - (a) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the FSA whether or not it actually counts towards tier 1, 2 or 3 capital for regulatory purposes; or
  - (b) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.
4. In all other cases, falling outside the exemptions described in paragraphs 1, 2 and 3 above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty or to any other exemption which may apply.
5. 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 Pricing Supplement 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 the 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. Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above, but may be subject to reporting requirements as outlined above.
2. Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of

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interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.

3. Where interest or any other payment has been paid under deduction of United Kingdom income tax, Noteholders or Couponholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
4. The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders or Couponholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law.
5. The above summary under the heading of United Kingdom Taxation – Notes assumes that there will be no substitution of the Issuer pursuant to Condition 15 (*Meetings of Noteholders, Modifications and Substitution*) of the Notes and does not consider the tax consequences of any such substitution.

### United Kingdom Taxation - Warrants

*The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments in respect of the Warrants and of the treatment of Warrants for the purposes of United Kingdom stamp duty and stamp duty reserve tax. It is based on current law and the practice of HMRC, which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Warrants. The comments in relation to United Kingdom withholding tax relate only to the position of persons who are absolute beneficial owners of the Warrants. The following is a general guide and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all tax considerations that may be relevant to a prospective purchaser. Warrant holders who are in any doubt as to their tax position should consult their professional advisers. Warrant holders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Warrants are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Warrants. In particular, Warrant holders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Warrants even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.*

#### (A) United Kingdom Withholding Tax

*Warrants that are not derivatives*

Payments under the Warrants which do not amount to interest, rent or annual payments (and are not treated as, or as if they were, interest, rent or annual payments for United Kingdom tax purposes) may be made without any withholding or deduction for or on account of United Kingdom tax.

*Payments where the Warrants constitute derivative contracts*

The Issuer should not be required to withhold or deduct sums for or on account of United Kingdom income tax from payments under Warrants that are treated as derivatives for the purposes of Financial Reporting Standard 25 (or International Accounting Standard 32).

#### (B) United Kingdom Stamp Duty and Stamp Duty Reserve Tax

United Kingdom stamp duty or stamp duty reserve tax may be payable on any issue, transfer or agreement to transfer the Warrants or any interest in the Warrants.

## **EU 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 and interest (or similar income) as from that 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.

### **EU Taxation – Proposed Financial Transactions Tax**

In September 2011, the European 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 European Commission develop a proposal for the introduction of a common financial transactions tax ("FTT") for each of those Member States. The European Commission developed such a proposal under the EU's enhanced cooperation procedure which allows 9 or more Member States to implement common legislation. In January 2013 the EU Council of Ministers authorised the European Commission to proceed with enhanced cooperation for a common FTT and the European 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. Material modifications of financial instruments 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 which is treated as established in) a participating Member State is a party to the transaction, for its own account or 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. There is some uncertainty as to whether this exemption applies to the issuance

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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 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 more costly for persons both inside and outside the 11 participating Member States, and the FTT could be payable in relation to Warrants or Notes 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 1 January 2014. Prospective holders of the Warrants are strongly advised to seek their own professional advice in relation to the FTT.

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

### UNITED STATES TAXATION

The following summary describes certain of the principal U.S. federal income tax consequences resulting from the purchase, ownership and disposition of Notes that are principal protected and Warrants that require the payment of a substantial exercise price. Investors are directed to review any discussion of Notes that are not principal protected and Warrants that do not require the payment of a substantial exercise price in a relevant supplement to the Offering Memorandum or relevant Pricing Supplement. 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 the Warrants 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 or the Warrants at initial issuance and hold the Notes or the Warrants 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 or Warrants 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 Warrants or the holders thereof.

Prospective purchasers of the Notes or the Warrants 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 and the Warrants arising under the laws of any other taxing jurisdiction.

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Note or a Warrant 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 or the Warrants. As used herein, the term "**Non-U.S. Holder**" means a beneficial owner of a Note or a Warrant that is not a U.S. Holder. In the case of a holder of Notes or Warrants that is a partnership for U.S. federal income tax purposes, each

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partner will take into account its allocable share of income or loss from the Notes or Warrants, and will take such income or loss into account under the rules of taxation applicable to such partner, taking into account the activities of the partnership and the partner.

### Treatment of Notes

Except as otherwise provided in a supplement to the Offering Memorandum or the Pricing Supplement, the Issuer intends to treat Notes that are principal protected as indebtedness for U.S. federal income tax purposes; however, the IRS is not bound by this determination and the Notes could be recharacterised. Any such recharacterisation could materially affect the timing or character of the income required to be recognised by a U.S. Holder for U.S. federal income tax purposes. Prospective investors are urged to consult with their tax advisers as to the likelihood and likely effect of any such recharacterisation. The remainder of this summary assumes the Notes discussed herein are properly characterised as indebtedness for U.S. federal income tax purposes.

### U.S. Holders of Notes

#### Payments of Interest

Except as described below, payments of interest on a Note will be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received, in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

#### Original Issue Discount

##### General

The following summary is a general discussion of the U.S. federal income tax consequences to U.S. Holders of the purchase, ownership and disposition of a Note issued with original issue discount ("**OID**") (a "**Discount Note**"). Special rules apply to OID on a Discount Note that is denominated in a Foreign Currency. See "*— Foreign Currency Notes — OID*".

For U.S. federal income tax purposes, OID is the excess of the stated redemption price at maturity of a Note over its issue price, if such excess equals or exceeds a *de minimis* amount (generally defined as 1/4 of 1-per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to its maturity from its issue date). The issue price of each Note in an issue of Notes is the first price at which a substantial amount of such issue of Notes has been sold (ignoring sales to bond houses, broker-dealers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers). The stated redemption price at maturity of a Note generally is the sum of all payments provided for by the Note other than qualified stated interest payments. The term "**qualified stated interest**" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate.

Payments of qualified stated interest on a Note are taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received, in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes. A U.S. Holder of a Discount Note having a maturity of more than one year from the date of issue must include OID in income as ordinary interest income for U.S. federal income tax purposes as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of such U.S. Holder's regular method of tax accounting. In general, the amount of OID included in income by the initial U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to such Discount Note for each day during the taxable year on which such U.S. Holder held such Discount Note. The "daily portions" of OID on any Discount Note are determined by allocating to each day in an accrual period a rateable portion of the OID allocable to that accrual period. An "accrual period" may be of any length and the accrual periods may vary in length over the term of the Discount Note as long as (i) each accrual period is no longer than one year, and (ii) each scheduled payment of principal and interest occurs either on the final day of an accrual period or on the first day of an accrual period. The amount of OID allocable to each accrual period is generally equal to the excess of (i) the product of the Discount Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) over (ii) the amount of any qualified stated interest payments allocable to such accrual period.

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The "adjusted issue price" of a Discount Note at the beginning of the first accrual period is its issue price of the Discount Note. Thereafter, the "adjusted issue price" of a Discount Note is the sum of the issue price of the Discount Note plus the amount of OID previously includable in the gross income of the holder reduced by the amount of any payments previously made on the Discount Note other than payments of qualified stated interest. Under these rules, U.S. Holders generally will have to include in income increasingly greater amounts of OID in successive accrual periods.

### *Election to Treat all Interest as OID*

A U.S. Holder of a Note may elect to include in gross income all interest that accrues on the Note by using the constant yield method described in "*Original Issue Discount — General*" with certain modifications. The election must be made for the taxable year in which the U.S. Holder acquires the Note and will generally apply only to the Note (or Notes) identified by the U.S. Holder in a statement attached to the U.S. Holder's timely filed U.S. federal income tax return. The election may not be revoked without the consent of the IRS. If a U.S. Holder makes the election with respect to a Note with "amortisable bond premium" (as described in "*Amortisable Bond Premium*"), then the electing U.S. Holder is deemed to have elected to apply amortisable bond premium against interest with respect to all debt instruments with amortisable bond premium (other than debt instruments the interest on which is excludable from gross income) held by the electing U.S. Holder as of the beginning of the taxable year in which any Note (with respect to which the election is made) is acquired and any such debt instrument thereafter acquired. The deemed election with respect to amortisable bond premium may not be revoked without the consent of the IRS.

### **Variable Rate Debt Instruments**

Generally, Notes that are issued with a variable rate of interest (a "**Floating Rate Note**") are subject to special rules whereby a Floating Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total non-contingent principal payments due under the Floating Rate Notes by more than an amount equal to the lesser of (i) 0.015 multiplied by the product of the total non-contingent principal payments and the number of complete years to maturity from the issue date or (ii) 15 per cent. of the total non-contingent principal payments, (b) it does not provide for any stated interest other than stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it provides that a qualified floating rate or objective rate in effect at any time during the term of the Note is set at a current value of that rate (i.e., the value of the rate on any day that is no earlier than three months prior to the first rate day on which the value is in effect and no later than one year following that first day).

A "qualified floating rate" is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Notes are denominated. Although a multiple of a qualified floating rate will generally not itself constitute a qualified floating rate, a variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35 will constitute a qualified floating rate. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Floating Rate Notes together will constitute a single qualified floating rate. Two or more qualified floating rates will be conclusively presumed to meet the requirements of the previous sentence if the values of all rates on the issue date are within 25 basis points of each other. A variable rate is not a qualified floating rate if it is subject to certain restrictions (including caps floors, governors, or other similar restrictions) unless such restrictions are fixed throughout the term of the Floating Rate Note or are not reasonably expected to significantly affect the yield on the Floating Rate Note.

An "objective rate" is a rate other than a qualified floating rate that is determined using a single fixed formula and that is based upon objective financial or economic information, other than information that is within the control of the issuer or a related party, or that is unique to the circumstances of the issuer or a related party such as dividends, profits or the value of the issuer's (or related party's) stock (but not the issuer's credit quality). Despite the foregoing, a variable rate of interest on Floating Rate Notes will not constitute an objective rate if it is reasonably expected that the average value of such rate during the first half of the Floating Rate Notes term will be either significantly less than or significantly greater than the

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average value of the rate during the final half of the Floating Rate Notes' term. A "qualified inverse floating rate" is any objective rate where such rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to reflect inversely contemporaneous variations in the qualified floating rate (disregarding any caps, floors, governors or other restrictions that are fixed throughout the term of the Floating Rate Notes or are not reasonably expected to significantly affect the yield on the Floating Rate Notes).

Generally, if a Floating Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and the value of the variable rate on the Floating Rate Notes' issue date is intended to approximate the fixed rate, then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be. A fixed rate and a variable rate will be conclusively presumed to meet the previous requirements if the value of the variable rate on the issue date of the Floating Rate Notes does not differ from the value of the fixed rate by more than 25 basis points.

If a Floating Rate Note provides for stated interest at a single qualified floating rate or objective rate that is unconditionally payable in cash or in property (other than debt instruments of the issuer) or that will be constructively received by the U.S. Holder at least annually, then (a) all stated interest with respect to the Note is qualified stated interest, (b) the amount of qualified stated interest and the amount of OID, if any, is determined by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Note, and (c) the qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period under the foregoing rules.

If a Floating Rate Note does not provide for stated interest at a single qualified floating rate or objective rate, or at a single fixed rate (other than at a single fixed rate for an initial period of one year or less), the amount of qualified stated interest and OID on the Note are generally determined by (i) determining a fixed rate substitute for each variable rate provided under the Floating Rate Note (generally, the value of each variable rate as of the issue date or, in the case of an objective rate that is not a qualified inverse floating rate, a rate that reflects the yield that is reasonably expected for the Note), (ii) constructing the equivalent fixed rate debt instrument (using the fixed rate substitutes described above), (iii) determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument (by applying the general OID rules as described in "*Original Issue Discount – General*"), and (iv) making the appropriate adjustments for actual variable rates during the applicable accrual period.

If a Floating Rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate and in addition provides for stated interest at a single fixed rate (other than a single fixed rate for an initial period), the amount of interest and OID is determined as in the immediately preceding paragraph with the modification that the Floating Rate Note is treated, for purposes of the first three steps of the determination, as if it provided for a qualified floating rate (or qualified inverse floating rate, if the Note provides for a qualified inverse floating rate) rather than the fixed rate. The qualified floating rate (or qualified inverse floating rate) replacing the fixed rate must be such that the fair market value of the Note as of the issue date would be approximately the same as the fair market value of an otherwise identical debt instrument that provides for a qualified floating rate (or qualified inverse floating rate) rather than a fixed rate.

### Notes that are Contingent Payment Debt Instruments

#### *Interest Accruals on the Notes*

For U.S. federal income tax purposes certain of the Notes may be contingent payment debt instruments ("CPDIs"). A CPDI is any class of Notes which provide for one or more payments, either of interest or principal, that are contingent (usually as to timing of payment or amount of payment). If the Issuer intends to treat a Note as a CPDI, this will be specified in the applicable Pricing Supplement with respect to such Note.

Under Treasury Regulations governing the treatment of CPDIs (the "**CPDI Regulations**"), regardless of a U.S. Holder's regular method of accounting, accruals of income, gain, loss and deduction with respect to a

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CPDI are determined under the "non-contingent bond method." Under the non-contingent bond method, a U.S. Holder of a CPDI will accrue OID over the term of such Note based on the Notes' comparable yield. In general, the comparable yield of a CPDI is equal to the yield at which the Issuer would issue a fixed rate, non-contingent debt instrument with terms and conditions otherwise similar to those of the CPDI, including level of subordination, term, timing of payments, and general market conditions. The applicable Pricing Supplement for any Note that is a CPDI will specify its comparable yield. A U.S. Holder will accrue OID at the comparable yield even if the comparable yield differs from the stated Interest Rate on the CPDI (if any).

The amount of OID allocable to each accrual period will be the product of the "adjusted issue price" of the CPDI at the beginning of each such accrual period and the comparable yield. The "adjusted issue price" of a CPDI at the beginning of an accrual period will equal the issue price *plus* the amount of OID previously includible in the gross income of U.S. Holder *minus* the amount of any Projected Payments (as defined below) with respect to such Note. The amount of OID includible in the income of each U.S. Holder will generally equal the sum of the "daily portions" of the total OID on the CPDI allocable to each day on which a U.S. Holder held such Note. Generally, the daily portion of the OID is determined by allocating to each day in any accrual period a ratable portion of the OID allocable to such accrual period. Such OID is included in income and taxed at ordinary income rates.

The Issuer also is required by the CPDI Regulations to determine, solely for U.S. federal income tax purposes, a projected payment schedule of the projected amounts of payments (the "**Projected Payments**") on any Note that is a CPDI. The schedule must produce the comparable yield. The applicable Pricing Supplement for any Note that is a CPDI will specify the Projected Payments for such Note. Under the non-contingent bond method, the Projected Payments are not revised to account for changes in circumstances that occur while the Notes are outstanding. See "*Adjustments to Interest Accruals*" below.

For U.S. federal income tax purposes, the Issuer's reasonable determination of the comparable yield and schedule of Projected Payments is generally respected and will be binding on the holders of the Notes, unless such holder timely discloses and justifies the use of other estimates to the IRS.

THE COMPARABLE YIELD AND THE SCHEDULE OF PROJECTED PAYMENTS ARE NOT PROVIDED FOR ANY PURPOSE OTHER THAN THE DETERMINATION OF U.S. HOLDERS' INTEREST ACCRUALS AND ADJUSTMENTS THEREOF AND DO NOT CONSTITUTE AN ASSURANCE BY THE ISSUER AS TO THE ACTUAL YIELD OF THE NOTES. THE ISSUER MAKES NO REPRESENTATION AS TO WHAT SUCH ACTUAL YIELD WILL BE, AND THE COMPARABLE YIELD DOES NOT NECESSARILY REFLECT THE EXPECTATIONS OF THE ISSUER REGARDING THE ACTUAL YIELD.

### *Adjustments to Interest Accruals*

If, during any taxable year, the sum of any actual payments with respect to a CPDI for that taxable year (including, in the case of the taxable year which includes the maturity date, the amount of cash received at maturity) exceeds the total amount of Projected Payments for that taxable year, the difference will produce a "Net Positive Adjustment" under the CPDI Regulations, which will be treated as additional interest for the taxable year. If the actual amount received in a taxable year is less than the amount of Projected Payments for that taxable year, the difference will produce a "Net Negative Adjustment" under the CPDI Regulations, which will (i) reduce the U.S. Holder's interest income for that taxable year and (ii) to the extent of any excess after the application of (i), give rise to an ordinary loss to the extent of the U.S. Holder's interest income on the Notes during prior taxable years (reduced to the extent such interest was offset by prior Net Negative Adjustments).

### **Short-Term Notes**

Generally, an individual or other-cash basis U.S. Holder of Notes having a fixed maturity date not more than 1 year from the date of issue ("**Short-Term Notes**") is not required to accrue OID for U.S. federal income tax purposes unless it elects to do so. An election by a cash basis U.S. Holder applies to all short-term obligations acquired on or after the beginning of the first taxable year to which the election applies, and for all subsequent taxable years unless the consent is secured from the IRS to revoke the election. Accrual-basis U.S. Holders and certain other U.S. Holders, including banks, regulated investment companies, dealers in securities, common trust funds, U.S. Holders who hold Short-Term



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Notes as part of certain identified hedging transactions, certain pass-through entities and cash-basis U.S. Holders who so elect, are required to accrue OID on Short-Term Notes on either a straight-line basis or, at the election of the U.S. Holder, under the constant yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Notes will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

### Amortisable Bond Premium

Generally, a U.S. Holder that purchases a Note for an amount that is in excess of the sum of all amounts payable on the Note after its acquisition date (other than payments of qualified stated interest) will be considered to have purchased the Note with "amortisable bond premium" equal to such excess. A U.S. Holder of such a Note will not be subject to OID and may elect to amortise such premium using a constant yield method over the remaining term of the Note and may offset qualified stated interest otherwise required to be included in respect of the Note with respect to an accrual period by the bond premium allocable to the accrual period. If the bond premium allocable to the accrual period exceeds the qualified stated interest allocable to the accrual period, the excess is treated as a bond premium deduction for the accrual period. However, the amount treated as a bond premium deduction is limited to the amount by which the U.S. Holder's total interest inclusions on the Note in prior accrual periods exceed the total amount treated by the U.S. Holder as a bond premium deduction on the Note in prior accrual periods. If the bond premium allocable to an accrual period exceeds the sum of the qualified stated interest allocable to the accrual period and the amount treated as a bond premium deduction for the accrual period as described above, the excess is carried forward to the next accrual period and is treated as bond premium allocable to that period. Special rules apply for determining the amortisation of bond premium on Notes that are classified as "variable rate debt instruments", Notes that provide for certain alternative payment schedules, and Notes that provide for certain contingencies. Any election to amortise bond premium with respect to any Note (or other general debt obligations) applies to all taxable debt obligations held by the U.S. Holder at the beginning of the first taxable year to which the election applies and to all debt obligations thereafter acquired in such taxable year and all subsequent tax years. The election may not be revoked without the consent of the IRS.

### Sale, Exchange or Retirement of a Note

Except as discussed above, upon the sale, exchange or retirement of a Note, a U.S. Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement (other than amounts representing accrued and unpaid interest, which amounts will be taxable as ordinary income) and such U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal such U.S. Holder's initial investment in the Note increased by any OID included in income, decreased by the amount of any payments that are not qualified stated interest payments and any amortisable bond premium applied to reduce interest income with respect to such Note. Such gain or loss generally will be long-term capital gain or loss if the Note has been held by such U.S. Holder for more than one year at the time of such sale, exchange or retirement.

Certain of the Notes may be redeemable at the option of the Issuer prior to their stated maturity and/or may be repayable at the option of the holder prior to their stated maturity. Notes containing such features may be subject to the rules that differ from the general rules discussed above. U.S. Holders intending to purchase Notes with such features should consult their own tax advisers regarding the U.S. federal income tax consequences to them of the purchase, holding and disposition of such Notes, since the OID consequences will depend, in part, on the particular terms and features of such Notes.

### Foreign Currency Notes

The following summary relates to Notes that are denominated in a currency or basket of currencies other than the U.S. dollar ("**Foreign Currency Notes**" and "**Foreign Currency**", respectively). It does not apply to U.S. Holders whose functional currency is not the U.S. dollar.

## **Part A – Information Relating to the Programme Generally – Taxation**

### ***Payments of Interest In a Foreign Currency***

#### ***Cash Method***

A U.S. Holder who uses the cash method of accounting for U.S. federal income tax purposes and who receives a payment of interest on a Note (other than OID) will be required to include in income the U.S. dollar value of the Foreign Currency payment (determined on the date such payment is received) regardless of whether the payment is in fact converted to U.S. dollars at that time, and such U.S. dollar value will be the U.S. Holder's tax basis in such Foreign Currency.

#### ***Accrual Method***

A U.S. Holder who uses the accrual method of accounting for U.S. federal income tax purposes, or who otherwise is required to accrue interest prior to receipt, will be required to include in income the U.S. dollar value of the amount of interest income (including OID and reduced by amortisable bond premium to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a Note during an accrual period. The U.S. dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within each taxable year. A U.S. Holder may elect, however, to translate such accrued interest income using the rate of exchange on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, using the rate of exchange on the last day of the first taxable year. If the last day of an accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder may translate such interest using the rate of exchange on the date of receipt. The above election will apply to other obligations held by the U.S. Holder and may not be revoked without the consent of the IRS. Prior to making such an election, a U.S. Holder of Notes should consult his own tax adviser as to the consequences resulting from such an election with respect to his own particular situation.

A U.S. Holder will recognise exchange gain or loss (which will be treated as ordinary income or loss) with respect to accrued interest income on the date such income is received. The amount of ordinary income or loss recognised will equal the difference, if any, between the U.S. dollar value of the Foreign Currency payment received (determined on the date such payment is received) in respect of such accrual period and the U.S. dollar value of interest income that has accrued during such accrual period (as determined above).

### ***Purchase, Sale, Exchange and Retirement of Notes***

A U.S. Holder who purchases a Note with previously owned Foreign Currency will recognise ordinary income or loss in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the Foreign Currency and the U.S. dollar fair market value of the Foreign Currency used to purchase the Note, determined on the date of purchase.

Generally, upon the sale, exchange or retirement of a Note, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and such U.S. Holder's adjusted tax basis in the Note. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the Note has been held by such U.S. Holder for more than one year. To the extent the amount realised represents accrued but unpaid interest, however, such amounts must be taken into account as ordinary interest income, with exchange gain or loss computed as described in "*Payments of Interest In a Foreign Currency*" above. If a U.S. Holder receives Foreign Currency on such a sale, exchange or retirement the amount realised will be based on the U.S. dollar value of the Foreign Currency on the date the payment is received or the instrument is disposed of (or deemed disposed of). A U.S. Holder's adjusted tax basis in a Note will equal the cost of the Note to such U.S. Holder, increased by the amounts of any OID previously included in income by the U.S. Holder with respect to such Note and reduced by any amortised acquisition or other premium and any principal payments received by the U.S. Holder. A U.S. Holder's tax basis in a Note, and the amount of any subsequent adjustments to such holder's tax basis, will be the U.S. dollar value of the Foreign Currency amount paid for such Note, or of the Foreign Currency amount of the adjustment, determined on the date of such purchase or adjustment.

Gain or loss realised upon the sale, exchange or retirement of a Note that is attributable to fluctuations in currency exchange rates will be U.S. source ordinary income or loss which will not be treated as interest

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income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between the U.S. dollar value of the Foreign Currency principal amount of the Note, determined on the date such payment is received or the Note is disposed of, and the U.S. dollar value of the Foreign Currency principal amount of the Note, determined on the date the U.S. Holder acquired the Note. Such Foreign Currency gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange or retirement of the Note.

### ***OID***

In the case of a Discount Note, CPDI or Short-Term Note, (i) OID is determined in units of the Foreign Currency, (ii) accrued OID is translated into U.S. dollars as described in "*— Payments of Interest In a Foreign Currency — Accrual Method*" above and (iii) the amount of Foreign Currency gain or loss on the accrued OID is determined by comparing the amount of income received attributable to the discount (either upon payment, maturity or an earlier disposition), as translated into U.S. dollars at the rate of exchange on the date of such receipt, with the amount of OID accrued, as translated above.

### ***Amortisable Bond Premium***

Amortisable bond premium on a Note will be computed in the units of the Foreign Currency in which the Note is denominated (or in which the payments are determined). Amortisable bond premium properly taken into account will reduce the interest income in units of the Foreign Currency. Exchange gain or loss is realised with respect to the bond premium with respect to a Note issued with amortisable bond premium by treating the portion of premium amortised with respect to any period as a return of principal. With respect to any U.S. Holder that does not elect to amortise bond premium, the amount of bond premium will constitute a market loss when the bond matures.

### ***Exchange of Foreign Currencies***

A U.S. Holder will have a tax basis in any Foreign Currency received as interest or on the sale, exchange or retirement of a Note equal to the U.S. dollar value of such Foreign Currency, determined at the time the interest is received or at the time of the sale, exchange or retirement. Any gain or loss realised by a U.S. Holder on a sale or other disposition of Foreign Currency (including its exchange for U.S. dollars or other use) will be U.S. source ordinary income or loss.

## **Taxation of U.S. Holders of Warrants**

The discussion below addresses only Warrants requiring the payment of a substantial exercise price that are cash-settled.

### ***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 Warrants. Accordingly, the proper U.S. federal income tax characterisation and treatment of a Warrant 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 a Warrant (including alternative characterisations of a Warrant) and with respect to any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction. The Issuer intends to treat the Warrants as cash-settled options for U.S. federal income tax purposes. Alternatively, a Warrant may be classified as a financial contract such as a prepaid forward contract or an equity swap, or as ownership of the Reference Assets. The timing of recognition of income and the amount and character of income recognised by a U.S. Holder that owns a Warrant may vary significantly depending on the tax characterisation of the Warrant.

On 7 December 2007, the IRS released a notice that may affect the taxation of holders of Warrants. According to the notice, the IRS and the U.S. Treasury Department are actively considering whether the holder of instruments such as Warrants 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 Warrants will ultimately be required to accrue income currently and this could be applied on a retroactive basis.

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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 Warrants for U.S. federal income tax purposes in accordance with the treatment described in this Offering Memorandum 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.**

### *Sale, Exchange or Exercise of a Warrant*

Upon the sale or exchange of a Warrant to a person other than the Issuer, or upon an exercise of a Warrant, 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, exchange or exercise and the U.S. Holder's adjusted tax basis in the Warrant and the exercise price, in the case of an exercise of a Warrant. In general, a U.S. Holder's tax basis for a Warrant is the U.S. dollar value of the amount paid for the Warrant. 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 Warrant.

### **Foreign Tax Credit with Respect to Notes**

The total gross amount of interest, OID, plus any additional amounts (pursuant to Condition 7 (*Taxation*) of the Conditions) with respect thereto, will constitute interest income subject to U.S. federal income tax. This amount will be considered income from sources outside the United States.

The amount of foreign tax, if any, withheld on this gross amount will be considered to be a foreign income tax that may either be deducted when computing U.S. federal taxable income or, subject to limitations personal to the U.S. Holder, claimed as a credit against U.S. federal income tax liability. A U.S. Holder may be required to provide the IRS with a certified copy of the receipt evidencing payment of withholding tax imposed in respect of payments on a Note in order to claim a foreign tax credit in respect of such foreign withholding tax.

Potential purchasers of Notes should carefully consider the applicable Pricing Supplement for information regarding the U.S. federal income tax consequences of payments by the Issuer of other taxes and of additional amounts.

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

With respect to the Notes, subject to the discussion of certain Non-U.S. Holders and the discussion of backup withholding below, (a) payment of principal, premium, redemption amount and interest by the Issuer or any paying agent to a Non-U.S. Holder will not be subject to U.S. federal income or withholding tax, **provided** that such Non-U.S. Holder provides the Issuer, when necessary, appropriate documentation evidencing its status as a Non-U.S. Holder, (b) gain realised by a Non-U.S. Holder on the sale or redemption of the Notes is not subject to U.S. federal income tax or withholding tax and (c) the Notes are not subject to U.S. federal estate tax if held by an individual who was a Non-U.S. Holder at the time of his death. Special rules may apply in the case of Non-U.S. Holders (i) that are engaged in a U.S. trade or business, (ii) that are former citizens or long-term residents of the United States, "controlled foreign corporations", "passive foreign investment companies", corporations which accumulate earnings to avoid U.S. federal income tax, and certain foreign charitable organisations, each within the meaning of the Code, or (iii) certain non-resident alien individuals who are present in the United States for one hundred and eighty-three days or more during a taxable year. Such persons are urged to consult their U.S. tax advisers before purchasing Notes.

A Non-U.S. Holder generally will not be subject to U.S. federal withholding tax with respect to amounts received, if any, with respect to a Warrant, subject to the discussion in the risk factors, "*In certain circumstances a portion of payments made on or with respect to Notes or Warrants may be subject to U.S. reporting obligations which, if not satisfied, may require U.S. tax to be withheld*" and the discussion of backup withholding below, assuming that: (i) the Warrant is not held in connection with a U.S. trade or business or, in the case of a resident of a country that has an income tax treaty with the United States, such Warrant is not attributable to a permanent establishment (or, in the case of an individual, a fixed

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place of business) in the United States; (ii) in the case of an individual, the Non-U.S. Holder is not present in the United States for one hundred and eighty-three days or more during a taxable year and certain other conditions are met; and (iii) such Non-U.S. Holder is not subject to the rules applicable to certain former citizens and long-term residents of the United States.

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

Payments of interest on a Note made within the United States or through certain U.S.-related financial intermediaries, and the proceeds of a taxable exercise or a sale or other disposition of Warrants payable to a U.S. Holder or through certain U.S.-related financial intermediaries, generally are subject to information reporting and to backup withholding, unless, the holder of the Note or Warrant, as applicable, (i) is a corporation or comes within certain other exempt categories listed below, and if required, demonstrates this fact, or (ii) in the case of backup withholding, provides certain information discussed below. For each calendar year in which the Notes or Warrants are outstanding, each DTC participant or indirect participant holding an interest in a Note or a Warrant on behalf of a beneficial owner of a Note or a Warrant, as applicable, and each paying agent making payments in respect of a Registered Note or a Warrant will generally be required to provide the IRS with certain information, including such beneficial owner's name, address, taxpayer identification number (either such beneficial owner's Social Security number, its employer identification number or its IRS individual taxpayer identification number, as the case may be), and the aggregate amount of payments made to such beneficial owner during the calendar year. These reporting requirements, however, do not apply with respect to certain beneficial owners, including corporations, securities broker-dealers, other financial institutions, tax-exempt organisations, qualified pension and profit sharing trusts and individual retirement accounts. In the event that a U.S. beneficial owner of a Note or a Warrant fails to establish its exemption from such information reporting requirements or is subject to the reporting requirements described above and fails to supply its correct taxpayer identification number in the manner required by applicable law, or underreports its tax liability, as the case may be, the DTC participant or indirect participant holding such interest on behalf of such beneficial owner or paying agent making payments in respect of a Note or a Warrant, as applicable, may be required to "backup" withhold a tax on each payment with respect to Notes or Warrants. This backup withholding tax is not an additional tax and may be credited against the beneficial owner's U.S. federal income tax liability if the required information is furnished to the IRS in a timely manner. Compliance with the certification procedures contained in IRS Forms W-8BEN, W-8ECI or W-8EXP as appropriate will establish an exemption from information reporting and backup withholding for those Non-U.S. Holders who are not otherwise exempt recipients.

U.S. Holders should consult their own tax advisers regarding any reporting obligations they may have as a result of their acquisition, ownership or disposition of Notes or Warrants.

### **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 or the Warrants 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 or Warrants 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 Warrant (or, possibly, aggregate losses from the Notes or Warrants) 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 and the Warrants.

**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 and the Warrants.

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

Whilst the Notes and Warrants 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 depository 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 and Warrants. 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 or definitive warrants will only be printed in remote circumstances.

An investor should be aware that if any payments in relation to a Note or a Warrant 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 7 (*Taxation*) of the Notes and Warrants.

**CERTAIN ERISA CONSIDERATIONS**

The US Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain restrictions on employee benefit plans ("**ERISA Plans**") that are subject to Title I of ERISA and on persons who are fiduciaries with respect to such ERISA Plans. In accordance with ERISA's general fiduciary requirements, a fiduciary with respect to any such ERISA Plan who is considering the purchase of Notes or Warrants on behalf of such ERISA Plan should determine, to the extent applicable, whether such purchase is permitted under their governing ERISA Plan documents and is prudent and appropriate for the ERISA Plan in view of its overall investment policy and the composition and diversification of its portfolio. Other provisions of ERISA and Section 4975 of the US Internal Revenue Code of 1986, as amended (the "**Code**") prohibit certain transactions between an ERISA Plan or other plan subject to Section 4975 of the Code (such plans and ERISA Plans, together "**Plans**") and persons who have certain specified relationships to the Plan ("parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of Section 4975 of the Code). Thus, a Plan fiduciary, to the extent permitted, considering the purchase of Notes or Warrants should consider whether such a purchase might constitute or result in a non-exempt prohibited transaction under section 406 of ERISA or Section 4975 of the Code.

The Issuer or dealers selling Notes or Warrants may each be considered a "party in interest" or a "disqualified person" with respect to many Plans. If permitted, the purchase of Notes or Warrants by a Plan with respect to which the Issuer or the dealers selling Notes or Warrants is a party in interest or a disqualified person may constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, depending in part on the type of Plan fiduciary making the decision to acquire Notes or Warrants and the circumstances under which such decision is made. There can be no assurance that any exception or exemption from the prohibited transaction rules will be available with respect to any particular transaction involving Notes or Warrants, or that, if an exemption is available, it will cover all aspects of any particular transaction. Any purchaser that is a Plan (to the extent Plans are permitted to purchase Notes or Warrants) should consult with counsel regarding the application of the exemption or any other statutory or administrative exemption.

Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA) and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to Section 406 of ERISA or Section 4975 of the Code. However, such plans may be subject to the provisions of applicable federal, state or local or other laws, rules or regulations ("**Similar Law**") similar to the foregoing provisions of ERISA or the Code. Fiduciaries of such plans ("**Similar Law Plans**") should consider applicable Similar Law when investing in Notes or Warrants.

Unless otherwise provided in a supplement to the Offering Memorandum or the Pricing Supplement, each purchaser or transferee by its purchase of any offered Note or Warrant (or any interest therein) will be deemed to represent, on each day from the date on which the purchaser or transferee acquires an offered Note or Warrant through and including the date on which the purchaser or transferee disposes of its interest in such offered Note or Warrant, either that (a) it is not (i) a Plan, including any entity whose underlying assets include, or are deemed to include, the assets of any Plan for purposes of ERISA or the Code (each of the foregoing, a "**benefit plan investor**") or (ii) a Similar Law Plan or (b) it is a Similar Law Plan (that is not a benefit plan investor) and its purchase, holding and disposition of such Note or Warrant (or any interest therein) will not constitute or result in a violation of any Similar Law. Any purported purchase or transfer of any Notes or Warrants that does not comply with the foregoing shall be null and void *ab initio*.

The sale of Notes or Warrants to a Plan or a Similar Law Plan is in no respect a representation by the Issuer or any of its affiliates that such an investment meets all relevant legal requirements with respect to investments by Plans or Similar Law Plans generally or any particular Plan or Similar Law Plan, or that such an investment is appropriate for a Plan or a Similar Law Plan generally or any particular Plan or Similar Law Plan.

The above discussion may be modified or supplemented with respect to a particular offering of Notes or Warrants, including the addition of further ERISA restrictions on purchase and transfer. In addition, the purchaser or transferee of a Note or Warrant may be required to deliver to the Issuer and the relevant dealers a letter, in the form available from the Issuer and dealers, containing certain representations, including those contained in the preceding paragraphs.

## Part A – Information Relating to the Programme Generally – General Information

### GENERAL INFORMATION

1. The continuation of the Programme and the issue of Notes and Warrants under the Programme have been duly authorised by and pursuant to resolutions of a committee of the board of directors of the Issuer dated 11 June 2013.
2. The Notes and Warrants have been accepted for clearance through Euroclear and Clearstream, Luxembourg, and may also be accepted for clearance through CREST, DTC, and any other clearing system specified in the applicable Pricing Supplement relating to the Notes or Warrants. The appropriate common code, the International Securities Identification Number and any other identification code (as applicable) in relation to the Notes and Warrants of each Series will be set out in the relevant Pricing Supplement. The address of Euroclear Bank S.A./N.V. is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium. The address of Clearstream Banking, *société anonyme* is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of CREST is 33 Cannon Street, London EC4M 5SB, UK. The address of DTC is 55 Water Street – 1SL, New York, NY 10041-0099, USA.
3. Settlement arrangements will be agreed between the Issuer, the relevant Dealer(s) or Manager(s) and the Principal Paying Agent or, as the case may be, the Registrar, the Warrant Registrar, the CREST Registrar or Principal Warrant Agent as applicable.
4. In relation to the Issuer, any transfer of, or payment in respect of, a Note, Warrant or Coupon involving the government of any country which is at the relevant time the subject of United Nations, 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 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. Any instrument effecting or evidencing the transfer of a Warrant and executed in the United Kingdom will be inadmissible as evidence in United Kingdom civil proceedings unless duly stamped. An instrument of transfer executed outside the United Kingdom may also be inadmissible in United Kingdom civil proceedings unless duly stamped after it has been first received in the United Kingdom.
6. Generally, any notice, document or information to be sent or supplied by the Bank to its shareholder(s) may be sent or supplied in accordance with the Companies Act 2006 (the "Act") (whether authorised or required to be sent or supplied by the Act or otherwise) in hard copy form or in electronic form. If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Bank is unable effectively to convene a general meeting by notices sent through the post, subject to the Act, a general meeting may be convened by a notice advertised in at least one United Kingdom national newspaper. Such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day on which the advertisement first appears. In any such case the Bank shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.
7. Notices to the Noteholders or Warranholders are made in accordance with the Conditions of the relevant Notes or Warrants, as applicable.
8. In relation to each Tranche of Notes, the indication of yield (if any) referred to in the relevant Pricing Supplement will be calculated at the Issue Date (as defined in the relevant Pricing Supplement) of such Tranche on the basis of the Issue Price (as defined in the relevant Pricing Supplement) of such Tranche. It is not an indication of future yield.
9. There has been no significant change in the financial or trading position of the Issuer and its subsidiaries nor any material adverse change in the prospects of the Issuer since 31 December 2012.



## Part A – Information Relating to the Programme Generally – General Information

10. Save as disclosed in Note 41 "*Legal proceedings and regulatory matters*" on page 201 to 203 of the 2012 Annual Report and Accounts (incorporated by reference herein as part of the Financial Information), there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened against the Issuer or any of its subsidiary undertakings of which the Issuer is aware) during the 12 month period before the date of this Offering Memorandum which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and its subsidiary undertakings taken as a whole.
11. For so long as the Issuer may issue securities under this Offering Memorandum, the physical form of the following documents may be inspected during normal business hours at the registered office of the Issuer:
  - (a) the articles of association of the Issuer;
  - (b) the 2012 annual report and accounts of the Issuer; and
  - (c) the 2011 annual report and accounts of the Issuer.
12. 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.

## Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes

### PART B - INFORMATION RELATING TO THE NOTES GENERALLY

#### TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions applicable to the Notes (the "Conditions") of each Series, which are completed by the Pricing Supplement and will be incorporated by reference into each Note in global form (subject to the section entitled "Summary of provisions relating to the Notes while in global form") and which will be endorsed on the Definitive Notes (if any) issued in exchange for Notes in global form representing each Tranche, details of the relevant Tranche being as set out in the relevant Pricing Supplement. The Pricing Supplement in relation to any Tranche may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following terms and conditions, replace or modify the following terms and conditions for the purpose of such Tranche. Terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes while in Global Form" below.*

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) 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 or, as the case may be, HSBC France being the "**Calculation Agent**" with respect to the Notes if so specified in the relevant Pricing Supplement, which expression includes any successor or other Calculation Agent appointed pursuant to the Issuing and Paying Agency Agreement and specified in the relevant Pricing Supplement), 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 successor or other Transfer Agent appointed pursuant to the Issuing and Paying Agency Agreement), HSBC Bank plc as the principal paying agent (HSBC Bank plc being the "**Principal Paying Agent**", which expression shall include any successor or other Principal Paying Agent appointed pursuant to the Issuing and Paying Agency Agreement and, together with any additional paying agent appointed pursuant to the Issuing and Paying Agency Agreement or the Computershare Agency Agreement (as defined below), as specified in the relevant Pricing Supplement, the "**Paying Agents**"), HSBC Bank plc as issue agent (HSBC Bank plc being the "**Issue Agent**", which expression shall include any successor or other Issue Agent appointed pursuant to the Issuing and Paying Agency Agreement) and HSBC Bank plc and HSBC Bank USA, N.A. as registrar (HSBC Bank plc or, as the case may be, HSBC Bank USA, N.A. being the "**Registrar**", which expression shall include any successor or other Registrar appointed pursuant to the Issuing and Paying Agency Agreement), and the other parties specified therein.

In addition, the Issuer has entered into an agreement with Computershare Investor Services PLC dated 23 April 2010 (such agreement, as amended and/or supplemented and/or restated from time to time, the "**Computershare Agency Agreement**") appointing the latter as registrar and paying agent (the "**CREST Registrar**", which expression shall include any successor registrar and paying agent) with respect to Uncertificated Registered Notes (as defined below).

All Notes will be issued in series (each, a "**Series**") and each Series may comprise one or more tranches (each, a "**Tranche**") of Notes issued on different issue dates. Each Tranche will be the subject of Pricing Supplement ("**Pricing Supplement**"), a copy of which will be attached to or endorsed on or incorporated by reference in each Note of such Tranche. Other than the issue date, the issue price and the date for the first payment of interest, the Notes of each Series will have identical terms and conditions save that a Series may 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.

## Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes

Copies of the Master Note Issuance Agreement, the Issuing and Paying Agency Agreement, the Deed of Covenant and the Computershare Agency Agreement are available for inspection by Holders (as defined below) of Notes, and copies of the relevant Pricing Supplement, the Offering Memorandum and any supplement thereto may be obtained in each case during normal business hours at the specified office of the Issuer and of the Paying Agent in London or, in the case of Uncertificated Registered Notes, the CREST Registrar. The Holders (as defined in Condition 2(b) (*Form, Denomination and Title – Bearer Notes*)) for the time being of Notes (the "**Noteholders**", which expression shall, in the case of Bearer Notes, include reference to the Holders of the Coupons appertaining thereto) and of any coupons (the "**Coupons**") or talons (the "**Talons**") (the "**Couponholders**") are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Master Note Issuance Agreement, Issuing and Paying Agency Agreement, the Computershare Agency Agreement and the Deed of Covenant.

Words and expressions defined in the Master Note Issuance Agreement, Issuing and Paying Agency Agreement or the Computershare Agency Agreement or used in the relevant Pricing Supplement 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, Issuing and Paying Agency Agreement, the Computershare Agency Agreement and the relevant Pricing Supplement, the relevant Pricing Supplement will prevail.

### 1. Definitions

As used in these Conditions, the following expressions shall have the following meanings:

"**Accrual Yield**" means, in the case of Zero Coupon Notes, the percentage rate per annum specified as such in the relevant Pricing Supplement;

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

"**Alternative Payment Currency**" means the currency, which may be Offshore RMB, specified as such in the relevant Pricing Supplement;

"**Alternative Payment Currency Equivalent**" means the relevant amount in the Settlement Currency converted into the relevant Alternative Payment Currency using the Alternative Payment Currency Exchange Rate for the relevant Alternative Payment Currency Fixing Date;

"**Alternative Payment Currency Exchange Rate**" means the rate of exchange between the Settlement Currency and Alternative Payment Currency (expressed as the number of units of Alternative Payment Currency per one units of Settlement Currency as determined by the Calculation Agent in good faith and published on the Alternative Payment Currency Fixing Page at the Alternative Payment Currency Fixing Time on the Alternative Payment Currency Fixing Date. The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up. If such rate is not available, for any reason, and if an Alternative Payment Currency Exchange Rate Fall-Back is specified in the relevant Pricing Supplement the Calculation Agent will determine the relevant Alternative Payment Currency Exchange Rate in accordance with the Alternative Payment Currency Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement or if the Calculation Agent is not able to determine the relevant Alternative Payment Currency Exchange Rate in accordance with such Alternative Payment Currency Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement, or if such Alternative Payment Currency Exchange Rate Fall-Back provisions are not specified in the relevant Pricing Supplement, then the Calculation Agent will determine the Alternative Payment Currency Exchange Rate in its sole and absolute discretion, acting in good faith;

"**Alternative Payment Currency Fixing Date**" means the fifth day prior to the relevant Interest Payment Date, Maturity Date or other date on which the relevant payment falls due (as appropriate). For the purposes of this definition, "**day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business and dealings in foreign exchange in the Settlement Currency Jurisdiction and Alternative Payment Currency Jurisdiction;

## Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes

"**Alternative Payment Currency Fixing Page**" means the Reuters or other screen page specified as such in the relevant Pricing Supplement or any successor page thereof;

"**Alternative Payment Currency Fixing Time**" means the time and place specified as such in the relevant Pricing Supplement;

"**Alternative Payment Currency Jurisdiction**" means the jurisdiction specified as such in the relevant Pricing Supplement;

"**Business Centre**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Business Day**" means:

- (i) in relation to any sum payable in euro, a Euro Business Day (other than a Saturday or Sunday) and a day on which commercial banks and foreign exchange markets settle payments generally in London and each (if any) Business Centre and on which the relevant Clearing System is open for business; 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 London, in the principal financial centre of the relevant currency and in each (if any) Business Centre and on which the relevant Clearing System is open for business;

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) "**FRN Convention**", "**Floating Rate Convention**" or "**Eurodollar Convention**" means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) "**No Adjustment**" means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

## Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes

"**Calculation Amount**" means the amount in the Denomination Currency specified as such in the relevant Pricing Supplement;

"**Clearing System**" means, in relation to a Series of Notes, Euroclear, Clearstream, Luxembourg, DTC, CREST and/or any other clearing system specified in the relevant Pricing Supplement in which Notes of the relevant Series are for the time being held, or, in relation to an individual Note, in which that Note is for the time being held;

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

"**Conversion Rate**" means the conversion rate of exchange specified as such in the relevant Pricing Supplement or if such rate is not specified in the relevant Pricing Supplement, the rate of exchange between the Denomination Currency and the Settlement Currency (expressed as the number of units of Settlement Currency per one unit of Denomination Currency or as the number of units of the Denomination Currency per one unit of Settlement Currency (as applicable) as determined by the Calculation Agent in good faith and published on Conversion Rate Fixing Page at the Conversion Rate Fixing Time on the Conversion Rate Fixing Date. The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up. If such a rate is not available, for any reason, and if a Conversion Rate Fall-Back is specified in the relevant Pricing Supplement the Calculation Agent will determine the relevant Conversion Rate in accordance with the Conversion Rate Fall-Back provisions specified in the relevant Pricing Supplement or if the Calculation Agent is not able to determine the relevant Conversion Rate in accordance with such Conversion Rate Fall-Back provisions specified in the relevant Pricing Supplement, or if Conversion Rate Fall-Back provisions are not specified in the relevant Pricing Supplement, then the Calculation Agent will determine the Conversion Rate in its sole and absolute discretion acting in good faith;

"**Conversion Rate Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business and dealings in foreign exchange in the jurisdiction or place specified as such in the relevant Pricing Supplement, or if no such jurisdiction or place is specified in the relevant Pricing Supplement, the Settlement Currency Jurisdiction and Denomination Currency Jurisdiction;

"**Conversion Rate Fixing Date**" means each of the dates specified as such in the relevant Pricing Supplement or if such date is not a Conversion Business Day the immediate following day that is a Conversion Business Day or, if such date is not specified in the relevant Pricing Supplement, the fifth Conversion Rate Business Day prior to the relevant Interest Payment Date, Maturity Date or other date on which the relevant payment falls due (as applicable);

"**Conversion Rate Fixing Page**" means the Reuters or other screen page specified as such in the Pricing Supplement or any successor page thereof or if such page is not specified in the relevant Pricing Supplement, the Calculation Agent will determine the relevant Conversion Rate by reference to the spot rate prevailing in the international exchange market;

"**Conversion Rate Fixing Time**" means the time and place specified as such in the relevant Pricing Supplement;

"**CREST**" means CRESTCo. Limited;

"**Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in the relevant Pricing Supplement and:

- (i) if "**Actual/Actual**", "**Actual/Actual (ISDA)**", "**Act/Act**" or "**Act/Act (ISDA)**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

**Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes**

- (ii) if "**Actual/Actual (ICMA)**" or "**Act/Act (ICMA)**" is so specified means:
- (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (b) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any one year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (iii) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;
- (iv) if "**Actual/365 (Sterling)**" is so specified, means the actual number of days in the Calculation Period divided by 365, or in the case of an Interest Payment Date falling in a leap year, 366;
- (v) if "**Actual/360**", "**Act/360**" or "**A/360**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;
- (vi) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y<sub>1</sub>**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y<sub>2</sub>**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"**D<sub>2</sub>**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

## Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes

- (vii) if "30E/360" or "Eurobond Basis" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (viii) if "30E/360 (ISDA)" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1)]}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Termination Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30;

"Denomination Currency" means the currency of denomination of the Notes specified as such in the relevant Pricing Supplement;

"Denomination Currency Jurisdiction" means the jurisdiction specified as such in the relevant Pricing Supplement;

## Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes

"DTC" means the Depository Trust Company;

"**Early Redemption Amount**" means, in relation to each Note or Calculation Amount, as applicable, an amount equal to the percentage per Calculation Amount, its Fair Market Value or such other early redemption amount, in each case as specified in the relevant Pricing Supplement;

"**EMU Event**" means the occurrence of any of the following, as determined by the Calculation Agent, acting in a commercially reasonable manner:

- (i) the withdrawal from legal tender of any currency that, before the introduction of the euro, was lawful currency in one of the member states;
- (ii) the redenomination of any underlying value to which the Notes relate into euro;
- (iii) any change in the currency of denomination of any index;
- (iv) any change in the currency in which some or all the securities or other property contained in any index is denominated;
- (v) the disappearance or replacement of a relevant rate option or other price source for the national currency of any member state, or the failure of the agreed sponsor (or successor sponsor) to publish or display a relevant rate, index, price, page or screen; or
- (vi) the change by any organised market, exchange or clearance, payment or settlement system in the unit of account of its operating procedures to the euro;

"**Euro**", "**euro**" "**EUR**", "**€**" each means 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 S.A./N.V.;

"**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 13 (*Replacement, Exchange and Transfer*);

"**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 in 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 Redemption Amount**" has the meaning ascribed thereto in Condition 7(a) (*Redemption and Purchase - At Maturity*);

"**First Interest Payment Date**" means the date specified in the relevant Pricing Supplement;

"**Fixed Rate Note**" means a Note which bears interest at a fixed rate and in respect of which Condition 4 (*Fixed Rate Note Provisions*) is applicable;

"**Floating Rate Note**" means a Note which bears interest at a floating rate and in respect of which the relevant provisions of Condition 5 (*Floating Rate Note, Index-Linked Interest Note and other variable linked interest Note provisions*) are applicable;

"**Foreign Exchange Dealer**" means an independent foreign exchange dealer of international repute active in the foreign exchange market in the relevant Settlement Currency Jurisdiction;



## Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes

"**FX Disruption**" means the occurrence and/or existence of any of the following circumstances:

- (i) the occurrence and/or existence as determined by the Calculation Agent, acting in a commercially reasonable manner, of an event on any day with respect to the Reference Currency or Denomination Currency (as applicable) that has the effect of preventing or delaying the Issuer or any of its affiliates acting as its hedge counterparty for the Notes directly or indirectly from: (i) converting the Reference Currency into the Specified Currency or the Denomination Currency into the Settlement Currency (as applicable) through customary legal channels, (ii) converting the Reference Currency into the Specified Currency or the Denomination Currency into the Settlement Currency (as applicable) at a rate at least as favourable as the rate for domestic institutions located in the Reference Currency Jurisdiction or Denomination Currency Jurisdiction (as applicable), (iii) delivering the Specified Currency from accounts inside the Reference Currency Jurisdiction to accounts outside the Reference Currency Jurisdiction or delivering the Settlement Currency from accounts inside the Denomination Currency Jurisdiction to accounts outside the Denomination Currency Jurisdiction (as applicable); (iv) delivering the Reference Currency between accounts inside the Reference Currency Jurisdiction or to a party that is a non-resident of the Reference Currency Jurisdiction or delivering the Denomination Currency between accounts inside the Denomination Currency Jurisdiction or to a party that is a non-resident of the Denomination Currency Jurisdiction, or (v) effectively realising the value of its underlying hedge in the Specified Currency or Settlement Currency (as applicable) at any time;
- (ii) the government of the Denomination Currency Jurisdiction or Reference Currency Jurisdiction (as applicable) imposing, or giving public notice of its intention to impose, any capital controls (including, without limitation, the imposition of an upper limit on the amount of the Denomination Currency or Reference Currency (as applicable) denominated assets in the Denomination Currency Jurisdiction or Reference Currency Jurisdiction (as applicable) which can be held by any party) which the Calculation Agent determines in good faith are likely to materially affect the ability of the Issuer or any of its affiliates acting as its hedge counterparty for the Notes to hedge its position under the Notes or to unwind such hedge;

"**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) in the Settlement Currency Jurisdiction;

"**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 Pricing Supplement and "**Government Bond**" shall be construed accordingly;

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

"**Index-Linked Interest Note**" means a Note which bears interest at a rate determined by reference to an index or any other variable as specified in the relevant Pricing Supplement and in respect of which Condition 5(e) (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note provisions*) is applicable;

## Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes

**"Initial Underlying Currency Pair Exchange Rate"** means the rate of exchange between the Specified Currency and the Reference Currency (expressed as the number of units of Reference Currency per one unit of Specified Currency) specified as such in the relevant Pricing Supplement;

**"Interest Commencement Date"** means the date specified as such in the relevant Pricing Supplement;

**"Interest Determination Date"** means the day determined by the Calculation Agent, in its sole and absolute discretion, to be customary for fixing the Reference Rate applicable to deposits in the Relevant Currency for the relevant Interest Period; **provided that** where so specified in the relevant Pricing Supplement, such day shall be a day (i) if such currency is euro, which is a Euro Business Day, and (ii) if such currency is any other currency, on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre or centres of the country of such currency (or where such currency is a National Currency Unit) and the Notes have been redenominated into euro pursuant to Condition 10 (*Redenomination*), the former principal financial centre or centres);

**"Interest Payment Date"** means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**"Interest Period"** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**"ISDA Definitions"** means the 2006 ISDA Definitions (as amended and supplemented as at the date of issue of the first Tranche of the Notes of the relevant Series), as published by the International Swaps and Derivatives Association, Inc;

**"Issue Date"** means the date specified as such in the relevant Pricing Supplement;

**"LBMA"** means the London Bullion Market Association or its successor;

**"LBMA Physical Settlement Commodity"** means each commodity specified as such in the relevant Pricing Supplement;

**"LBMA Physical Settlement Disruption Event"** means, as determined by the Calculation Agent, an event which is beyond the control of the Issuer or the transferor of the relevant amount of interest, Final Redemption Amount, Early Redemption Amount and/or any other amount in respect of the Notes and as a result of which the Issuer or such transferor is unable to effect a relevant delivery;

**"LBMA Physical Settlement Fallback Redemption Amount"** means an amount in the Settlement Currency, US Dollar or such other currency as determined by the Calculation Agent in its sole and absolute discretion in respect of each Note determined by the Calculation Agent, in its sole and absolute discretion, with reference to the price of the LBMA Physical Settlement Commodity to in the spot market on the relevant Conversion Rate Fixing Date or Underlying Currency Pair Fixing Date (as applicable);

## Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes

**"LBMA Physical Settlement Market Disruption Event"** means (i) the material suspension of, or the material limitation imposed on, trading in the LBMA Physical Settlement Commodity on any exchange or principal trading market which the Calculation Agent considers material in relation to the Notes; (ii) the disappearance of, or of trading in the LBMA Physical Settlement Commodity; or (iii) the disappearance or permanent discontinuance or unavailability of the Conversion Rate or Underlying Currency Pair Exchange Rate notwithstanding the status of trading in the LBMA Physical Settlement Commodity;

**"LBMA Transfer Notice"** has the meaning given in Condition 9(g) (*Payments – LBMA Physical Settlement*);

**"LIBOR"** means, in respect of any Relevant Currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Reuters) in accordance with the requirements from time to time of the British Bankers' Association based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor);

**"local banking day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the city in which the Principal Paying Agent, the Paying Agent, or the Registrar or the Transfer Agent to which the relevant Note or Coupon is presented for payment is located;

**"Margin"** means the percentage rate per annum (or such other applicable period of time) specified as such in the relevant Pricing Supplement;

**"Maturity Date"** has the meaning ascribed thereto in Condition 7(a) (*Redemption and Purchase - At Maturity*).

**"Maximum Interest Rate"** means the percentage rate per annum (or such other applicable period of time) specified as such in the relevant Pricing Supplement;

**"Maximum Redemption Amount (Call Option)"** means, in relation to each Note, the percentage of its Calculation Amount specified as such in the relevant Pricing Supplement;

**"Maximum Redemption Amount (Put Option)"** means, in relation to each Note, the percentage of its Calculation Amount specified as such in the relevant Pricing Supplement;

**"Minimum Interest Rate"** means the percentage rate per annum (or such other applicable period of time) specified as such in the relevant Pricing Supplement;

**"Minimum Redemption Amount (Call Option)"** means, in relation to each Note, the percentage of its Calculation Amount specified as such in the relevant Pricing Supplement;

**"Minimum Redemption Amount (Put Option)"** means, in relation to each Note, the percentage of its Calculation Amount specified as such in the relevant Pricing Supplement;

**"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;

**"Non-transferability"** means the occurrence of any event that makes it impossible for the Issuer to transfer Settlement Currency between accounts inside the Settlement Currency Jurisdiction or from an account inside the Settlement Currency Jurisdiction to an account outside the Settlement Currency Jurisdiction or from an account outside the Settlement Currency Jurisdiction to an account inside the Settlement Currency Jurisdiction, 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);

## Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes

"**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 the jurisdiction specified as such in the relevant Pricing Supplement;

"**Optional Redemption Date (Call Option)**" means the date specified as such in the relevant Pricing Supplement on which the Notes are being redeemed pursuant to Condition 7(c) (*Redemption at the Option of the Issuer*);

"**Optional Redemption Date (Put Option)**" means the date specified as such in the relevant Pricing Supplement on which the Notes are being redeemed pursuant to Condition 7(d) (*Redemption at the Option of the Noteholders*);

"**Participating Member States**" means any member state of the European Union which adopts the single currency in accordance with the Treaty;

"**Rate of Interest**" means:

- (i) where the Fixed Rate Note provisions are specified in the relevant Pricing Supplement as being applicable, the rate of interest specified as such in the relevant Pricing Supplement;
- (ii) where the Floating Rate Note provisions are specified in the relevant Pricing Supplement as being applicable, the rate of interest determined in accordance with Conditions 5(c) (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note provisions – Screen Rate Determination*) or 5(d) (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note provisions – ISDA Determination*), as applicable; and
- (iii) where the Index-Linked Interest Note provisions are specified in the relevant Pricing Supplement as being applicable, the rate of interest determined in accordance with Conditions 5(e) (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note provisions - Index-Linked Interest*);

"**Redemption Amount (Call Option)**" means, in relation to each Note, the percentage of its Calculation Amount or its Fair Market Value, in each case as specified in the relevant Pricing Supplement;

"**Redemption Amount (Put Option)**" means, in relation to each Note, the percentage of its Calculation Amount or its Fair Market Value, in each case as specified in the relevant Pricing Supplement;

"**Redenomination Date**" means a date (being, in the case of interest-bearing Notes, a date on which interest in respect of such Notes is payable) which:

- (i) is specified by the Issuer in the notice given to the Noteholders pursuant to Condition 10(a) (*Redenomination - General*); and
- (ii) falls on or after such date as the country of the Settlement Currency becomes a Participating Member State;

"**Reference Bank(s)**" means four major banks selected by the Calculation Agent in the market that is most closely connected with Reference Rate;

"**Reference Currency**" means the currency specified as such in the relevant Pricing Supplement;

"**Reference Currency Jurisdiction**" means the jurisdiction specified as such in the relevant Pricing Supplement;

"**Reference Rate**" has the meaning given in the relevant Pricing Supplement;

## Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes

"**Regular Period**" means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (iii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

"**Relevant 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 Currency**" has the meaning given in the relevant Pricing Supplement;

"**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 10 (*Redenomination*), the former principal financial centre or centres) and in any other place set out in the Pricing Supplement. 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 10 (*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 Pricing Supplement;

"**Relevant Financial Centre**" has the meaning given in the relevant Pricing Supplement;

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

"**Relevant Time**" has the meaning given in the relevant Pricing Supplement;

"**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);

"**Restricted Global Registered Note**" means a Registered Note in global form issued and sold solely within the United States or to US Persons (as defined in Regulation S under the Securities Act) in reliance on Rule 144A of the Securities Act;

"**Settlement Currency**" means the currency specified as such in the relevant Pricing Supplement;

## **Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes**

**"Settlement Currency Jurisdiction"** means the jurisdiction specified as such in the relevant Pricing Supplement;

**"Specified Currency"** means the currency specified as such in the relevant Pricing Supplement;

**"Specified Period"** has the meaning given in the relevant Pricing Supplement;

**"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;

**"Transfer Expenses"** means, with respect to any Notes, all stamp, transfer, registration and similar duties and all expenses, scrip fees, levies and registration charges payable on or in respect of or arising on, or in connection with, the purchase or transfer, delivery or other disposition by the transferor to the order of the relevant Noteholders of any underlying value to which the Notes relate;

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

**"Underlying Currency Pair Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business and dealings in foreign exchange in the jurisdiction or place as specified in the relevant Pricing Supplement or if no such jurisdiction or place is specified in the relevant Pricing Supplement, the Reference Currency Jurisdiction(s);

**"Underlying Currency Pair Exchange Rate"** means the rate of exchange between the Specified Currency and the Reference Currency (expressed as the number of units of Reference Currency per one unit of Specified Currency) as determined by the Calculation Agent in good faith and published on the Underlying Currency Pair Fixing Page at the Underlying Currency Pair Fixing Time on an Underlying Currency Pair Fixing Date. The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up. If such rate is not available, for any reason, and if an Underlying Currency Pair Exchange Rate Fall-Back is specified in the relevant Pricing Supplement the Calculation Agent will determine the relevant Underlying Currency Pair Exchange Rate in accordance with the Underlying Currency Pair Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement or if the Calculation Agent is not able to determine the relevant Underlying Currency Pair Exchange Rate in accordance with such Underlying Currency Pair Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement, or if such Underlying Currency Pair Exchange Rate Fall-Back provisions are not specified in the relevant Pricing Supplement, then the Calculation Agent will determine the Underlying Currency Pair Exchange Rate in its sole and absolute discretion, acting in good faith;

**"Underlying Currency Pair Fixing Date"** means each of the dates specified as such in the relevant Pricing Supplement or, if such date is not an Underlying Currency Pair Business Day the immediate following day that is an Underlying Currency Pair Business Day, or if such date is not specified in the relevant Pricing Supplement, the fifth Underlying Currency Pair Business Day prior to the relevant Interest Payment Date, Maturity Date or other date on which the relevant payment falls due (as applicable);

**"Underlying Currency Pair Fixing Page"** means the Reuters or other screen page as specified as such in the Pricing Supplement or any successor page thereof or if not specified in the relevant Pricing Supplement, the Calculation Agent will determine the relevant Underlying Currency Pair Exchange Rate by reference to the relevant spot rate prevailing in the international exchange market;

**"Underlying Currency Pair Fixing Time"** means the time and place as specified as such in the relevant Pricing Supplement;

**"Zero Coupon Note"** means a Note specified as such in the relevant Pricing Supplement and in respect of which Condition 6 (*Zero Coupon Notes*) is applicable; and

## Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes

"**Zero Coupon Note Reference Price**" means the price per Note specified as such in the relevant Pricing Supplement.

### 2. Form, Denomination and Title

#### (a) *Form; Certifications*

Notes are issued in bearer form ("**Bearer Notes**"), in registered form ("**Registered Notes**") or in uncertificated registered form ("**Uncertificated Registered Notes**") as set out in the relevant Pricing Supplement. 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 10 (*Redenomination*), Bearer Notes will be in the denomination(s) specified in the relevant Pricing Supplement. Bearer Notes of one denomination will not be exchangeable after their initial delivery for Notes of any other denomination.

##### (ii) *General; Title*

Interest-bearing Definitive Notes will, if so specified in the relevant Pricing Supplement, have attached thereto at the time of their initial delivery Coupons, presentation of which will be a prerequisite to the payment of interest in certain circumstances specified below. Interest-bearing Definitive Notes will also, if so specified in the relevant Pricing Supplement, have attached thereto at the time of their initial delivery, a Talon for further coupons and the expression "Coupons" shall, where the context so permits, include Talons.

Notes, the principal amount of which is repayable in instalments ("**Instalment Notes**") which are Definitive Notes will have endorsed thereon a grid for recording the repayment of principal or will, if so specified in the relevant Pricing Supplement, have attached thereto at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.

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

To the extent permitted by law, the Issuer, the Principal Paying Agent, any other Paying Agents and the Registrar may deem and treat the Holder of any Bearer Note or of any Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of receiving payment on account thereof and for all other purposes.

#### (c) *Registered Notes*

##### (i) *Denomination*

Registered Notes will be in the denomination(s) and multiples specified in the relevant Pricing Supplement.

##### (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.

## Part B - Information relating to the Notes Generally – Terms and Conditions of the 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 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 the private placement legend for the purpose of Rule 144A under the Securities Act in the case of Restricted Global Registered Notes or Rule 144A Global Registered Notes, (the "**Rule 144A Legend**"), as set forth in the form of the relevant Registered Notes, the Registrar shall deliver only Registered Notes that also bear the relevant legend unless there is delivered to the Issuer and to the Registrar such satisfactory evidence, which may include an opinion, reasonably satisfactory to the Issuer, of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States, that neither the Rule 144A Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such Registered Notes are not "restricted securities" within the meaning of Rule 144 under the Securities Act.

(d) *Uncertificated Registered Notes*

The Uncertificated Registered Notes shall be issued in uncertificated registered form in accordance with the Uncertificated Securities Regulations 2001, including any modification or re-enactment thereof for the time being in force (the "**Uncertificated Securities Regulations**"). The Uncertificated Registered Notes are participating securities for the purposes of the Uncertificated Securities Regulations. Title to the Uncertificated Registered Notes is recorded on the relevant Operator (as defined below) register of corporate securities. The CREST Registrar on behalf of the Issuer shall maintain a record of uncertificated corporate securities (the "**Record**") in relation to the Uncertificated Registered Notes and shall procure that the Record is regularly updated to reflect the Operator register of corporate securities in accordance with the rules of the Operator. Subject to this requirement, (i) each person who is for the time being shown in the Record as the holder of a particular number of Uncertificated Registered Notes shall be treated by the Issuer and the CREST Registrar as the holder of such number of Uncertificated Registered Notes for all purposes (and the expressions "**Noteholder**" and "**Holder**" and related expressions shall be construed accordingly), and (ii) none of the Issuer and the CREST Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Record which the CREST Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to the Uncertificated Registered Notes.

Uncertificated Registered Notes will be in the denomination(s) and multiples specified in the relevant Pricing Supplement.

Title to Uncertificated Registered Notes will pass upon registration of the transfer in the Operator register of corporate securities. All transactions in relation to Uncertificated Registered Notes (including transfers of Uncertificated Registered Notes) in the open market or otherwise must be effected through an account at the Operator subject to and in accordance with the rules and procedures for the time being of the Operator.



## **Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes**

No provision of these Conditions as amended in accordance with the relevant Pricing Supplement shall (notwithstanding anything contained therein) apply or have effect to the extent that it is in any respect inconsistent with (I) the holding of title to Uncertificated Registered Notes in uncertificated form, (II) the transfer of title to Uncertificated Registered Notes by means of a relevant system or (III) the Uncertificated Securities Regulations. Without prejudice to the generality of the preceding sentence and notwithstanding anything contained in these Conditions or the relevant Pricing Supplement, so long as the Uncertificated Registered Notes are participating securities, (A) the Operator register of corporate securities relating to the Uncertificated Registered Notes shall be maintained at all times in the United Kingdom, (B) the Uncertificated Registered Notes may be issued in uncertificated form in accordance with and subject as provided in the Uncertificated Securities Regulations, and (C) for the avoidance of doubt, the Conditions and the relevant Pricing Supplement in relation to any Uncertificated Registered Note shall remain applicable notwithstanding that they are not endorsed on any certificate for such Uncertificated Registered Note.

As used herein each of "**Operator register of corporate securities**", "**participating securities**", "**record of uncertificated corporate securities**" and "**relevant system**" is as defined in the Uncertificated Securities Regulations and the relevant Operator (as such term is used in the Uncertificated Securities Regulations) is CREST (or any additional or alternative operator from time to time approved by the Issuer and the CREST Registrar in relation to the Uncertificated Registered Notes and in accordance with the Uncertificated Securities Regulations. Any reference herein to the "**Operator**" shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator from time to time and notified to the holders of the Uncertificated Registered Notes in accordance with Condition 14 (*Notices*).

If at any time:

- (i) a Noteholder ceases for any reason to be a member of CREST; or
- (ii) the Uncertificated Registered Notes cease for any reason to be participating securities capable of being held in CREST,

then the Issuer shall, in accordance with the rules and procedures governing CREST, ensure that Registered Notes are issued in exchange for the Uncertificated Registered Notes and that such Registered Notes are registered in such names as the Operator shall notify to the Issuer.

### **3. Status**

The Notes are direct, unsecured and unsubordinated 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. Fixed Rate Note Provisions**

#### **(a) Application**

This Condition 4 (*Interest – Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note provisions are specified in the relevant Pricing Supplement as being applicable.

#### **(b) Accrual of interest**

Fixed Rate Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Final Redemption Amount or any other redemption amount, as the case may be, is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 4 (*Interest – Fixed Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the day the Calculation Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any

## **Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes**

subsequent default in payment, in which case the Notes will continue to bear interest as aforesaid).

(c) ***Fixed Coupon Amount***

The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one denomination (as specified in the relevant Pricing Supplement), shall be the relevant Fixed Coupon Amount in respect of the relevant denomination.

(d) ***Calculation of interest amount***

The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount (the "**Variable Fixed Coupon Amount**") is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Settlement Currency (as defined in Condition 1 (*Definitions*)) (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note (as specified in the relevant Pricing Supplement) divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

5. **Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note Provisions**

(a) ***Application***

This Condition 5 (*Interest – Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note provisions, the Index-Linked Interest Note provisions or other variable-linked interest Note provisions are specified in the relevant Pricing Supplement as being applicable.

(b) ***Accrual of interest***

Floating Rate Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 9 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Final Redemption Amount or any other redemption amount, as the case may be, is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (*Interest – Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the day the Calculation Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment, in which case the Notes will continue to bear interest as aforesaid).

(c) ***Screen Rate Determination***

If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

## Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes

- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
  - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time;
  - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the principal financial centre of the Settlement Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the principal financial centre of the Settlement Currency) on the first day of the relevant Interest Period for loans in the Settlement Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(d) ***ISDA Determination***

If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the "Floating Rate Option" (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
- (ii) the "Designated Maturity" (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and
- (iii) the relevant "Reset Date" (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on LIBOR, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement.

(e) ***Index-Linked Interest***

If the Index-Linked Interest Note provisions are specified in the relevant Pricing Supplement as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Pricing Supplement.

(f) ***Maximum or Minimum Interest Rate***

If any Maximum Interest Rate or Minimum Interest Rate is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

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(g) **Calculation of Interest Amount**

The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(h) **Calculation of other amounts**

If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.

(i) **Publication**

The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s), to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum denomination, the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum denomination.

(j) **Notifications etc.**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 (*Interest – Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

6. **Zero Coupon Notes**

- (i) This Condition 6 (*Zero Coupon Notes*) is applicable to the Notes only if the Zero Coupon Note provisions are specified in the relevant Pricing Supplement as being applicable.
- (ii) If any amount payable in respect of a Zero Coupon Note is improperly withheld or refused, such an amount shall thereafter be an amount equal to the sum of:
  - (A) the Zero Coupon Note Reference Price; and
  - (B) the product of the Accrual Yield (compounded annually) being applied to the Zero Coupon Note Reference Price on the basis of the relevant Day Count Fraction as may be specified in the relevant Pricing Supplements for the purposes of this Condition 6 (*Zero Coupon Notes*) and Condition 7(e)

## Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes

*(Redemption and Purchase – Early Redemption of Zero Coupon Notes)* (or, if no such relevant Day Count Fraction is specified, a Day Count Fraction of 30E/360 shall apply) from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

### 7. **Redemption and Purchase**

#### (a) ***At Maturity***

Unless previously redeemed or purchased and cancelled, and subject as otherwise set out in the relevant Pricing Supplement, each Note will be redeemed by the Issuer at an amount (the "**Final Redemption Amount**") as determined by the Calculation Agent in its sole and absolute discretion and as calculated in accordance with the formula or other means specified in the relevant Pricing Supplement, where applicable, in the relevant Settlement Currency on the date specified in the relevant Pricing Supplement as the scheduled date on which such Note is to be redeemed (the "**Maturity Date**") (or, in the case of Instalment Notes, in such number of instalments and in such amounts ("**Instalment Amounts**") as may be specified in, or determined in accordance with the provisions of, the relevant Pricing Supplement), in accordance with the provisions set out in the relevant Pricing Supplement.

#### (b) ***Redemption for Taxation Reasons***

If the Issuer satisfies the Principal Paying Agent immediately prior to the giving of the notice referred to below that, in respect of a Series of Notes:

- (i) on a subsequent date for the payment of interest on such Series of Notes the Issuer would be required to pay any additional amounts in accordance with the provisions of Condition 8 (*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 8 (*Taxation*);

the Issuer may, having given not less than 30 nor more than 45 days' notice (ending, in the case of Floating Rate Notes, on an Interest Payment Date) to the Noteholders in respect of such Series of Notes, redeem all, but not some only, of such Notes, at their Early Redemption Amount as determined by the Issuer in its sole and absolute discretion and calculated in accordance with the formula or other means specified in the relevant Pricing Supplement together with interest accrued and unpaid, if any, to the date fixed for redemption **provided that** no such notice of redemption shall be given earlier than 90 days (or in the case of Floating Rate Notes a number of days which is equal to the lesser of the aggregate of the number of days in the then current Interest Period plus 60 days and 90 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

The Issuer may exercise such option in respect of any Note notwithstanding the prior exercise by the Holder thereof or the Issuer of their respective options to require the redemption of such Note under Condition 7(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call Option)*) and 7(d) (*Redemption and Purchase – Redemption at the Option of the Noteholder (Put Option)*) respectively, below, if the due date for redemption under this Condition 7(b) (*Redemption and Purchase – Redemption for Taxation Reasons*) would occur prior to that under Condition 7(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call Option)*) and 7(d) (*Redemption and Purchase – Redemption at the Option of the Noteholder (Put Option)*), respectively, but not otherwise and, in such circumstances, the exercise of the option

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under Condition 7(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call Option)*) and 7(d) (*Redemption and Purchase – Redemption at the Option of the Noteholder (Put Option)*), respectively shall be rendered ineffective.

Subject only to the obligation of the Issuer to use such endeavours as aforesaid, it shall be sufficient to establish the circumstances required to be established pursuant to this Condition 7(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 or interest in respect of the Notes would otherwise be made, becoming so effective, such circumstances would exist.

### (c) *Redemption at the Option of the Issuer (Call Option)*

Where the Notes are specified in the relevant Pricing Supplement as being redeemable at the option of the Issuer, the Issuer may at any time (in the case of Fixed Rate Notes or Zero Coupon Notes), on any Interest Payment Date (in the case of Floating Rate Notes) or otherwise as set out in the relevant Pricing Supplement, having given not less than 5 nor more than 30 days' notice (or such other notice period as may be specified in the relevant Pricing Supplement) to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), redeem on the Optional Redemption Date (Call Option) all or some only of the Notes then outstanding on the Optional Redemption Date (Call Option) and at the Redemption Amount (Call Option) as determined by the Issuer in its sole and absolute discretion and as calculated in accordance with the formula or other means specified in the relevant Pricing Supplement, together with interest accrued but unpaid thereon to the date fixed for redemption.

If the Notes of a Series are to be redeemed in part only on any date in accordance with this paragraph (c):

- (i) in the case of Bearer Notes (other than a Note which is a Temporary Global Note or a Permanent Global Note), the Notes to be redeemed shall be drawn by lot in such European city as the Principal Paying Agent may specify, or identified in such other manner or in such other place as the Principal Paying Agent may approve and deem appropriate and fair, subject to the rules and procedures of Euroclear and/or Clearstream, Luxembourg (such redemption to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion); and
- (ii) in the case of Registered Notes, the Notes shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, **provided always that** the amount redeemed in respect of each Note shall be equal to the minimum denomination thereof or an appropriate multiple thereof,

subject always to compliance with all applicable laws and the requirements of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation.

Where a Minimum Redemption Amount (Call Option) and/or a Maximum Redemption Amount (Call Option) is specified in the relevant Pricing Supplement, the Redemption Amount (Call Option) shall not be less than the Minimum Redemption Amount and shall not be more than the Maximum Redemption Amount.

In the case of the redemption of part only of a Registered Note, a new Registered Note in respect of the unredeemed balance shall be issued in accordance with Condition 13 (*Replacement, Exchange and Transfer*) which shall apply as in the case of a transfer of Registered Notes as if such new Registered Note were in respect of the untransferred balance.

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### **(d) *Redemption at the Option of the Noteholder (Put Option)***

Where the Notes are specified in the relevant Pricing Supplement as being redeemable at the option of Noteholders, then where a Noteholder has given not less than 15 nor more than 30 days' notice to the Issuer with a copy to the Issue Agent in accordance with Condition 14 (*Notices*), (which notices shall be irrevocable), the Issuer shall, following receipt of such notice from the Noteholder and confirmation from the Issue Agent that it has been duly notified, redeem on the Optional Redemption Date (Put Option), so many of the Notes in respect of which such Noteholder has exercised such option as are outstanding on the Optional Redemption Date (Put Option) and at the Redemption Amount (Put Option) as determined by the Issuer in its sole and absolute discretion as calculated in accordance with the formula or other means specified in the relevant Pricing Supplement, together with interest accrued but unpaid thereon to the date fixed for redemption.

Where a Minimum Redemption Amount (Put Option) and/or a Maximum Redemption Amount (Put Option) is specified in the relevant Pricing Supplement, the Redemption Amount (Put Option) shall not be less than the Minimum Redemption Amount (Put Option) and shall not be more than the Maximum Redemption Amount (Put Option).

In order for any such notice given by a Noteholder to be effective, the Noteholder shall, on or prior to the date on which such notice is given, deposit the Note or Notes in respect of which such notice is given (together, in the case of an interest-bearing Definitive Note, with any unmatured Coupons appertaining thereto) with, in the case of a Bearer Note, any Paying Agent, or, in the case of a Registered Note, the Registrar together with a duly completed redemption notice in the form which is available from the specified office of any of the Paying Agents or, as the case may be, the Registrar. The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 7(b) (*Redemption and Purchase - Redemption for Taxation Reasons*), 7(c) (*Redemption and Purchase - Redemption at the Option of the Issuer*) or Condition 7(f) (*Redemption and Purchase - Illegality*).

### **(e) *Early Redemption of Zero Coupon Notes***

(i) The redemption amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

- (A) the Zero Coupon Note Reference Price; and
- (B) the product of the Accrual Yield (compounded annually) being applied to the Zero Coupon Note Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

(ii) Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Pricing Supplement for the purposes of Condition 6 (*Zero Coupon Notes*) and this Condition 7(e) (*Redemption and Purchase – Early Redemption of Zero Coupon Notes*) (or, if no such relevant Day Count Fraction is specified, a Day Count Fraction of 30E/360 shall apply).

### **(f) *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

## **Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes**

will be made in such manner as shall be notified to the Noteholders in accordance with Condition 14 (*Notices*).

(g) ***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 deissued or cancelled.

(h) ***Cancellation***

All Notes which are redeemed pursuant to Condition 7(a) (*Redemption and Purchase – At Maturity*), 7(b) (*Redemption and Purchase – Redemption for Taxation Reasons*), 7(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call Option)*), 7(d) (*Redemption and Purchase – Redemption at the Option of the Noteholder (Put Option)*) and 7(e) (*Redemption and Purchase – Early Redemption of Zero Coupon Notes*) shall, and all Notes purchased, pursuant to this Condition 7(h) (*Redemption and Purchase – Cancellation*) may, at the option of the Issuer, be cancelled forthwith (together with, in the case of Definitive Notes, all unmaturing Coupons and unexchanged Talons attached thereto or surrendered therewith). All Notes redeemed or purchased and cancelled as aforesaid may not be re-issued or resold.

(i) ***No Other Redemption Provisions***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Condition 7(a) (*Redemption and Purchase – At Maturity*), 7(b) (*Redemption and Purchase – Redemption for Taxation Reasons*), 7(c) (*Redemption and Purchase – Redemption at the Option of the Issuer (Call Option)*), 7(d) (*Redemption and Purchase – Redemption at the Option of the Noteholder (Put Option)*), 7(e) (*Redemption and Purchase – Early Redemption of Zero Coupon Notes*) and 7(f) (*Redemption and Purchase – Early Redemption for Illegality*).

## **8. Taxation**

All payments by the Issuer of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature, present or future, as are imposed or levied by or on behalf of the United Kingdom unless the Issuer is required by law to withhold or deduct any such taxes, duties, assessments or governmental charges.

In the event that the Issuer is so required by law to withhold or deduct, it will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders or Couponholders, as the case may be, after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes and/or, as the case may be, Coupons, in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) to, or to a third party on behalf of, a Holder of a Note or Coupon who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of it having some connection with the United Kingdom or any other relevant jurisdiction, other than the mere holding of such Note or Coupon;
- (b) unless it is proved, in the case of Bearer Notes, to the satisfaction of the Principal Paying Agent or the Paying Agent to whom the same is presented, or, in the case of Registered Notes, to the satisfaction of the Registrar, that the Holder is unable to avoid such withholding or deduction by satisfying any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authorities or by notifying (and/or presenting evidence of such notification to) any tax authorities of such payment of principal or interest or by presenting the relevant Note or Coupon at the specified office of another Paying Agent;



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- (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 any Coupon, or a portion of either, or that is a fiduciary or partnership, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due but, in the case of Bearer Notes, if the full amount of the money payable has not been received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly given to the relevant Holders in accordance with Condition 14 (*Notices*).

If the Issuer becomes resident for tax purposes in any taxing jurisdiction other than the United Kingdom, references in this Condition 8 (*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 principal or interest or both in respect of the relevant Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable under this Condition 8 (*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.

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### **9. Payments**

#### **(a) *Bearer Notes***

Payments of principal and interest (if any) in respect of Bearer Notes will (subject as provided below) be made against presentation and (save in the case of partial payment or payment of an Instalment Amount (other than the final Instalment Amount)) surrender of the relevant Note or, in the case of payments of interest, surrender of the relevant Coupon at the specified office of any Paying Agent outside the United States (subject to the next paragraph). No payments on Bearer Notes will be made by mail to an address in the United States or by transfer to an account maintained by the Holder in the United States.

Payments of amounts due in respect of interest on Bearer Notes and exchanges of Talons for Coupon sheets will not be made at the specified office of any Paying Agent in the United States or its possessions (as defined in the US Internal Revenue Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (b) such payment or exchange is permitted by applicable United States law, in which case the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

If the due date for payment of any amount due in respect of any Bearer Note is not both a Relevant Financial Centre Day and, if such Bearer Note is a Definitive Note or if the Pricing Supplement so specify, a local banking day, then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Conditions 4 (*Fixed Rate Note Provisions*), 5 (*Floating Rate Note, Index-Linked Interest Note Provisions*) or 6 (*Zero Coupon Notes*), as appropriate.

Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Note which is a Definitive Note with Receipts will be made against presentation of the Note together with the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Note to which they appertain will not represent any obligation of the Issuer. Accordingly, the presentation of a Note without the relative Receipt or the presentation of a Receipt without the Note to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

Upon the due date for redemption of any Definitive Note other than a Fixed Rate Note, all unmatured Coupons and Talons (if any) relating to such Definitive Note (whether or not attached) shall become void and no payment shall be made in respect of them.

Definitive Notes which are Fixed Rate Notes should be presented for payment with all unmatured Coupons appertaining thereto, failing which the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, that portion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon within a period of 10 years from the Relevant Date (as defined in Condition 8 (*Taxation*)) for the payment of such principal, whether or not such Coupon has become void pursuant to Condition 12 (*Prescription*) or, if later, five years from the date on which such Coupon would have become due.

Notwithstanding the above, if any Definitive Notes should be issued with a Maturity Date and an interest rate or rates such that, on the presentation for payment of any such Definitive Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required to be deducted would be greater than the amount otherwise due for payment, then, upon the due date for redemption, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that the amount required to

## **Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes**

be deducted would not be greater than the amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Note to become void, the relevant Paying Agent shall, in its sole and absolute discretion, determine which unmatured Coupons are to become void, and shall select, in its sole and absolute discretion, for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

Upon any Definitive Notes becoming due and repayable prior to their Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

In relation to Definitive Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside the United States (save as provided above) in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 12 (*Prescription*) below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the due date for the payment of interest on which the final Coupon comprised in the relative Coupon sheet matures.

If (otherwise than by reason of the application of the above) the due date for redemption of any Bearer Note is not the due date for the payment of a Coupon appertaining thereto, interest accrued in respect of such Note from and including the last preceding due date for the payment of a Coupon (or from the Issue Date or the Interest Commencement Date, as the case may be) will be paid only against surrender of such Bearer Note and all unmatured Coupons appertaining thereto.

### **(b) *Registered Notes***

Payment of the amount due on final redemption in respect of Registered Notes will be made against presentation and, save in the case of partial payment of any such amount, surrender of the relevant certificate at the specified office of the Registrar or of the Transfer Agent. If the due date for payment of the Final Redemption Amount or any other redemption amount, as the case may be, of any Registered Note is not both a Relevant Financial Centre Day and, if such Registered Note is not in global form or if the Pricing Supplement so specify, a local banking day, then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 4 (*Fixed Rate Note Provisions*), Condition 5 (*Floating Rate Note, Index-Linked Interest Note Provisions*) or Condition 6 (*Zero Coupon Notes*), as appropriate.

Payment of amounts (whether principal, interest or otherwise) due (other than on final redemption) in respect of Registered Notes will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the Register at the close of business (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 Condition 9(c) (*Payments – Uncertificated Registered Notes*) below.

### **(c) *Uncertificated Registered Notes***

The Issuer shall pay or cause to be paid when due payments of principal and interest (if any) in respect of Uncertificated Registered Notes to the relevant Noteholder's cash memorandum

## **Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes**

account (as shown in the records of the Operator), such payment to be made in accordance with the rules of the Operator. Each of the persons shown in the Operator register of corporate securities as holder of a particular principal amount of Uncertificated Registered Notes must look solely to the settlement bank or institution at which its cash memorandum account is held for its share of each such payment so made by or on behalf of the Issuer.

### **(d) *General Provisions***

The following provisions apply to both Bearer Notes and Registered Notes (and do not apply to Uncertificated Registered Notes). Subject to Condition 9(e) (*Payments – Payment of Alternative Payment Currency Equivalent*), payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in the relevant Settlement Currency 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 8 (*Taxation*).

Without prejudice to the generality of the foregoing, the Issuer reserves the right to require any person receiving payment of principal or, as the case may be, payment of interest with respect to any Note or Coupon to provide a Paying Agent with such certification or information as may be required to enable the Issuer or any parent or holding company of the Issuer or any subsidiary of any such parent or holding company to comply with the requirements of the US Federal Income Tax laws or such other laws as the Issuer or any such parent or holding company or subsidiary thereof may be required to comply with.

Any amount payable with respect to a Note shall be rounded to the nearest applicable sub-unit of the currency in which such amount is payable (one half of any such sub-unit being rounded upwards).

### **(e) *Payment of Alternative Payment Currency Equivalent***

If "Payment of Alternative Payment Currency Equivalent" is specified as applicable in the relevant Pricing Supplement, 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 the Settlement Currency, the Issuer may, settle any such payment in U.S. dollars or any other currency specified as the Alternative Payment Currency in the relevant Pricing Supplement on the due date at the Alternative Payment Currency Equivalent of any such amount due.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 9(e) (*Payments – Payment of Alternative Payment Currency 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 Noteholders. By acceptance thereof, purchasers of the Notes will be deemed to have acknowledged and agreed and to have waived any and all actual or potential conflicts of interest that may arise as a result of the calculation of the Alternative Payment Currency Equivalent by the Calculation Agent.

### **(f) *FX Disruption***

If, "FX Disruption" is specified as being applicable in the relevant Pricing Supplement, then, if on any day on which the Calculation Agent is required to determine the Conversion Rate or Underlying Currency Pair Exchange Rate (as applicable) (a "**Scheduled FX Fixing Day**"), a FX Disruption Event occurs, then such Scheduled FX Fixing Day shall be postponed until the first day after the Scheduled FX Fixing Day on which no FX Disruption Event occurs (the "**Revised FX Fixing Day**"), provided that if the Revised FX Fixing Day has not occurred within 5 calendar days following the Scheduled FX Fixing Day, then the Issuer will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue. If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make such adjustment(s) as it,

## Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes

in its sole and absolute discretion, determines to be appropriate, if any, to any terms of the Notes and such 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 Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the Noteholders to receive any amount of interest and/or the Final Redemption Amount at maturity (or any other payment or settlement amount to be made by the Issuer under the Notes) shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of an amount (which may be in the Settlement Currency or such other currency as determined by the Calculation Agent) determined by the Calculation Agent to be the Fair Market Value of the Notes. If the Revised FX Fixing Date would fall on a day which is less than five Relevant Finance Centre Days prior to the Maturity Date, the Calculation Agent will determine the relevant Conversion Rate or the Underlying Currency Pair Exchange Rate (as applicable) in its sole and absolute discretion acting in good faith. Without limiting the obligation of the Calculation Agent to notify the Noteholders of the occurrence of a FX Disruption Event, failure by the Calculation Agent to notify the Noteholders of the occurrence of a FX Disruption Event shall not affect the validity of the occurrence and effect of such FX Disruption Event on the Notes.

(g) ***LBMA Physical Settlement***

The following provisions apply where LBMA Physical Settlement is specified as being applicable in the relevant Pricing Supplement.

A. ***LBMA Transfer Notice***

- (i) Each Noteholder shall, on or before 4:00 pm (London time) on the date falling 5 Conversion Rate Business Days or Underlying Currency Pair Business Days (as applicable) before the relevant Interest Payment Date, the Maturity Date or date of early redemption of the Notes (as applicable) (or such earlier date as the Issuer shall determine is necessary for the Issuer, the Paying Agents, the relevant Clearing System to perform their respective obligations hereunder and notify to the Paying Agents and the Noteholders accordingly) send to the relevant Clearing System, in accordance with its then applicable operating procedures, and copied to the Principal Paying Agent, an irrevocable notice (an "**LBMA Transfer Notice**") in the form from time to time approved by the Issuer, which must:
- (A) specify the name and address of the Noteholder;
  - (B) specify the number of Notes in respect of which he is the Noteholder;
  - (C) specify the number of the Noteholder's account at the relevant Clearing System, to be debited with such Notes;
  - (D) irrevocably instruct and authorise the relevant Clearing System, (1) to debit the Noteholder's account with such Notes on the relevant Interest Payment Date, the Maturity Date or the relevant early redemption date of the Notes (as applicable) and (2) that no further transfers of the Notes specified in the LBMA Transfer Notice may be made;
  - (E) contain a representation and warranty from the Noteholder to the effect that the Notes to which the LBMA Transfer Notice relates are free from all liens, charges, encumbrances and other third party rights;
  - (F) specify the number and account name of the account in London with a member of the LBMA where the relevant amount of interest, Final Redemption Amount, Early Redemption Amount and/or any other amount in respect of the Notes shall be credited;
  - (G) contain an irrevocable undertaking to pay the Transfer Expenses (if any) and an irrevocable instruction to the relevant Clearing System, to debit on or after the relevant Interest Payment Date, the Maturity Date or the relevant early redemption date of the Notes (as applicable) the cash or other account of the

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Noteholder with the relevant Clearing System, specified in the LBMA Transfer Notice with such Transfer Expenses; and

- (H) authorise the production of the LBMA Transfer Notice in any applicable administrative or legal proceedings.
- (ii) An LBMA Transfer Notice, once delivered to the relevant Clearing System, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Noteholder may not transfer any Note which is the subject of an LBMA Transfer Notice following delivery of such LBMA Transfer Notice to the relevant Clearing System. A LBMA Transfer Notice shall only be valid to the extent that the relevant Clearing System have not received conflicting prior instructions in respect of the Notes which are the subject of the LBMA Transfer Notice.
- (iii) Failure properly to complete and deliver a LBMA Transfer Notice may result in such notice being treated as null and void with the consequence set out in subparagraph (C). Any determination as to whether such notice has been properly completed and delivered as provided shall be made by the relevant Clearing System, after consultation with the Principal Paying Agent and shall be conclusive and binding on the Issuer and the Noteholder.
- (iv) The Principal Paying Agent shall promptly on the local banking day following receipt of a LBMA Transfer Notice send a copy thereof to the Issuer or such person as the Issuer may previously have specified.

### B. *Delivery obligation*

Subject to the other provisions of this Condition 9(g), if the LBMA Physical Settlement provisions are specified in the relevant Pricing Supplement as being applicable, the Issuer shall discharge its obligation to deliver the relevant amount of interest, Final Redemption Amount, Early Redemption Amount and/or any other amount in respect of the Notes by crediting, or procuring the credit of, the same on the relevant Interest Payment Date, the Maturity Date or the date of early redemption of the Notes (as applicable) to the account in London with a member of the LBMA specified in the LBMA Transfer Notice of the relevant Noteholder.

### C. *LBMA Physical Settlement Fallback Redemption Amount*

In the event that any Noteholder fails to deliver a valid LBMA Transfer Notice by 4:00 pm on the day falling 5 Conversion Rate Business Days or Underlying Currency Pair Business Days (as applicable) before the relevant Interest Payment Date, the Maturity Date or the date of early redemption of the Notes (as applicable) (or such earlier date as the Issuer shall determine is necessary for the Issuer, the Paying Agents, the relevant Clearing System to perform their respective obligations hereunder and notify to the Paying Agents and the Noteholders accordingly), the Calculation Agent shall determine the LBMA Physical Settlement Fallback Redemption Amount and the Issuer shall pay the LBMA Physical Settlement Fallback Redemption Amount in respect of each Note held by such Noteholder on the Maturity Date, the relevant Interest Payment Date or date of early redemption of the Notes.

### D. *Disruption*

#### (i) *LBMA Physical Settlement Market Disruption Event*

If a LBMA Physical Settlement Market Disruption Event occurs or exists on any date on which the Conversion Rate or Underlying Currency Pair Exchange Rate (as applicable) is to be determined, the Conversion Rate or Underlying Currency Pair Exchange Rate (as applicable) shall be the rate determined by the Calculation Agent taking into consideration the latest available Conversion Rate or Underlying Currency Pair Exchange Rate (as applicable) as of a date on which no LBMA Physical Settlement Market Disruption Event occurred or existed and any other information which the Calculation Agent considers relevant.

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### (ii) *Settlement Disruption of LBMA Physical Settlement*

The Calculation Agent shall determine whether or not at any time a LBMA Physical Settlement Disruption Event has occurred and where it determines such an event has occurred and has prevented any delivery on the original day that but for such LBMA Physical Settlement Disruption Event would have been the relevant Interest Payment Date, the Maturity Date or the date of early redemption of the Notes (as applicable), then such date will be the first succeeding day on which the relevant delivery can take place unless a LBMA Physical Settlement Disruption Event prevents settlement on each of the ten (10) Business Days immediately following the original date that, but for the LBMA Physical Settlement Disruption Event, would have been the relevant Interest Payment Date, the Maturity Date or the date of early redemption of the Notes (as applicable). In that case, (a) if the relevant delivery can be effected in any other commercially reasonable manner, then the relevant Interest Payment Date, the Maturity Date or the date of early redemption of the Notes (as applicable) will be that tenth (10th) Business Day with delivery being effected in such manner, and (b) if such delivery cannot be effected in any other commercially reasonable manner, then the relevant Interest Payment Date, the Maturity Date or the date of early redemption of the Notes (as applicable) will be postponed until delivery can be effected in another commercially reasonable manner.

### (h) *Conversion*

If Conversion provisions are specified as being applicable in the relevant Pricing Supplement in relation to any specified amount payable in respect of the Notes, the relevant amount payable in respect of the Notes will be determined in accordance with the relevant Conversion provisions specified in the relevant Pricing Supplement. Notwithstanding anything contained in these Conditions or the relevant Pricing Supplement, the currency of payment in respect of such amount shall be as determined in accordance with such Conversion provisions, such currency shall be deemed to be the Settlement Currency in respect of such payment and the "Settlement Currency Jurisdiction" specified in the relevant Pricing Supplement shall be deemed to be modified accordingly in relation to such amount.

## 10. **Redenomination**

### (a) *General*

Where redenomination is specified in the relevant Pricing Supplement 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 14 (*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;

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- (ii) if Notes are in definitive form:
  - (A) all unmatured Coupons denominated in the relevant Settlement Currency (whether or not attached to the Notes) will become void with effect from the date (the "**Euro Exchange Date**") on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Noteholders that replacement Notes and Coupons denominated in euro are available for exchange (**provided that** such Notes and Coupons are available) and no payments will be made in respect thereof;
  - (B) the payment obligations contained in all Notes denominated in the 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 10(a)(ii) (*Redenomination – General*)) shall remain in full force and effect; and
  - (C) new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in the relevant 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 terms and conditions of the Notes as the Issuer may decide, with the prior approval of the Principal Paying Agent, to conform such Notes to conventions then applicable to Notes denominated in euro. Any such other changes will not take effect until after it has been notified to the Noteholders in accordance with Condition 14 (*Notices*).

Neither the Issuer nor the Principal Paying Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of euro or any currency conversion or rounding effected in connection therewith.

### (b) **Interest**

Following redenomination of the Notes pursuant to 10 (a) (*Redenomination – General*):

- (i) where Notes are in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (ii) in respect of Fixed Rate Notes where interest is payable annually, any interest required to be calculated for a period of less than one year in respect of the Notes shall be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (a) the number of those days falling in a leap year divided by 366 and (b) the number of those days falling in a non-leap year divided by 365); **provided, however, that** if the Issuer determines, with the agreement of the Principal Paying Agent, that the market practice in respect of internationally offered euro denominated securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendment;



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- (iii) in respect of Fixed Rate Notes where interest is payable quarterly or semi-annually, the amount of interest payable in respect of each Note on any Interest Payment Date shall be calculated by applying the Rate of Interest to the principal amount of such Note, dividing the product by four or two (as the case may be) and rounding the figure down to the nearest euro 0.01. If interest is required to be calculated for any other period, it shall be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of (a) the number of those days falling in a leap year divided by 366 and (b) the number of those days falling in a non-leap year divided by 365); **provided, however, that** if the Issuer determines, with the agreement of the Principal Paying Agent, that the market practice in respect of internationally offered euro denominated securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, and each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendment;
- (iv) in respect of Floating Rate Notes, the Interest Amount payable in respect of the Notes for each Interest Period will be calculated by applying the Rate of Interest for such Interest Period to the principal amount of such Note during the Interest Period, multiplying the product by the actual number of days in such Interest Period divided by 360 and rounding the resulting figure down to the nearest euro 0.01; and
- (v) in respect of Floating Rate Notes, the Rate of Interest for any subsequent Interest Period shall be determined by the Calculation Agent on the basis of provisions which it determines, in its sole and absolute discretion, reflects the market practice in respect of internationally offered euro denominated securities.

### 11. 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 or in the payment of any interest due in respect of the Notes of such Series or any of them, **provided that** it shall not be such a default to withhold or refuse any such payment (1) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment or (2) in cases of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given at any time during the said period of 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 Pricing Supplement, together with interest accrued and unpaid until the date of its redemption, without presentment, demand, protest or other notice of any kind.

### 12. Prescription

Notes and Coupons will become void unless presented for payment within a period of 10 years and five years, respectively, from the Relevant Date (as defined in Condition 8 (*Taxation*)) in respect thereof. Any monies paid by the Issuer to the Principal Paying Agent for the payment of the principal or interest in respect of any Notes or Coupons and remaining unclaimed when such

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Notes or Coupons become void will then revert to the Issuer and all liability of the Principal Paying Agent with respect thereto will thereupon cease.

There shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 12 (*Prescription*) or Condition 9 (*Payments*).

### **13. Replacement, Exchange and Transfer**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office (in the case of a Bearer Note or Coupon) of the Issue Agent or (in the case of Registered Notes) of the Registrar or of the Transfer Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

Upon the terms and subject to the conditions set out in the Issuing and Paying Agency Agreement and the relevant Pricing Supplement, 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 Pricing Supplement) 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 Pricing Supplement, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon the terms and subject to the conditions set forth in the Issuing and Paying Agency Agreement. In order to exchange a Bearer Note for a Registered Note, the Holder thereof shall surrender such Bearer Note at the specified office outside the United States of the Principal Paying Agent or of the Registrar or the Transfer Agent, together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined below) where the exchange date would, but for the provisions of this paragraph, occur between the Record Date (as defined in Condition 9(b) (*Payments - Registered Notes*)) for such payment of interest and the date on which such payment of interest fall due.

Each new Registered Note to be issued upon the transfer of a Registered Note or the exchange of a Bearer Note for a Registered Note will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date be available for delivery at the specified office of the Registrar or the Transfer Agent, or, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder.

The costs and expenses of effecting any exchange or registration of transfer pursuant to the foregoing provisions, except for the expenses of delivery by other than regular mail or insurance charges that may be imposed in relation hereto, shall be borne by the Issuer.

The Registrar or the Transfer Agent, as the case may be, shall not be required to register the transfer or exchange of Registered Notes for a period of 15 days preceding the due date for any payment of principal or interest in respect of such Notes.

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### 14. Notices

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

All notices to the Holders of Notes or the Coupons appertaining thereto will be valid: (i) if published, in the case of Bearer Notes and Coupons, in one leading daily newspaper with circulation in London (which is expected to be the *Financial Times* or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe); (ii) in the case of Registered Notes, if mailed to their registered addresses (as advised by the Registrar) or to that of the first named of them in the case of joint Holders; **provided that**, in each case, in the case of Notes admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system the rules of such listing authority, stock exchange and/or quotation system by which the Notes have then been admitted to listing, trading and/or quotation have been complied with; and (iii) in the case of Uncertificated Registered Notes, if sent by first class mail or (if posted to an address overseas) by airmail to the holders at their respective addresses appearing in the Record and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Uncertificated Registered Notes are listed by or on a competent authority or stock exchange and the rules of that competent authority or stock exchange so require, such notice will be published in a daily newspaper of general circulation in the places or places required by that competent authority or stock exchange. Any such notice shall be deemed to have been given on the date of such publication or delivery or, if published more than once, on the date of the first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

Holders of any Coupons appertaining to Bearer Notes will be deemed for all purposes to have notice of the contents of any notice given to the Holders of such Bearer Notes in accordance herewith.

#### (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.

### 15. 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 9(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 14 (*Notices*).

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- (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.

### 16. 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 Master Note Issuance Agreement or the Issuing and Paying Agency 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 Master Note Issuance Agreement or the Issuing and Paying 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 Master Note Issuance Agreement or the Issuing and Paying Agreement which is of a formal, minor or technical nature or is made to correct a manifest error 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 Pricing Supplement and conditions of the Note issue (comprising these Conditions as completed by the relevant Pricing Supplement) 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 14 (*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 and the Coupons appertaining thereto (if any), **provided that** such Notes and the Coupons appertaining thereto (if any) are irrevocably guaranteed by the Issuer. In the event of any such substitution, any reference in these Conditions to the Issuer shall be construed as a reference to the New Issuer. Any such substitution shall be promptly notified to the relevant Noteholders in accordance with Condition 14 (*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

## **Part B - Information relating to the Notes Generally – Terms and Conditions of the Notes**

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.

### **17. 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.

### **18. Further Issues**

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

### **19. 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, Early Redemption Amount or any amount of interest set out in the relevant Pricing Supplement 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 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.

### **20. 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.

### **21. 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 termination of the Notes or the consequence of their nullity).

## Part B - Information relating to the Notes Generally – Pro Forma Pricing Supplement for Notes

### PRO FORMA PRICING SUPPLEMENT FOR NOTES

*[When completing any Pricing Supplement, or adding any other Pricing Supplement or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether supplemental listing particulars would be required in respect of such terms or information.]*

#### PRICING SUPPLEMENT

Pricing Supplement 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 *[Insert details of existing Tranche(s)]* issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants)]**

#### PART A - CONTRACTUAL TERMS

This document constitutes the pricing supplement ("**Pricing Supplement**") relating to the issue of the Tranche of Notes described herein [for the purposes of listing on the Official List of the Irish Stock Exchange] and must be read in conjunction with the Offering Memorandum dated 18 June 2013 as supplemented from time to time (the "**Offering Memorandum**") [which, together with this Pricing Supplement, constitute listing particulars for the purposes of listing on the Global Exchange Market]. 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 such Offering Memorandum.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. The Offering Memorandum is available for viewing 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

**The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the "Prospectus Directive"). The Offering Memorandum has been prepared solely with regard to Notes that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2004/39/EC and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).**

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an offering document with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions (the "[**2005**] [**2006**] [**2007**] [**2008**] [**2009**] [**2010**] [**2011**] [**2012**] **Conditions**"), which are defined in, and incorporated by reference into, the Offering Memorandum and which are applicable to the Notes. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement, the [2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] Conditions are 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

## Part B - Information relating to the Notes Generally – Pro Forma Pricing Supplement for Notes

[For Notes offered and sold in the United States of America include:

### IMPORTANT NOTICES

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

### NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

### AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

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

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.)*

1. Issuer: HSBC Bank plc

## Part B - Information relating to the Notes Generally – Pro Forma Pricing Supplement for Notes

2. Tranche number: [ ]  
[*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.*]
3. Currency:
- (i) Settlement Currency [ ] [subject to Condition 9(h) (*Payments - Conversion*)]
- (ii) Denomination Currency [specify/Settlement Currency]
4. Aggregate Principal Amount:
- [(i) Series:] [ ]
- [(ii) Tranche:] [ ]
5. Issue Price: [[ ] per cent. of the Aggregate Principal Amount] [plus accrued interest from [insert date] (*in the case of fungible interest-bearing issues only, if applicable*)]
6. (i) Denomination(s) [ ]<sup>1</sup>  
(*Condition 2(b)*):
- (ii) Calculation Amount<sup>2</sup>: [ ]
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [specify/ Issue Date/ Not applicable ]
8. Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year. In case of undated Notes, specify undated.] [If Index-Linked provisions apply please add: or, if later, the [fifth/specify] Business Day following the [Valuation Date]/[Underlying Currency Pair Fixing Date]/[Conversion Rate Fixing Date] [specify]] [adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "**Business Day**"]
- (*Condition 7(a)*)
9. Change of interest or redemption basis: [Specify details of any provision for convertibility of Notes to another interest or redemption/payment basis]

### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

10. Fixed Rate Note provisions: [Applicable/Not applicable]  
(*Condition 4*) (If not applicable, delete the remaining

<sup>1</sup> If denominations in excess of and smaller than the minimum specified denomination are to be permitted then the Issuer should normally waive its right to elect to exchange the Permanent Global Note for definitive Notes in paragraph (d) of the Permanent Global Note - see item 29(iii) below.

<sup>2</sup> The applicable Calculation Amount (which is used for the calculation of redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.



**Part B - Information relating to the Notes Generally – Pro Forma Pricing Supplement for Notes**

*sub-paragraphs of this paragraph.)*

- (i) Rate(s) of Interest: [ ] per cent. [per annum] [ ] [payable [annually/semi-annually/quarterly/ monthly] in arrear] [ ]
- (ii) Interest Payment Date(s): [dd/mm, dd/mm, dd/mm and dd/mm] [in each year]  
[adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "Business Day" / [not adjusted]
- (iii) Fixed Coupon Amount(s): [[ ] per Calculation Amount] [Not applicable]
- (iv) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / Not applicable / other (specify)]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ Not applicable / other (give details)]
- (vi) Business Centre(s): [Not applicable/give details]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not applicable/give details] (Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis)
11. Floating Rate Note provisions: [Applicable/Not applicable]  
(Condition 5) (If not applicable, delete the remaining sub-paragraphs of this paragraph.)
- (i) [Interest Period(s)] / [Specified Period]<sup>3</sup>: [specify]
- (ii) Interest Payment Dates: [specify dates]
- (iii) First Interest Payment Date: [ ]
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
- (v) Business Centre(s): [Not applicable/give details]
- (vi) Screen Rate Determination: [Applicable / Not applicable]
- (1) Reference Rate: [specify LIBOR or other]
- (2) Interest Determination Date(s): [ ]
- (3) Relevant Screen Page: [ ]
- (4) Relevant Financial Centre: [ ]
- (5) Relevant Time: [ ]

<sup>3</sup> Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

**Part B - Information relating to the Notes Generally – Pro Forma Pricing Supplement for Notes**

- (6) Relevant Currency: [ ]
- (vii) ISDA Determination: [Applicable / Not applicable]
- (1) Floating Rate Option: [ ]
- (2) Designated Maturity: [ ]
- (3) Reset Date: [ ]
- (viii) Margin(s): [[+/-][ ] per cent. [per annum]] [Not applicable]
- (ix) Day Count Fraction: [ ]
- (xi) Minimum Interest Rate: [[ ] per cent. [ ] [per annum]] [Not applicable]
- (xii) Maximum Interest Rate: [[ ] per cent. [ ] [per annum]] [Not applicable]
- (xiii) Fall-back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
12. Zero Coupon Note provisions: [Applicable/Not applicable]  
*(Condition 6)* *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [[ ] per cent [per annum]]
- (ii) Zero Coupon Note Reference Price: [ ]
- (iii) Day Count Fraction in relation to Early Redemption Amounts and last payments: [ ]
13. Index-Linked Interest Note Provisions: [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/formula/other variable: [give or annex details –]
- (ii) Provisions for determining interest where calculated by reference to Index and/or formula and/or other variable: [ ]
- (iii) Provisions for determining interest where calculation by reference to Index and/or formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ]  
*[Need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (iv) Interest or calculation period(s): [ ]
- (v) Interest Payment Dates: [ ]
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day

**Part B - Information relating to the Notes Generally – Pro Forma Pricing Supplement for Notes**

Convention/other (give details)]

- (vii) Business Centre(s): [ ]
- (viii) Minimum Interest Rate: [[ ] per cent. [per annum]]
- (ix) Maximum Interest Rate: [[ ] per cent. [per annum]]
- (x) Day Count Fraction: [ ]

**PROVISIONS RELATING TO REDEMPTION**

- 14. Issuer's optional redemption (Call Option): [Applicable/Not applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph) (Condition 7(c))
  - (i) Redemption Amount (Call Option): [[ ] per Calculation Amount (specify — if not par, also specify details of any formula)] [Fair Market Value]
  - (ii) Series redeemable in part: [[ ] per Calculation Amount (specify — otherwise redemption will only be permitted of entire Series)] [Fair Market Value]
  - (iii) Optional Redemption Date (Call Option): [ ]
  - (iv) Minimum Redemption Amount (Call Option): [[ ] per Calculation Amount (specify — if not par, also specify details of any formula)] [Fair Market Value] [Not applicable]
  - (v) Maximum Redemption Amount (Call Option): [[ ] per Calculation Amount (specify — if not par, also specify details of any formula)] [Fair Market Value] [Not applicable]
- 15. Noteholder's optional redemption (Put Option): [Applicable/Not applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph) (Condition 7(d))
  - (i) Redemption Amount (Put Option): [[ ] per Calculation Amount / (specify — if not par, also specify details of any formula)] [Fair Market Value]
  - (ii) Optional Redemption Date (Put Option): [ ]
  - (iii) Minimum Redemption Amount (Put Option): [[ ] per Calculation Amount / (specify — if not par, also specify details of any formula)] [Fair Market Value] [Not applicable]
  - (iv) Maximum Redemption Amount (Put Option): [[ ] per Calculation Amount / (specify — if not par, also specify details of any formula)] [Fair Market Value] [Not applicable]
- 16. Final Redemption Amount of each Note: [[ ] per Calculation Amount (specify — if not par, also specify details of any formula)] (Condition 7(a))
- 17. Final Redemption Amount of each Note in cases where the Final Redemption Amount is Index-Linked or other variable-linked: [Applicable/Not applicable]

**Part B - Information relating to the Notes Generally – Pro Forma Pricing Supplement for Notes**

- (i) Index/formula/other variable: [give annex details]
- (ii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or formula and/or other variable;
- (iii) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or formula and/or other variable is impossible or impracticable or otherwise disrupted: [Need to include a description of market disruption or settlement disruption events and adjustment provisions] [See paragraph 24(v) below]
- (iv) Minimum Final Redemption Amount [ ]
- (v) Maximum Final Redemption Amount: [ ]

18. Instalment Notes: [Not applicable] [Applicable]  
 (Condition 7(a)) (If not applicable, delete the remaining sub-paragraphs of this paragraph)

Instalment Date(s) and corresponding Instalment:

<i>Instalment Date</i>	<i>Instalment Amount</i>
[ ]	[ ]

19. Early Redemption Amount:
- (i) Early Redemption Amount (upon redemption for taxation reasons, illegality or following an Event of Default): [[100] per cent. of the Calculation Amount] [Fair Market Value] [other (specify details)]  
 (Conditions 7(b), 7(f) or 11)
  - (ii) Other redemption provisions: [[100] per cent. of the Calculation Amount] [Fair Market Value] [Not applicable] [other (specify details)]  
 (Condition 7(i))

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

20. Form of Notes:  
 (Condition 2(a))
- (i) Form of Notes: [Bearer Notes/Registered Notes/ Uncertificated Registered Notes]
  - (ii) Bearer Notes exchangeable for Registered Notes: [Yes/No] [Answer will be no where no Registered Notes or where the issue is wholly or partly a Rule 144A issue]
21. [New Global Note [(delete if Registered Note)]]/ Issued under the new safekeeping structure [(delete if Bearer Note)]: [Yes/No]
22. If issued in bearer form:
- (i) Initially represented by a [Temporary] [Permanent] Global Note  
 Temporary Global Note or

**Part B - Information relating to the Notes Generally – Pro Forma Pricing Supplement for Notes**

Permanent Global Note:

- (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes: (Condition 2(a)) [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] [(specify)]
- (iii) Permanent Global Note exchangeable at the option of the Issuer in circumstances where the Issuer would suffer material disadvantage following a change of law or regulation: [Yes] [No] [If no, specify: The Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.]
- (iv) Coupons to be attached to Definitive Notes:<sup>4</sup> [Yes] [No] [Not applicable] [N.B. This will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems - see provisions contained in Permanent Global Note]
- (v) Talons for future Coupons to be attached to Definitive Notes:<sup>5</sup> [Yes/No/Not applicable] [N.B. The above comment also applies here]
23. Exchange Date for exchange of Temporary Global Note: [Not earlier than 40 days after the Issue Date] [(specify)]
24. Payments: (Condition 9)
- (i) Relevant Financial Centre Day: [specify all places]
- (ii) Payment of Alternative Payment Currency Equivalent: [Applicable] [Not Applicable]
- Settlement Currency Jurisdiction: [ ]
- Alternative Payment Currency: [ ]
- Alternative Payment Currency Jurisdiction: [ ]
- Alternative Payment Currency Fixing Page: [ ]
- Alternative Payment Currency Fixing Time: [ ]
- Alternative Payment Currency Exchange Rate Fall-Back provisions: [ ] [Condition 1 applies]
- Offshore RMB Centre: [Hong Kong] [Taiwan] [Singapore] [ ] [Not applicable]

<sup>4</sup> Definitive Notes will typically have coupons attached to them if interest bearing.

<sup>5</sup> Talons will be needed if there are 27 or more coupons.

**Part B - Information relating to the Notes Generally – Pro Forma Pricing Supplement for Notes**

- (iii) Conversion provisions: [Applicable in respect of [[interest payments under the Notes][Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount][*other*]] [the Conversion Rate is [ ] ][*specify further Conversion provisions*][Not applicable]
- Conversion Rate Business Days: [in respect of [[interest payments under the Notes] ][Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*] [ ] [Condition 1 applies]]
- Conversion Rate Fixing Date: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*][ ]]
- Conversion Rate Fixing Page: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*][ ]] [Condition 1 applies]]
- Conversion Rate Fixing Time: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*][ ]]
- Denomination Currency Jurisdiction: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*][ ]]
- Settlement Currency Jurisdiction: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*][ ]]
- Conversion Rate Fall-Back provisions: [ ] [Condition 1 applies]
- (iv) Underlying Currency Pair provisions: [Applicable in respect of [[interest payments under the Notes] [Final Redemption Amount]] [The Initial Underlying Currency Pair Exchange Rate is [ ] ][Not applicable]
- Reference Currenc(y)(ies): [in respect of [interest payments under the Notes] [Final Redemption Amount] [ ] [and [ ]]
- Reference Currency Jurisdiction(s): [in respect of [interest payments under the Notes] [Final Redemption Amount] [ ] [and [ ]]
- Specified Currenc(y)(ies): [in respect of [interest payments under the Notes] [Final Redemption Amount] [ ] [and [ ]]
- Underlying Currency Pair Business Days: [in respect of [interest payments under the Notes] [Final Redemption Amount] [ ]] [Condition 1

**Part B - Information relating to the Notes Generally – Pro Forma Pricing Supplement for Notes**

- applies]
- Underlying Currency Pair Fixing Date: [in respect of [interest payments under the Notes] [Final Redemption Amount] [ ]]
  - Underlying Currency Pair Fixing Page: [in respect of [interest payments under the Notes] [Final Redemption Amount] [ ]] [Condition 1 applies]
  - Underlying Currency Pair Fixing Time: [in respect of [interest payments under the Notes] [Final Redemption Amount] [ ]]
  - Underlying Currency Pair Exchange Rate Fall-Back provisions: [ ] [Condition 1 applies]
  - (v) FX Disruption: [Applicable] [Not applicable]
  - (vi) LBMA Physical Settlement provisions: [Applicable [in respect of [Index-Linked Interest Note provisions] [Final Redemption Amount] [Early Redemption Amount] [ ] [and [ ]]] [Not applicable]
  - LBMA Physical Settlement Commodity(ies): [ ] [and [ ]]
25. Redenomination: [Applicable/Not applicable]  
(Condition 10)
26. Other terms: [Not applicable/specify/See Annex]  
(When adding any other terms consideration should be given as to whether supplementary listing particulars would be required.)
27. Valuation Date: [ ]

**DISTRIBUTION**

28. (i) If syndicated, names of Relevant Dealer(s)/Lead Manager(s): [Not applicable / HSBC Bank plc/other - give name]
- (ii) If syndicated, names [, addresses and underwriting commitments] of other Dealers/Managers (if any): [Not applicable/other - give name] [Give addresses and underwriting commitments]  
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)
29. Selling restrictions: [For Bearer Notes: TEFRA C Rules/TEFRA D Rules/TEFRA Not Applicable]
- United States of America: [Notes may not be offered or sold within the United States of America or, to or for the account or the benefit of, a US person (as defined in Regulation S)]
- [Notes may be offered or sold within the United States of America or to, or for the account or the benefit of, a US person (as defined in Regulation S) only in compliance with the provisions set forth under "Transfer Restrictions."]

## Part B - Information relating to the Notes Generally – Pro Forma Pricing Supplement for Notes

Exemption(s) from requirements under Directive 2003/71/EC (as amended) (the "**Prospectus Directive**"):

[Not applicable. This offer is made exclusively to investors outside the European Economic Area]/[The denomination of the Notes is greater than or equal to EUR100,000 (or equivalent amount in another currency)]/[The offer is addressed solely to qualified investors (as such term is defined in the Prospectus Directive)]/[The offer is addressed to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive)]/[The offer is addressed to investors who will acquire Notes for a consideration of at least EUR100,000 (or equivalent amount in another currency) per investor for each separate offer]

Additional selling restrictions:

*[specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement]*

### TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of this Pricing Supplement and the accompanying Offering Memorandum, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that this Pricing Supplement and the accompanying Offering Memorandum is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Pricing Supplement and the accompanying Offering Memorandum, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorized, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of this Pricing Supplement and the accompanying Offering Memorandum or any documents referred to herein.

Each purchaser of Notes in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (i) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (ii) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.



**Part B - Information relating to the Notes Generally – Pro Forma Pricing Supplement for Notes**

- (iii) The purchaser understands that the Rule 144A Global Registered Notes, the Restricted Global Registered Notes and any US Definitive Registered Notes (as defined in "Summary of Provisions relating to the Notes while in Global Form" in the accompanying Offering Memorandum) issued in exchange for interests therein will bear a legend (the "**Rule 144A Legend**") to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE [AND THE SECURITIES, IF ANY, TO BE DELIVERED UPON EXERCISE THEREOF]<sup>6</sup> HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN ANY SUPPLEMENTAL LISTING PARTICULARS OR APPLICABLE PRICING SUPPLEMENT, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("**SIMILAR LAW**") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

In addition, each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

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<sup>6</sup> To be included if the underlying securities have not been registered under the Securities Act.

**Part B - Information relating to the Notes Generally – Pro Forma Pricing Supplement for Notes**

Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Offering Memorandum.]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

**PART B - OTHER INFORMATION**

1. **LISTING**

- (i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of Irish Stock Exchange [on or around the Issue Date/ [insert date]]. No assurance can be given as to whether or not, or when, such application will be granted] [Not applicable]
- (ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading on the Global Exchange Market with effect from [the Issue Date/ [insert date]]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Notes admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*
- (iii) Estimated total expenses of admission to trading: [(specify amount)]

2. **RATINGS**

- Ratings: [The Notes are not rated.] [The Notes [have been][are expected on issue to be] rated [./:]]
- [Standard & Poor's Credit Market Services Europe Limited: [ ]]
- [Moody's Investors Service Limited: [ ]]
- [Fitch Ratings Limited: [ ]]

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

[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. 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. **[REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

- [(i) Reasons for the offer: [ ]
- (If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*
- (ii) Estimated net proceeds: [ ]

## Part B - Information relating to the Notes Generally – Pro Forma Pricing Supplement for Notes

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

- (iii) Estimated total expenses: [Include breakdown of expenses]]
5. **[Fixed Rate Notes only - YIELD]**
- Indication of yield: [Calculated as [include details of method of calculation in summary form] on the Issue Date]
- [As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]]
6. **[Index-Linked or other variable-linked Interest Notes only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING ]**
- (Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained.)*

### OPERATIONAL INFORMATION

7. ISIN Code: [[ ]/Not applicable]
8. Common Code: [[ ]/Not applicable]
9. CUSIP: [[ ]/Not applicable]
10. Valoren Number: [[ ]/Not applicable]
11. SEDOL: [ ]/Not applicable]
12. WKN: [ ] [Not applicable]
13. Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]<sup>7</sup>  
*[Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg[, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon*

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<sup>7</sup> Under current ECB collateral eligibility requirements, in order to be eligible as collateral a security must, among other things, be denominated in Euro and listed on a regulated market or certain non-regulated markets such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the ECB's February 2011 "The Implementation of Monetary Policy in the Euro Area - General Documentation on Eurosystem monetary policy instruments and procedures" brochure.

**Part B - Information relating to the Notes Generally – Pro Forma Pricing Supplement for Notes**

*satisfaction of the Eurosystem eligibility criteria.][Include this text if "yes" selected, in which case bearer Notes must be issued in NGN form.]*

14. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [CREST/ None/specify other]
15. Delivery: Delivery [against/free of] payment
16. Settlement procedures: [Eurobond/Medium Term Note/ other (specify)]
17. Additional Paying Agent(s) (if any): [None/ specify]
18. Common Depository: [HSBC Bank plc] [Not applicable] [specify]
19. Calculation Agent: [HSBC Bank plc] [HSBC France] [other (specify)]
20. City in which specified office of Registrar to be maintained: [London] [Not applicable] [specify]  
(Condition 15)
21. ERISA Considerations: [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Offering Memorandum for further information] [give details] [Not applicable]

**Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes While in Global Form**

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

Notes may, subject to all applicable legal and regulatory requirements, be issued in Tranches or Series comprising either Bearer Notes, Registered Notes or Uncertificated Registered Notes as specified in the relevant Pricing Supplement. No single Tranche or Series of Notes offered in reliance on Rule 144A may include Bearer Notes. The summary that follows is only in relation to Bearer Notes and Registered Notes.

Bearer Notes may be issued in the new global note form (a "**New Global Note**" or "**NGN**"), as set out in Part I and Part II of Schedule 1 to the Issuing and Paying Agency Agreement or, if not intended to be issued in NGN form, will be issued in classic global note form (a "**Classic Global Note**" or "**CGN**"), as set out in Part I and Part II of Schedule 2 to the Issuing and Paying Agency Agreement, as specified in the relevant Pricing Supplement, or in such other form as the relevant parties may agree.

The NGN form has been introduced to allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "**Eurosystem**") and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the Eurosystem, **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form were to be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 would only be eligible as collateral for Eurosystem operations if the NGN form was used.

Registered Notes may be issued under the new safekeeping structure (the "**NSS**") or, if not intended to be issued under the NSS, will be issued under the classic safekeeping structure (the "**CSS**") or under such other structure as the relevant parties may agree.

Following the introduction of the NGN form in June 2006, the Eurosystem required the ICSDs to review the custody arrangements for international debt securities in global registered form. Further to this review, the NSS has been introduced to allow for the possibility of Notes being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the Eurosystem and intra-day credit operations by the Eurosystem either upon issue.

In a press release dated 22 October 2008, "*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*", the ECB announced that it had assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the NSS would be in compliance with the "*Standards for the use of EU securities settlement systems in ESCB credit operations*" of the Eurosystem, subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form would be offered by Euroclear and Clearstream, Luxembourg as from 30 June 2010 and that registered debt securities in global registered form held through Euroclear and Clearstream, Luxembourg after 30 September 2010 would only be eligible as collateral in Eurosystem operations if the NSS was used.

**Registered Notes**

In the case of Registered Notes, the relevant Pricing Supplement 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; or

**Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes While in Global Form**

(c) an Unrestricted Global Registered Note and a Restricted Global Registered Note;

(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 Pricing Supplement.

**Regulation S Global Registered Notes**

In the case of a Series or Tranche of Registered Notes offered and sold solely outside the United States (as defined in Regulation S) in reliance on Regulation S to non-US persons, such Series or Tranche of Registered Notes may be represented by a Global Registered Note without interest coupons (a "**Regulation S Global Registered Note**"), which will be deposited on or about the closing date (the "**Closing Date**") for the relevant Series or Tranche with the common 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 number and a CUSIP number.

**Rule 144A Global Registered Notes**

In the case of a Tranche of Registered Notes offered and sold solely within the United States or to US Persons (as defined in Regulation S) in reliance on Rule 144A, such Tranche of Registered Notes will be represented by a Global Registered Note without interest coupons (a "**Rule 144A Global Registered Note**"), which, will either be deposited on or about the Closing Date for the relevant Tranche with HSBC Bank USA, National Association as custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, DTC or will be deposited on or about such Closing Date with, and be registered in the names of the common depository for Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement. Interests in any Rule 144A Global Registered Note will be exchangeable (in the circumstances described below under "*Exchange and Transfer of Global Registered Notes for Definitive Registered Notes*") for Definitive Registered Notes bearing a Rule 144A legend ("**US Definitive Registered Notes**"). Rule 144A Global Registered Notes (and any US Definitive Registered Notes issued in exchange therefor) will be subject to certain restrictions on transfer contained in such Rule 144A legend appearing on the face of such Note as set out below under "*Transfer Restrictions*".

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

**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, or, in relation to Notes issued under the NSS, in the name of the Common Safekeeper (or its nominee). A beneficial interest in the Unrestricted Global Registered Note may at all times be held only through Euroclear and Clearstream, Luxembourg. The Restricted Global Registered Note will either be deposited on or about the issue date for the relevant Tranche with HSBC Bank USA, National Association as custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, DTC or will be deposited on or about such Closing Date with, and be registered in the names of HSBC Issuer Services Common Depository Nominee (UK) Limited as nominee for the common depository for Euroclear and Clearstream, Luxembourg. In the circumstances described below under "*Exchange and Transfer of Global Registered Notes for Definitive Registered Notes*", interests in any Unrestricted Global Registered Note will be exchangeable for Regulation S Definitive Registered Notes and interests in any Restricted Global Registered Note will be exchangeable for US Definitive Registered Notes and Regulation S Definitive Registered Notes. Restricted Global Registered Notes (and any US Definitive

**Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes While in Global Form**

Registered Notes issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Notes as set out below under "*Transfer Restrictions*".

Each Unrestricted Global Registered Note and each Restricted Global Registered Note will have an ISIN number and a CUSIP number.

**Exchange of Interests in Unrestricted and Restricted Global Registered Notes; Transfers within and between DTC, Euroclear and Clearstream, Luxembourg**

On or prior to the 40th day after the later of the commencement of the offering of the relevant Tranche and the issue date for that Tranche, a beneficial interest in the relevant Unrestricted Global Registered Note may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Restricted Global Registered Note only upon receipt by the Registrar (as defined in the Issuing and Paying Agency Agreement) of a written certification from the transferor (in the applicable form provided in the Issuing and Paying Agency Agreement) to the effect that such transfer is being made to a person who the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other relevant jurisdiction. After such 40th day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Restricted Global Registered Note, as set out below under "*Transfer Restrictions*".

Beneficial interests in a Restricted Global Registered Note may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Unrestricted Global Registered Note, whether before, on or after such 40th day, only upon receipt by the Registrar of a written certification from the transferor (in the applicable form provided in the Issuing and Paying Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A under the Securities Act (if available) or to the Issuer or its affiliates.

Any beneficial interest in either the Restricted Global Registered Note or the Unrestricted Global Registered Note relating to any Series that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Registered Note relating to such Series will, upon transfer, cease to be a beneficial interest in such Global Registered Note and become a beneficial interest in the other Global Registered Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Registered Note for as long as it remains such an interest.

**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 or the Common Safekeeper, as the case may be, is the registered owner or holder of a Global Registered Note, DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Registered Note for all purposes under the Issuing and Paying Agency Agreement and the Notes. Payments of principal, interest and additional amounts, if any, pursuant to Condition 9 (*Payments*), on Global Registered Notes will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee thereof, or common service provider acting as agent for Euroclear and Clearstream, Luxembourg, as the case may be, or the registered holder thereof. None of the Issuer, the Registrar, or any Paying Agent or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

**Exchange and Transfer of Global Registered Notes for Definitive Registered Notes**

In the case of Rule 144A Global Registered Notes or Restricted Global Registered Notes held through DTC, beneficial interests in a Rule 144A Global Registered Note or a Restricted Global Registered Note will be exchangeable for US Definitive Registered Notes: (i) if DTC notifies the Issuer that it is no longer willing or able to properly discharge its responsibilities as depository with respect to the relevant



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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 11 (*Events of Default*); or (iv) at the option of the Issuer, if the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be suffered were the Notes in definitive form (and, in the case of Partly Paid Notes, the Issuer may elect to effect such exchange in part only).

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 Pricing Supplement, beneficial interests in a Rule 144A Global Registered Note or a Restricted Global Registered Note will be exchangeable for US Definitive Registered Notes: (i) if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or (ii) the Issuer, at its option, elects to terminate the book-entry system through Euroclear and Clearstream, Luxembourg; or (iii) the Notes become immediately repayable in accordance with Condition 11 (*Events of Default*); (iv) at the option of the Issuer, if the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be suffered were the Notes in definitive form (and, in the case of Partly Paid Notes, the Issuer may elect to effect such exchange in part only).

In such circumstances, (a) the Registrar will be required to notify all Holders of interests in the relevant Global Registered Notes registered in the name of DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their common depository or the Common Safekeeper, as the case may be, of the availability of Definitive Registered Notes and (b) the Issuer will, at the cost of the Issuer, cause sufficient Regulation S Definitive Registered Notes and/or US Definitive Registered Notes, as the case may be, to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Holders. A person having an interest in the relevant Global Registered Note must provide the Registrar with:

- (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver the relevant Definitive Registered Note; and
- (b) in the case of a Rule 144A Global Registered Note or a Restricted Global Registered Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. US Definitive Registered Notes issued in exchange for a beneficial interest in a Rule 144A Global Registered Note or a Restricted Global Registered Note will bear the legends applicable to transfers pursuant to Rule 144A (as set out below under "*Transfer Restrictions*").

If an Unrestricted Global Registered Note relating to a Series or (if issued in Tranches) Tranche of Notes of which the Restricted Global Registered Note forms a part has, pursuant to its terms, been exchanged in whole, but not in part, for Regulation S Definitive Registered Notes, beneficial interests in the Restricted Global Registered Note may be transferred to a person who wishes to take delivery thereof in the form of a Regulation S Definitive Registered Note. Such Regulation S Definitive Registered Notes shall be registered in such name(s) as DTC, Euroclear or Clearstream, Luxembourg, as applicable, shall direct in writing.

Upon (i) notification to the Registrar by the Custodian (in the case of a Restricted Global Registered Note held in DTC) or the common depository or Common Safekeeper for Euroclear and Clearstream, Luxembourg (in the case of a Restricted Global Registered Note held in Euroclear and Clearstream Luxembourg) that the appropriate debit entry has been made in the account of the relevant participant of DTC and (ii) receipt by the Registrar of a certificate, in the form scheduled to the Issuing and Paying Agency Agreement, given by the transferee of the beneficial interest in the Restricted Global Registered Note and stating that the transfer of such interest has been made in compliance with the transfer restrictions applicable to the Notes, and pursuant to and in accordance with Regulation S under the Securities Act, the Issuer shall procure that the Registrar will (against presentation by DTC or HSBC Bank USA, National Association, as Custodian, or, (as the case may be) the common depository (or

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While in Global Form**

HSBC Issuer Services Common Depositary Nominee (UK) Limited as its nominee) or the Common Safekeeper (or its nominee) of the Restricted Global Registered Note at the specified office of the Registrar or the Transfer Agent, all in accordance with the provisions of the Issuing and Paying Agency Agreement), decrease the aggregate principal amount of Notes registered in the name of the holder of, and represented by, the Restricted Global Registered Note and shall, without charge, procure, in exchange therefor, the delivery, within five Banking Days of the receipt by the Registrar of the Restricted Global Registered Note of the notification and certification referred to in paragraphs (i) and (ii) above, and registration information required to authenticate and deliver such Regulation S Definitive Registered Notes, of an equal aggregate principal amount of duly authenticated and completed Regulation S Definitive Registered Notes.

The holder of a Registered Note may transfer such Registered Note in accordance with the provisions of Condition 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 US Definitive Registered Notes issued in exchange for beneficial interests in a Rule 144A Global Registered Note or a Restricted Global Registered Note bearing the legend as set out below under "*Transfer Restrictions*", or upon specific request for removal of the legend on a US Definitive Registered Note, the Issuer will only deliver US Definitive Registered Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer, that neither the legend nor the restriction on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

The Registrar will not register the transfer of or exchange of interests in a Global Registered Note for Definitive Registered Notes for a period of 15 calendar days preceding the due date for any payment in respect of the Notes.

With respect to the registration of transfer of any US Definitive Registered Notes, the Registrar will register the transfer of any such US Definitive Registered Notes if the transferor, in the form of transfer on such US Definitive Registered Notes, has certified to the effect that such transfer is (i) to persons who the transferor reasonably believes to be qualified institutional buyers within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction, (ii) in accordance with Regulation S, (iii) pursuant to an exemption from Rule 144 under the Securities Act (if available) or (iv) to the Issuer or its affiliates.

Regulation S Definitive Registered Notes may be exchangeable for or transferable to a person wanting to take delivery thereof in the form of interests in a Restricted Global Registered Note, and US Definitive Registered Notes may be transferable to a person wanting to take delivery thereof in the form of interests in an Unrestricted Global Registered Note, in each case, upon receipt by the Registrar of a duly completed certificate in the form of Schedule 7 to the Issuing and Paying Agency Agreement and in accordance with the requirements of the Issuing and Paying Agency Agreement.

**Transfer Restrictions**

Notes offered in the United States in reliance on Rule 144A will be subject to the following transfer restrictions and such Notes will bear the legend set forth below.

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of the Pricing Supplement and the Offering Memorandum, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that the Pricing Supplement and the Offering Memorandum is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or

**Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes While in Global Form**

in offshore transactions in accordance with Regulation S. Distribution of the Pricing Supplement and the Offering Memorandum, 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 Pricing Supplement and the Offering Memorandum or any documents referred to herein.

Each purchaser of Notes in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (i) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (ii) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.

THE PURCHASER UNDERSTANDS THAT THE RULE 144A GLOBAL REGISTERED NOTES, THE RESTRICTED GLOBAL REGISTERED NOTES AND ANY US DEFINITIVE REGISTERED NOTES (AS DEFINED IN "*SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM*" IN THE ACCOMPANYING OFFERING MEMORANDUM) ISSUED IN EXCHANGE FOR INTERESTS THEREIN WILL BEAR A LEGEND (THE "**RULE 144A LEGEND**") TO THE FOLLOWING EFFECT, UNLESS THE ISSUER DETERMINES OTHERWISE IN ACCORDANCE WITH APPLICABLE LAW:

"THIS NOTE [AND THE SECURITIES, IF ANY, TO BE DELIVERED UPON EXERCISE THEREOF]<sup>8</sup> HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN ANY SUPPLEMENTAL LISTING PARTICULARS OR APPLICABLE PRICING SUPPLEMENT, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN

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<sup>8</sup> To be included if the underlying securities have not been registered under the Securities Act.

**Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes While in Global Form**

"**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "**PLAN**" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("**SIMILAR LAW**") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

In addition, each purchaser of Restricted Notes will be required to acknowledge that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it will be required to represent that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above.

**Bearer Notes**

Bearer Notes treated as issued in bearer form for U.S. federal income tax purposes will be issued in accordance with the provisions of United States Treasury Regulations 1.163-5(c)(1)(ii) and 1.163-5(c)(2)(i)(D) ("**TEFRA D**", which definition shall include any successor rules in substantially the same form as TEFRA D for the purposes of Section 4701 of the U.S. internal Revenue Code), unless the relevant Pricing Supplement provides that such Notes will be issued in accordance with the provisions of United States Treasury Regulations 1.163-5(c)(1)(ii) and 1.163-5(c)(2)(i)(C) ("**TEFRA C**", which definition shall include any successor rules in substantially the same form as TEFRA C for the purposes of Section 4701 of the U.S. internal Revenue Code). Bearer Notes issued in accordance with TEFRA D will be represented upon issue by a temporary global note in bearer form without interest coupons (a "**Temporary Global Note**"). Bearer Notes issued in accordance with TEFRA C will be represented upon issue by a permanent global note in bearer form without interest coupons (a "**Permanent Global Note**") or by a Temporary Global Note. Each Temporary Global Note or, as the case may be, Permanent Global Note which is not intended to be issued in NGN form, as specified in the relevant Pricing Supplement, 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 S.A./N.V. as operator of the Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Temporary Global Note or, as the case may be, Permanent Global Note which is intended to be issued in NGN form, as specified in the relevant Pricing Supplement, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Beneficial interests in a Temporary Global Note issued in accordance with TEFRA C will be exchangeable at any time and without any requirement for certification for Bearer Notes in definitive form ("**Definitive Bearer Notes**"), in accordance with the terms of such Temporary Global Note and as specified in the relevant Pricing Supplement. Interests in a Temporary Global Note issued in accordance with TEFRA D will be exchangeable either for Definitive Bearer Notes or for interests in a Permanent Global Note, on or after the date which is forty days after the date on which such Temporary Global Note is issued and upon certification as to non-U.S. beneficial ownership thereof or otherwise as required by U.S. Treasury Regulations, in accordance with the terms of such Temporary Global Note and as specified in the relevant Pricing Supplement.

## **Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes While in Global Form**

For the purposes of complying with TEFRA D, Bearer Notes may not be offered or sold to a United States person. "**United States person**" means any person who is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organised under the laws of the United States or any political subdivision thereof or therein or (iii) an estate or trust the income of which is subject to United States taxation regardless of its source.

The forms of Temporary Global Note and Permanent Global Note (each, a "**Global Note**") will contain provisions applicable to the Notes represented thereby, some of which may modify the effect of the Conditions of the Notes. Certain of these are summarised in this section.

All payments, if any, in respect of Bearer Notes when represented by a Temporary Global Note or Permanent Global Note in CGN form or in NGN form, will be made against presentation and surrender or, as the case may be, presentation of the relevant Temporary Global Note or Permanent Global Note at the specified office of any of the Paying Agents. On each occasion on which a payment is so made, the Issuer shall procure that, in respect of a CGN, record of such payment is noted on a schedule to the relevant Global Note and, in respect of an NGN, the payment is entered pro rata in the records of Euroclear and Clearstream, Luxembourg.

In respect of Bearer Notes represented by Global Notes, each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes.

The records of the relevant clearing systems which reflect the amount of Noteholders' interests in the Notes shall be conclusive evidence of the nominal amount of Notes represented by the Global Notes.

An exchange of a Temporary Global Note for Definitive Notes or, as the case may be, a Permanent Global Note will be made only on or after the Exchange Date (as set out in the relevant Pricing Supplement) and provided certification as to the beneficial ownership thereof as required by the US Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system or 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 Pricing Supplement.

The bearer of any Temporary Global Note shall not (unless, upon due presentation of such Temporary Global Note for exchange (in whole or in part) for a Permanent Global Note or for delivery of Definitive Notes, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Notes represented by such Temporary Global Note which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.

If any date on which a payment of principal or interest is due on the Notes of a Tranche occurs whilst any of the Notes of that Tranche are represented by a Temporary Global Note, the related principal or interest payment will be made on the Temporary Global Note only to the extent that certification as to the beneficial ownership thereof as required by the US Treasury regulations (in substantially the form set out in the Temporary Global Note or in such other form as is customarily issued in such circumstances by the relevant clearing system or depository) has been received by Euroclear or Clearstream, Luxembourg or any other relevant clearing system or depository. Payments of amounts due in respect of a Permanent Global Note will be made through any of Euroclear or Clearstream, Luxembourg or any other relevant clearing system or depository 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

**Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes While in Global Form**

immediately repayable in accordance with Condition 11 (*Events of Default*), or (ii) if any of Euroclear or Clearstream, Luxembourg or any other relevant clearing system or depository is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so, or (b) at the option of the Issuer: (i) unless otherwise provided in the Pricing Supplement, where the Issuer or any Paying Agent, by reason of any change in, or amendment to, the laws of the United Kingdom, is or will be required to make any deduction or withholding from any payment under the Notes which would not be required if the Notes were in definitive form or (ii) if the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be suffered were the Notes in definitive form or, as the case may be, in registered form (and, in the case of partly paid Notes, the Issuer may elect to effect such exchange in part only).

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.

Definitive Bearer Notes will, if interest-bearing and if so specified in the relevant Pricing Supplement, have Coupons and, if applicable, a talon for further Coupons attached. All Definitive Bearer Notes will, if the principal thereof is repayable by instalments, have endorsed thereon a grid for recording the payment of principal.

Following redenomination of the Notes pursuant to Condition 9 (*Redenomination*):

- (i) if Notes are required to be issued in definitive form, they shall be issued at the expense of the Issuer in the denominations of euro 0.01, euro 1,000, euro 10,000, euro 100,000 and such other denominations as the Principal Paying Agent shall determine and notify to the Noteholders; and
- (ii) the amount of interest due in respect of Notes represented by the Temporary Global Note and the Permanent Global Note will be calculated by reference to the aggregate principal amount of such Notes and the amount of such payment shall be rounded down to the nearest euro 0.01.

All notices to the Holders of Notes or the Coupons appertaining thereto will be valid, in the case of Notes in global form, if delivered to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, depository or common safekeeper (as may be agreed between the Issuer and the Dealer) for communication by them to the persons shown in their respective records as having interests therein; **provided that**, in each case, in the case of Notes that have been admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, the rules of such listing authority, stock exchange and/or quotation system have been complied with. Any such notice shall be deemed to have been given on the date of such delivery or, if the Notes are admitted to listing, trading and/or quotation and publication is required under the applicable rules of the relevant listing authority, stock exchange and/or quotation system, on the date of publication or, if published more than once, on the date of the first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers).

Holders of any Coupons appertaining to Bearer Notes will be deemed for all purposes to have notice of the contents of any notice given to the Holders of such Bearer Notes in accordance herewith.

**SUBSCRIPTION AND SALE OF NOTES**

**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) Other than with respect to the admission to listing, trading and/or quotation by one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the Pricing Supplement, 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 Offering Memorandum or any Pricing Supplement 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 this Offering Memorandum or any Pricing Supplements or related offering material, in all cases at their own expense.

**Bahrain**

This Offering Memorandum 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.

**Dubai International Financial Centre**

The Notes have not been 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.

## Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

### 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 Offering Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State may not be made except that, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State may be made:

- (a) *Approved prospectus*: if the drawdown prospectus or 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 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 Offering Memorandum, the relevant Pricing Supplement 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,



## **Part B - Information relating to the Notes Generally – Subscription and Sale of Notes**

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 Offering Memorandum 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 and the 2010 PD Amending Directive, as implemented in Italy under Decree No. 58 and Regulation No. 11971, and ending on the date which is 12 months after the date of approval of such prospectus; and
3. in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of the Offering Memorandum 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

## Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

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 offered or 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.

### **Indonesia**

No registration statement with respect to the Offering Memorandum and Pricing Supplement 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 Offering Memorandum, Pricing Supplement 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,

## Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

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.

### 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 Offering Memorandum 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*) ("**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 Offering Memorandum and in the Pricing Supplement 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

## **Part B - Information relating to the Notes Generally – Subscription and Sale of Notes**

- (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 Offering Memorandum or any other offering material or advertisement relating to the Notes in New Zealand,

unless each offeree is:

- (c) not resident in New Zealand and was not present in New Zealand at the time they accepted the offer or invitation; or
- (d) a person whose principal business is the investment of money or a person who, in the course of and for the purpose of their business, habitually invests money within the meaning of section 3(2)(a)(ii) of the NZ Securities Act; or
- (e) a person who is required to pay (and does pay) a minimum subscription price of at least NZ\$500,000 for the 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
- (f) a person who is an "eligible person" as that term is defined in section 5(2CC) of the NZ Securities Act; or
- (g) 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
- (h) 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 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 Offering Memorandum 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 Offering Memorandum, 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 Offering Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or

## **Part B - Information relating to the Notes Generally – Subscription and Sale of Notes**

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 Offering Memorandum 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.**

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(1) 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.

### **Switzerland**

This Offering Memorandum 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 Offering Memorandum 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.

## **Part B - Information relating to the Notes Generally – Subscription and Sale of Notes**

Neither this Offering Memorandum 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 Pricing Supplement 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.

### **Singapore**

This document has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the "**SFA**") and accordingly, the Notes may not be offered or sold, nor may the Notes be the subject of an invitation for subscription or purchase, nor may this document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275 (1A) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

### **Taiwan**

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

## **Part B - Information relating to the Notes Generally – Subscription and Sale of Notes**

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 Offering Memorandum 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 Offering Memorandum or any Pricing Supplement 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 Offering Memorandum or any Pricing Supplement 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 or any securities laws of any state of the United States or the securities laws of any other jurisdiction, and, unless so registered, may not be offered or sold except: within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), in accordance with Rule 144A, to non-US persons (as defined in Regulation S) in offshore transactions in reliance of Regulation S or pursuant to an exemption from or a transaction not subject to the registration requirements of the Securities Act and in compliance with any other applicable securities laws.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes and will not offer and sell any Notes within the United States or to, or for the account or benefit of, US persons (i) as part of their distribution, at any time or (ii) otherwise, until 40 days after the later of the first day on which the Tranche of which such Notes are a part was first offered to persons other than distributors and the date of closing of such offering (the "**Distribution Compliance Period**"), as determined and certified to the Issuer by the relevant Dealer (or, in the case of a sale of a Tranche of the Notes to or through more than

## Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Issuer shall notify each such Dealer when all such Dealers have so certified), except in accordance with Rule 903 of Regulation S or Rule 144A. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S. Each Dealer and its affiliates also have agreed that, at or prior to confirmation of sale of the Notes (other than a sale of the Notes pursuant to Rule 144 A), it will have sent to each Dealer, distributor or person receiving a selling concession, fee or other remuneration to which it sells Notes during the Distribution Compliance Period (other than resales pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, US persons to substantially the following effect:

"The Notes covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (i) as part of their distribution, at any time or (ii) otherwise, until 40 days after the later of the first day on which the Tranche of Notes of which such Notes are a part was first offered to persons other than distributors and the date of closing of such offering, as determined and certified by the relevant Dealer or Dealers, except in either case in accordance with Regulation S under, or pursuant to an available exemption from the registration requirements of, the Securities Act. Terms used above have the meaning given to them by Regulation S of the Securities Act."

Terms used in the above paragraph have the meanings given to them by Regulation S.

1. The Notes are being offered and sold outside the United States to non-US persons in reliance on Regulation S. The Master Note Issuance Agreement provides that the Dealers may directly or through their respective US broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.
2. Each Dealer will agree that it will not, acting either as principal or agent, offer or sell any Notes in the United States other than Notes in registered form bearing a restrictive legend thereon, and it will not, acting either as principal or agent, offer, sell, reoffer or resell any of such Notes (or approve the resale of any such Notes):
  - (a) except (A) inside the United States, through a US broker dealer that is registered under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), to institutional investors, each of which such Dealer reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A), or a fiduciary or agent purchasing Notes for the account of one or more qualified institutional buyers or (B) otherwise, in accordance with the restrictions on transfer set forth in such Notes, the Master Note Issuance Agreement, the Offering Memorandum and the relevant Pricing Supplement; or
  - (b) by means of any form of general solicitation or general advertisement, including but not limited to (A) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast of television or radio and (B) any seminar or meeting whose attendees have been advised by any general solicitation or general advertising.

Prior to the sale of any Notes in registered form bearing a restrictive legend thereof, the selling Dealer shall have provided each offeree that is a US person (as defined in Regulation S) with a copy of this Offering Memorandum in the form the Issuer and Dealers shall have agreed most recently shall be used for offers and sales in the United States.

3. Each Dealer will represent and agree that in connection with each sale to a qualified institutional buyer it has taken or will take reasonable steps to ensure that the purchaser is aware that the Notes have not been and will not be registered under the Securities Act and that transfers of Notes are restricted as set forth herein and, in the case of sales in reliance upon Rule 144A, that the selling Dealer may rely upon the exemption provided by Rule 144A under the Securities Act.



## Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

Each purchaser of such Notes is hereby notified that the offer and sale of such Notes may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

In addition, until 40 days after the commencement of the offering of any Tranche of Notes, an offer or sale of Notes of such Tranche within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

The Issuer and the Dealers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the number of Notes which may be offered pursuant to Rule 144A.

The Bearer Notes are also subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a US person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

For Bearer Notes issued in accordance with the provisions of US Treasury Regulation 1.163-5(c)(2)(i)(D) (the "D Rules"), each Dealer will represent, warrant and agree that (a) except to the extent permitted under the D Rules, (i) it has not offered or sold, and during the restricted period will not offer or sell, any such Bearer Notes to a person who is within the United States or its possessions or to a United States person and (ii) it has not delivered and will not deliver within the United States or its possessions any Definitive Notes that are sold during the restricted period; (b) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling such Bearer Notes are aware that such Bearer Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules; (c) if it is a United States person, it is acquiring such Bearer Notes for the purposes of resale in connection with their original issuance and if it retains such Bearer Notes for its own account, it will only do so in accordance with the requirements of US Treasury Regulation §1.163-5(c)(2)(i)(D)(6); and (d) with respect to each affiliate that acquires from it such Bearer Notes for the purpose of offering or selling such Bearer Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in this Subscription and Sale of Notes section; and (e) it shall obtain for the benefit of the Issuer the representations and agreements contained in sub-paragraphs (a), (b), (c), (d) and (e) of this paragraph from any person other than its affiliate with whom it enters into a written contract, (a "**distributor**") as defined in United States Treasury Regulations § 1.163 5(c)(2)(i)(D)(4), for the offer or sale during the restricted period of Bearer Notes. Terms used in this paragraph have the meaning given to them by the US Internal Revenue Code and regulations thereunder, including the D Rules.

Permanent Global Notes in bearer form issued in accordance with the D Rules will include the following legend on the face of the Bearer Notes, Talons and Coupons:

"Any United States person who holds this obligation will be subject to the limitations under the United States income tax laws, including the limitations provided in section 1650) and 1287(a) of the Internal Revenue Code."

For Bearer Notes issued in accordance with the provisions of US Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**C Rules**"), such Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer will represent, warrant and agree that it has not engaged in interstate commerce in connection with such issuance and has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Notes within the United States or its possessions in connection with their original issuance. Further, each Dealer will represent, warrant and agree in connection with the original issuance of such Bearer Notes that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either of such Dealer or such prospective purchaser is within the United States or its possessions and will not otherwise involve any of its US offices in the offer or sale of such Bearer Notes. Terms used in this paragraph have the meaning given to them by the US \ (Internal Revenue Code and regulations thereunder, including the C Rules.

**PART C – WARRANTS**

**TERMS AND CONDITIONS OF THE WARRANTS**

*The following is the text of the terms and conditions applicable to the Warrants (the "**Conditions** ") which apply to all Warrants and which are completed by the Pricing Supplement for each issue of Warrants.*

The Warrants are issued by HSBC Bank plc in its capacity as issuer (the "**Issuer**") pursuant to a programme for the issuance of notes and warrants (the "**Programme**") established by the Issuer. The Warrants have the benefit of a warrant agency agreement 24 February 1999 as modified, supplemented and/or restated on 3 March 2000, 10 April 2001, 18 June 2002, 1 August 2005, 2 August 2007, 31 July 2008, 30 July 2009, 27 August 2009, 27 April 2010, 27 July 2011, 19 June 2012 and 18 June 2013 (as further modified and/or amended from time to time, the "**Warrant Agency Agreement**") made between the Issuer, HSBC Bank plc and HSBC France as calculation agents (HSBC Bank plc or, as the case may be, HSBC France being the "**Calculation Agent**" with respect to the Warrants, which expression shall include any successor or other Calculation Agent appointed pursuant to the Warrant Agency Agreement and specified in the relevant Pricing Supplement), HSBC Bank plc as principal warrant agent (HSBC Bank plc being the "**Principal Warrant Agent**", which expression includes any successor or other principal warrant agent appointed pursuant to the Warrant Agency Agreement, together with any successor or other warrant agent appointed pursuant to the Warrant Agency Agreement or the Computershare Agency Agreement (as defined below) and specified in the relevant Pricing Supplement (the "**Warrant Agents**")) and HSBC Bank plc as authentication agent (HSBC Bank plc being the "**Authentication Agent**", which expression includes any successor or other authentication agent appointed pursuant to the Warrant Agency Agreement) and HSBC Bank USA, N.A. as warrant transfer agent (the "**Warrant Transfer Agent**", which expression includes any successor or other warrant transfer agent appointed pursuant to the Warrant Agency Agreement) and HSBC Bank USA, N.A. as warrant registrar (the "**Warrant Registrar**", which expression includes any additional or successor or other warrant registrar appointed in accordance with the Warrant Agency Agreement).

In addition, the Issuer has entered into an agreement with Computershare Investor Services PLC dated 23 April 2010 (such agreement, as amended and/or supplemented and/or restated from time to time, the "**Computershare Agency Agreement**") appointing the latter as registrar and paying agent (the "**CREST Registrar**", which expression shall include any successor registrar and paying agent) with respect to Uncertificated Registered Warrants (as defined below) and has entered into a deed of covenant dated 18 June 2013 (such deed, as amended and/or supplemented and/or restated from time to time, the "**Warrant Deed of Covenant**") for the purposes of constituting Uncertificated Registered Warrants.

As used herein, the expression "**Warrant Agents**" shall include the Principal Warrant Agent and any other warrant agents appointed pursuant to the Warrant Agency Agreement or the Computershare Agency Agreement. The Warrants also have the benefit of a master warrant issuance agreement dated 24 February 1999 as modified, supplemented and/or restated on 3 March 2000, 10 April 2001, 18 June 2002, 1 August 2005, 2 August 2007, 31 July 2008, 30 July 2009, 27 August 2009, 27 April 2010, 27 July 2011, 19 June 2012 and 18 June 2013 (as further modified and/or amended from time to time, the "**Master Warrant Issuance Agreement**") and made between the Issuer and HSBC Bank plc as manager (the "**Manager**", which expression shall include any successor Manager).

Copies of the Master Warrant Issuance Agreement, the Warrant Agency Agreement, the Computershare Agency Agreement and the Warrant Deed of Covenant are available for inspection by the Warrantholders (as defined below), and copies of the relevant Pricing Supplement (as defined below), this Offering Memorandum and any supplements thereto may be obtained in each case during normal business hours at the specified offices of the Issuer and the Principal Warrant Agent and the CREST Registrar, respectively. The Warrantholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions (including the form of Exercise Notice referred to in Condition 5 (*Exercise Procedure*)) of the Master Warrant Issuance Agreement, the Warrant Agency Agreement, the Computershare Agency Agreement and the Warrant Deed of Covenant.

All Warrants will be issued in series (each, a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Warrants issued on different issue dates. Each Tranche will be the subject of pricing supplement (each, the "**Pricing Supplement**").

## Part C – Information relating to the Warrants Generally – Terms and Conditions of the Warrants

Words and expressions defined in the Master Warrant Issuance Agreement, the Warrant Agency Agreement or the Computershare Agency Agreement or used in the relevant Pricing Supplement 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 Warrant Issuance Agreement, the Warrant Agency Agreement, the Computershare Agency Agreement and the relevant Pricing Supplement, the relevant Pricing Supplement will prevail.

### 1. Definitions

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

"**Alternative Payment Currency**" means the currency which may be Offshore RMB specified as such in the relevant Pricing Supplement;

"**Alternative Payment Currency Equivalent**" means the relevant amount in the Settlement Currency converted into the relevant Alternative Payment Currency using the Alternative Payment Currency Exchange Rate for the relevant Alternative Payment Currency Fixing Date;

"**Alternative Payment Currency Exchange Rate**" means the rate of exchange between the Settlement Currency and Alternative Payment Currency (expressed as the number of units of Alternative Payment Currency per one units of Settlement Currency) as determined by the Calculation Agent in good faith and published on the Alternative Payment Currency Fixing Page at the Alternative Payment Currency Fixing Time on the Alternative Payment Currency Exchange Rate Fixing Date. The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up. If such rate is not available, for any reason, and if an Alternative Payment Currency Exchange Rate Fall-Back is specified in the relevant Pricing Supplement the Calculation Agent will determine the relevant Alternative Payment Currency Exchange Rate in accordance with the Alternative Payment Currency Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement or if the Calculation Agent is not able to determine the relevant Alternative Payment Currency Exchange Rate in accordance with such Alternative Payment Currency Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement, or if such Alternative Payment Currency Exchange Rate Fall-Back provisions are not specified in the relevant Pricing Supplement, then the Calculation Agent will determine the Alternative Payment Currency Exchange Rate in its sole and absolute discretion, acting in good faith;

"**Alternative Payment Currency Fixing Date**" means the fifth day prior to the Cash Settlement Payment Date or other date on which the relevant payment falls due (as appropriate). For the purposes of this definition, "**day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business and dealings in foreign exchange in the Settlement Currency Jurisdiction and Alternative Payment Currency Jurisdiction;

"**Alternative Payment Currency Fixing Page**" means the Reuters or other screen page specified as such in the relevant Pricing Supplement or any successor page thereof;

"**Alternative Payment Currency Fixing Time**" means the time and place specified as such in the relevant Pricing Supplement;

"**Alternative Payment Currency Jurisdiction**" means the jurisdiction specified as such in the relevant Pricing Supplement;

"**Business Centre**" means the city or cities specified as such in the relevant Pricing Supplement;

"**Business Day**" means:

- (i) in relation to any sum payable in euro, a Euro Business Day and a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in London and each (if any) Business Centre and on which the relevant Clearing System is open for Business; 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

## Part C – Information relating to the Warrants Generally – Terms and Conditions of the Warrants

London, in the principal financial centre of the Relevant Currency and in each (if any) Business Centre and on which the relevant Clearing System is open for Business;

"**Call Warrant**" means a Warrant entitling, but not obligating, the Warrantholder upon exercise (i) to receive the relevant Cash Settlement Amount or (ii) to purchase the relevant Securities, in each case subject to and in accordance with these Conditions;

"**Cash Settlement**" has the meaning ascribed thereto in Condition 4 (*Rights on Exercise*);

"**Cash Settlement Amount**" has the meaning ascribed thereto in Condition 4 (*Rights on Exercise*);

"**Cash Settlement Payment Date**" means the date specified as such in the relevant Pricing Supplement or, if later, 5 Business Days following the Expiry Date;

"**CEA**" means the United States Commodity Exchange Act, as amended;

"**Clearing System**" means in relation to a series of Warrants, Euroclear, Clearstream, Luxembourg, DTC, CREST and/or any other clearing system specified in the relevant Pricing Supplement in which Warrants of the relevant Series are for the time being held, or in relation to an individual Warrant, that Warrant is for the time being held, in each case as specified in the relevant Pricing Supplement;

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

"**CREST**" means CRESTCo. Limited;

"**Determination Date**" means a day on which the Issuer notifies the Clearing System that it has elected for Physical Settlement or Cash Settlement in accordance with Condition 3(f) (*Optional Physical Settlement*) or 3(g) (*Optional Cash Settlement*) as specified in the relevant Pricing Supplement;

"**EMU Event**" means the occurrence of any of the following, as determined by the Calculation Agent, acting in a commercially reasonable manner:

- (i) the withdrawal from legal tender of any currency that, before the introduction of the euro, was lawful currency in one of the member states;
- (ii) the redenomination of any underlying value to which the Warrants relate into euro;
- (iii) any change in the currency of denomination of any index;
- (iv) any change in the currency in which some or all the securities or other property contained in any index is denominated;
- (v) the disappearance or replacement of a relevant rate option or other price source for the national currency of any member state, or the failure of the agreed sponsor (or successor sponsor) to publish or display a relevant rate, index, price, page or screen; or
- (vi) the change by any organised market, exchange or clearance, payment or settlement system in the unit of account of its operating procedures to the euro.

"**Euro**", "**euro**" "**EUR**", "**€**" each means 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 S.A./N.V.;

## Part C – Information relating to the Warrants Generally – Terms and Conditions of the Warrants

**"Exercise Date"** means, in respect of any Warrant, the day on which an Exercise Notice relating to that Warrant is delivered in accordance with the provisions of Condition 5(a) (*Exercise Procedure – Exercise Notice*) **provided that:**

- (i) if the Exercise Notice is delivered (A) on any day which is not a Business Day or (B) after 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located) on any Business Day, then, in either such case, the Exercise Date shall be the next succeeding day which is a Business Day; and
- (ii) the Exercise Date may not be later than the Expiry Date;

**"Exercise Notice"** means any notice in the form scheduled to the Warrant Agency Agreement or such other form as may from time to time be agreed by the Issuer and the Principal Warrant Agent which is delivered by a Warrantholder in accordance with Condition 5(a) (*Exercise Procedure – Exercise Notice*);

**"Exercise Period"** means the period beginning on (and including) such date as may be specified in the relevant Pricing Supplement and ending on (and including) the Expiry Date;

**"Expiry Date"** means the date specified as such in the relevant Pricing Supplement;

**"Face Value"** means, in respect of a Warrant, the face value of such Warrant identified or specified as such in the relevant Pricing Supplement;

**"Fair Market Value"** means, in relation to any Warrant which is to be terminated early, its fair market value immediately prior to the early termination date, as determined by the Issuer (acting in good faith and in 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;

**"Foreign Exchange Dealer"** means an independent foreign exchange dealer of international repute active in the foreign exchange market in the relevant Settlement Currency Jurisdiction;

**"FX Disruption"** means the occurrence and/or existence of any of the following circumstances:

- (i) the occurrence and/or existence as determined by the Calculation Agent, acting in a commercially reasonable manner, of an event on any day with respect to the Reference Currency that has the effect of preventing or delaying the Issuer or any of its affiliates acting as its hedge counterparty for the Warrants directly or indirectly from: (i) converting the Reference Currency into the Specified Currency (as applicable) through customary legal channels, (ii) converting the Reference Currency into the Specified Currency at a rate at least as favourable as the rate for domestic institutions located in the Reference Currency Jurisdiction, (iii) delivering the Specified Currency from accounts inside the Reference Currency Jurisdiction to accounts outside the Reference Currency Jurisdiction; (iv) delivering the Reference Currency between accounts inside the Reference Currency Jurisdiction or to a party that is a non-resident of the Reference Currency Jurisdiction, or (v) effectively realising the value of its underlying hedge in the Specified Currency or (as applicable) at any time;
- (ii) the government of the Reference Currency Jurisdiction imposing, or giving public notice of its intention to impose, any capital controls (including, without limitation, the imposition of an upper limit on the amount of the Reference Currency denominated assets in the Reference Currency Jurisdiction which can be held by any party) which the Calculation Agent determines in good faith are likely to materially affect the ability of the Issuer or any of its affiliates acting as its hedge counterparty for the Warrants to hedge its position under the Warrants or to unwind such hedge;

**"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) in the Settlement Currency Jurisdiction;

**"Holder"** has the meaning ascribed thereto in Condition 2 (*Form and Transfer*);

## Part C – Information relating to the Warrants Generally – Terms and Conditions of the Warrants

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

**"Inconvertibility"** means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Warrants in the general exchange market in the Settlement Currency Jurisdiction, 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);

**"Initial Underlying Currency Pair Exchange Rate"** means the rate of exchange between the Specified Currency and the Reference Currency (expressed as the number of units of Reference Currency per one unit of Specified Currency) as specified as such in the relevant Pricing Supplement;

**"Issue Date"** means the date specified as such in the relevant Pricing Supplement;

**"LBMA"** means the London Bullion Market Association or its successor;

**"LBMA Physical Settlement Commodity"** means each commodity specified as such in the relevant Pricing Supplement;

**"LBMA Physical Settlement Disruption Event"** means, as determined by the Calculation Agent, an event which is beyond the control of the Issuer or the transferor of the relevant amount of Cash Settlement Amount and/or any other amount in respect of the Warrants and as a result of which the Issuer or such transferor is unable to effect a relevant delivery;

**"LBMA Physical Settlement Market Disruption Event"** means (i) the material suspension of, or the material limitation imposed on, trading in the LBMA Physical Settlement Commodity on any exchange or principal trading market which the Calculation Agent considers material in relation to the Warrants; (ii) the disappearance of, or of trading in the LBMA Physical Settlement Commodity; or (iii) the disappearance or permanent discontinuance or unavailability of the Underlying Currency Pair Exchange Rate notwithstanding the status of trading in the LBMA Physical Settlement Commodity;

**"LBMA Physical Settlement Fallback Settlement Amount"** means an amount in the Settlement Currency, US Dollar or such other currency as determined by the Calculation Agent in its sole and absolute discretion in respect of each Warrant determined by the Calculation Agent, in its sole and absolute discretion, with reference to the price of the LBMA Physical Settlement Commodity to in the spot market on the relevant Underlying Currency Pair Fixing Date (as applicable);

**"LBMA Transfer Notice"** has the meaning given in Condition 5(l) (*Exercise Procedure – LBMA Physical Settlement*);

**"Minimum Exercise Number"** has the meaning ascribed thereto in Condition 6 (*Minimum Number of Warrants Exercisable*);

**"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;

**"New Issuer"** has the meaning ascribed thereto in Condition 15 (*Substitution*);

**"Non-transferability"** means the occurrence of any event that makes it impossible for the Issuer to transfer Settlement Currency between accounts inside the Settlement Currency Jurisdiction or from an account inside the Settlement Currency Jurisdiction to an account outside the Settlement Currency Jurisdiction or from an account outside the Settlement Currency Jurisdiction to an account inside the Settlement Currency Jurisdiction, 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

## Part C – Information relating to the Warrants Generally – Terms and Conditions of the Warrants

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);

"**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 competent authorities in the Offshore RMB Centre prevailing as of the trade date of the Warrants;

"**Offshore RMB Centre**" means the jurisdiction specified as such in the relevant Pricing Supplement ;

"**Participating Member States**" means any member state of the European Union that has adopted or adopts the single currency in accordance with the Treaty;

"**Permitted Multiple**" has the meaning ascribed thereto in Condition 6 (*Minimum Number of Warrants Exercisable*);

"**Physical Settlement**" has the meaning ascribed thereto in Condition 4 (*Rights on Exercise*);

"**Put Warrant**" means a Warrant entitling, but not obligating, the Warrantholder upon exercise to receive the relevant Cash Settlement Amount subject to and in accordance with these Conditions;

"**Reference Currency**" means the currency specified as such in the relevant Pricing Supplement;

"**Reference Currency Jurisdiction**" means the jurisdiction specified as such in the relevant Pricing Supplement;

"**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);

"**Securities Act**" means the United States Securities Act of 1933, as amended;

"**Settlement Currency**" means the currency specified as such in the relevant Pricing Supplement;

"**Settlement Currency Jurisdiction**" means the jurisdiction specified as such in the relevant Pricing Supplement;

"**Settlement Date**" means the date specified as such in the relevant Pricing Supplement or if such date is not a Business Day, the immediate following day that is a Business Day;

"**Settlement Disruption Event**" means, as determined by the Calculation Agent in its sole and absolute discretion, an event beyond the control of the Issuer as a result of which the Issuer cannot reasonably make delivery of the relevant underlying value to which the relevant Warrants relate using the method specified in the relevant Pricing Supplement;

"**Specified Currency**" means the currency specified as such in the relevant Pricing Supplement;

"**Strike Price**" has the meaning ascribed thereto in the relevant Pricing Supplement;

"**Strike Price Payment Date**" has the meaning ascribed thereto in the relevant Pricing Supplement;

"**Taxes**" has the meaning ascribed thereto in Condition 5(a)(vii);

"**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 Expenses**" means with respect to any Warrants, all stamp, transfer, registration and similar duties and all expenses, scrip fees, levies and registration charges payable on or in respect of or arising on, or in connection with, the purchase or transfer, delivery or other disposition by the transferor to the order of the relevant Warrantholders of any Securities;

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

## Part C – Information relating to the Warrants Generally – Terms and Conditions of the Warrants

**"Underlying Currency Pair Business Day"** means a day (other than a Saturday or Sunday) on which commercial banks are open for general business and dealings in foreign exchange in the jurisdiction or place as specified in the relevant Pricing Supplement, or if no such jurisdiction or place is specified in the relevant Pricing Supplement, the Reference Currency Jurisdiction(s);

**"Underlying Currency Pair Exchange Rate"** means the rate of exchange between the Specified Currency and the Reference Currency (expressed as the number of units of Reference Currency per one units of Specified Currency) as determined by the Calculation Agent in good faith and published on the Underlying Currency Pair Fixing Page at the Underlying Currency Pair Fixing Time on an Underlying Currency Pair Fixing Date. The Calculation Agent shall round such rate to the closest four (4) decimal places, 0.00005 being rounded up. If such rate is not available, for any reason, and if an Underlying Currency Pair Exchange Rate Fall-Back is specified in the relevant Pricing Supplement the Calculation Agent will determine the relevant Underlying Currency Pair Exchange Rate in accordance with the Underlying Currency Pair Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement or if the Calculation Agent is not able to determine the relevant Underlying Currency Pair Exchange Rate in accordance with such Underlying Currency Pair Exchange Rate Fall-Back provisions specified in the relevant Pricing Supplement, or if such Underlying Currency Pair Exchange Rate Fall-Back provisions are not specified in the relevant Pricing Supplement, then the Calculation Agent will determine the Underlying Currency Pair Exchange Rate in its sole and absolute discretion, acting in good faith;

**"Underlying Currency Pair Fixing Date"** means each of the dates specified as such in the relevant Pricing Supplement or, if such date is not an Underlying Currency Pair Business Day the immediate following day that is an Underlying Currency Pair Business Day, or if such date is not specified in the relevant Pricing Supplement, the fifth Underlying Currency Pair Business Day prior to the relevant Cash Settlement Payment Date or other date on which the relevant payment falls due (as applicable);.

**"Underlying Currency Pair Fixing Page"** means the Reuters or other screen page as specified as such in the Pricing Supplement or any successor page thereof or if not specified in the Relevant Pricing Supplement, the Calculation Agent will determine the relevant Underlying Currency Pair Exchange Rate by reference to the relevant spot rate prevailing in the international exchange market;

**"Underlying Currency Pair Fixing Time"** means the time and place as specified as such in the relevant Pricing Supplement;

**"Warrantholder"** has the meaning ascribed thereto in Condition 2 (*Form and Transfer*).

### 2. **Form and Transfer**

#### (a) ***Form; Certifications***

Each Tranche of Warrants will be (as specified in the relevant Pricing Supplement) either (i) if not offered in reliance on Rule 144A, in (a) book-entry form ("**Book-Entry Form Warrants**") and be represented by a global warrant (the "**Global Warrant**") or (b) in uncertificated registered form ("**Uncertificated Registered Warrants**") or (ii) in registered form ("**Registered Warrants**") offered in reliance on (A) Regulation S under the Securities Act ("**Regulation S**") and represented by an unrestricted global registered warrant (the "**Unrestricted Global Registered Warrant**"), and/or (B) Rule 144A under the Securities Act ("**Rule 144A**") and represented by a restricted global registered warrant (the "**Restricted Global Registered Warrant**") or a Rule 144A global registered warrant (the "**Rule 144A Global Registered Warrant**") and together with the Restricted Global Registered Warrant, the Rule 144A Global Registered Warrant and the Unrestricted Global Registered Warrant, the "**Global Registered Warrants**").

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



## Part C – Information relating to the Warrants Generally – Terms and Conditions of the Warrants

In respect of Warrants issued in reliance on Rule 144A transfers of the Warrants may be conditional upon delivery of certain certifications and are subject to significant restrictions. Exercise of a Warrant offered in reliance on Regulation S will be conditional upon delivery of certain certifications. Details of such certifications may be obtained from any of the Warrant Agents.

### (b) *Book-Entry Form Warrants*

#### (i) *General; Title*

In the case of each Tranche of Book-Entry Form Warrants, the Global Warrant relating to such Tranche will be deposited on the issue date (the "**Issue Date**") specified in the relevant Pricing Supplement with a common depository for the relevant Clearing System(s). Warrants in definitive form will not be issued in respect of Book-Entry Form Warrants. In the case of the Book-Entry Form Warrants, the person for the time being appearing in the books of the relevant Clearing System(s) as the holder of a Warrant shall be treated by the Issuer, the Warrant Agent, the relevant Clearing System(s) and all other persons dealing with such person as the holder thereof (a "**Warrantholder**" or a "**Holder**") and as the person entitled to exercise the rights represented thereby, for all purposes other than with respect to the payment of any settlement amount in respect of any Warrant, in which case the common depository for the relevant Clearing System(s) or, as the case may be, its nominee, shall be treated by the Issuer and the Warrant Agent as the holder of such Warrant in accordance with and subject to the terms of the Global Warrant, unless there is a default in payment of any such amount for more than fourteen days (in which case the persons appearing in the books of the relevant Clearing System(s) as described above shall be treated as the persons entitled to exercise such rights in place of the common depository or its nominee) and "**Warrantholder**" and "**Holder**" shall be construed accordingly, notwithstanding any notice to the contrary, except that (i) Euroclear shall not be treated as the Holder of any Warrant held in an account with Clearstream, Luxembourg on behalf of Euroclear's accountholders and (ii) Clearstream, Luxembourg shall not be treated as the Holder of any Warrant held in an account with Euroclear on behalf of Clearstream Luxembourg's accountholders.

#### (ii) *Transfer of Book-Entry Form Warrants*

All transactions in (including transfers of) Book-Entry Form Warrants, in the open market or otherwise, shall be effected only through the Clearing System(s) in which the Book-Entry Form Warrants to be transferred are held or are to be held. Title to the Book-Entry Form Warrants shall pass upon registration of the transfer in accordance with the rules and procedures for the time being of the relevant Clearing System(s).

### (c) *Registered Warrants*

#### (i) *General; Title*

In the case of Registered Warrants, a certificate will be issued to each Warrantholder in respect of its registered holding. Each such certificate will be numbered serially with an identifying number which will be recorded in the register (the "**Register**") maintained by the Warrant Registrar in respect of the Registered Warrants. No single Tranche or Series of Warrants offered in reliance on Rule 144A may include Book-Entry Form Warrants. In the case of the Registered Warrants, the person for the time being in whose name such Registered Warrant is so registered in the Register shall be the "**Warrantholder**" or "**Holder**" of the Warrants represented thereby and shall be treated by the Issuer, the Warrant Agent, the relevant Clearing System(s) and all other persons dealing with such person as the holder thereof, **provided however that**, for as long as the Registered Warrants are represented by a Global Registered Warrant for all purposes other than payment, the persons for the time being appearing in the books of the relevant Clearing System as the holder of such Registered Warrant shall be treated as the Warrantholders and these Conditions shall be construed accordingly.

## Part C – Information relating to the Warrants Generally – Terms and Conditions of the Warrants

(ii) *Transfer of Registered Warrants*

Title to Registered Warrants passes by registration in the Register.

(iii) *Regulations concerning transfer and registration of Registered Warrants*

All transfers of Registered Warrants and entries on the Register will be made subject to the detailed regulations (the "**Regulations**") concerning exchange and transfer of Registered Warrants scheduled to the Warrant Agency Agreement. The Regulations may be amended, supplemented or replaced by the Issuer with the prior written approval of the Warrant Registrar but without the consent of the Holders of any Warrants. A copy of the current Regulations are available for inspection during usual business hours at the specified office of the Warrant Registrar and the Warrant Transfer Agents.

(iv) *Rule 144A Legends*

Upon the transfer, exchange or replacement of Registered Warrants bearing the private placement legend for the purpose of Rule 144A in the case of Restricted Global Registered Warrants and Rule 144A Global Registered Warrants (the "**Rule 144A Legend**"), each as set forth in the form of the relevant Registered Warrant, the Registrar shall deliver only Registered Warrants that also bear the relevant legend unless there is delivered to the Issuer and to the Registrar such satisfactory evidence, which may include an opinion, reasonably satisfactory to the Issuer, of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States, that neither the Rule 144A Legend nor the restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A, Rule 144 or Regulation S under the Securities Act or that such Registered Warrants are not "restricted securities" within the meaning of Rule 144 under the Securities Act.

(d) *Uncertificated Registered Warrants*

The Uncertificated Registered Warrants shall be issued in uncertificated registered form in accordance with the Uncertificated Securities Regulations 2001, including any modification or re-enactment thereof for the time being in force (the "**Uncertificated Securities Regulations**"). The Uncertificated Registered Warrants are participating securities for the purposes of the Regulations. Title to the Uncertificated Registered Warrants is recorded on the relevant Operator (as defined below) register of corporate securities. The CREST Registrar on behalf of the Issuer shall maintain a record of uncertificated corporate securities (the "**Record**") in relation to the Uncertificated Registered Warrants and shall procure that the Record is regularly updated to reflect the Operator register of corporate securities in accordance with the rules of the Operator. Subject to this requirement, (i) each person who is for the time being shown in the Record as the holder of a particular number of Uncertificated Registered Warrants shall be treated by the Issuer and the CREST Registrar as the holder of such number of Uncertificated Registered Warrants for all purposes (and the expressions "**Warrantholder**" and "**Holder**" and related expressions shall be construed accordingly), and (ii) none of the Issuer and the CREST Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Record which the CREST Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to the Uncertificated Registered Warrants.

Title to Uncertificated Registered Warrants will pass upon registration of the transfer in the Operator register of corporate securities. All transactions in relation to Uncertificated Registered Warrants (including transfers of Uncertificated Registered Warrants) in the open market or otherwise must be effected through an account at the Operator subject to and in accordance with the rules and procedures for the time being of the Operator.

No provision of these Conditions as amended in accordance with the applicable Pricing Supplement shall (notwithstanding anything contained therein) apply or have effect to the extent that it is in any respect inconsistent with (I) the holding of title to Uncertificated Registered Warrants in uncertificated form, (II) the transfer of title to Uncertificated Registered Warrants by means of a relevant system or (III) the Uncertificated Securities Regulations. Without prejudice

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to the generality of the preceding sentence and notwithstanding anything contained in these Conditions or the applicable Pricing Supplement, so long as the Uncertificated Registered Warrants are participating securities, (A) the Operator register of corporate securities relating to the Uncertificated Registered Warrants shall be maintained at all times in the United Kingdom, (B) the Uncertificated Registered Warrants may be issued in uncertificated form in accordance with and subject as provided in the Regulations, and (C) for the avoidance of doubt, the Conditions and the applicable Pricing Supplement in relation to any Uncertificated Registered Warrant shall remain applicable notwithstanding that they are not endorsed on any certificate for such Uncertificated Registered Warrant.

As used herein each of "**Operator register of corporate securities**", "**participating securities**", "**record of uncertificated corporate securities**" and "**relevant system**" is as defined in the Uncertificated Securities Regulations and the relevant Operator (as such term is used in the Uncertificated Securities Regulations) is CREST or any additional or alternative operator from time to time approved by the Issuer and the CREST Registrar in relation to the Uncertificated Registered Warrants and in accordance with the Uncertificated Securities Regulations. Any reference herein to the "**Operator**" shall, whenever the context so permits, be deemed to include a reference to any such additional or alternative Operator from time to time and notified to the holders of the Uncertificated Registered Warrants in accordance with Condition 11 (*Notices*).

If at any time:

- (i) a Warrantholder ceases for any reason to be a member of CREST; or
- (ii) the Uncertificated Registered Warrants cease for any reason to be participating securities capable of being held in CREST,

then the Issuer shall, in accordance with the rules and procedures governing CREST, ensure that Registered Warrants are issued in exchange for the Uncertificated Registered Warrants and that such Registered Warrants are registered in such names as the Operator shall notify to the Issuer.

### 3. **Status of the Warrants**

The Warrants of each Series constitute direct, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves and, at their date of issue, with all other unsecured and unsubordinated obligations of the Issuer (other than any such obligations preferred by law).

### 4. **Rights on Exercise**

#### (a) **"American Style" Exercise**

If the Warrants are specified in the relevant Pricing Supplement as being American Style Warrants, then this Condition 4(a) is applicable and the Warrants are exercisable on any Business Day during the Exercise Period prior to termination of the Warrants as provided in the Conditions, **provided that** and subject to Condition 4(i) (*Automatic Exercise*) below, any American Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 5 (*Exercise Procedure*) shall become void in accordance with Condition 4(h) (*Warrants Void on Expiry*).

#### (b) **"European Style" Exercise**

If the Warrants are specified in the relevant Pricing Supplement as being European Style Warrants, then this Condition 4(b) is applicable and the Warrants are exercisable only on the Expiry Date, prior to termination of the Warrants as provided in the Conditions, **provided that** and subject to Condition 4(i) (*Automatic Exercise*) below, any European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 5 (*Exercise Procedure*) shall become void in accordance with Condition 4(h) (*Warrants Void on Expiry*).

## Part C – Information relating to the Warrants Generally – Terms and Conditions of the Warrants

(c) ***"Bermudan Style" Exercise***

If the Warrants are specified in the relevant Pricing Supplement as being Bermudan Style Warrants, then this Condition 4(c) is applicable and the Warrants are exercisable on each date as specified in the Pricing Supplement or if such date is not a Business Day, the next succeeding date that is a Business Date (each a "**Potential Exercise Date**") and on the Expiry Date, prior to termination of the Warrants as provided in the Conditions, **provided that** and subject to Condition 4(i) (*Automatic Exercise*) below, any Bermudan Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 5 (*Exercise Procedure*) shall become void in accordance with Condition 4(h) (*Warrants Void on Expiry*).

(d) ***Cash Settlement***

If the Warrants are specified in the relevant Pricing Supplement as being Cash Settlement Warrants, then, subject to Condition 4(f) (*Optional Physical Settlement*) if applicable, each such Warrant, upon exercise, entitles the Holder thereof to receive from the Issuer on the Cash Settlement Payment Date (as specified in the relevant Pricing Supplement) an amount ("**Cash Settlement**") calculated in accordance with the relevant Pricing Supplement (the "**Cash Settlement Amount**") in the currency (the "**Settlement Currency**") specified in the relevant Pricing Supplement. The Cash Settlement Amount will be rounded down to the nearest minimum unit of the Settlement Currency, with Warrants exercised at the same time by the same Warrantheader being aggregated for the purpose of determining the aggregate Cash Settlement Amount payable in respect of such Warrants.

(e) ***Physical Settlement***

If the Warrants are specified in the relevant Pricing Supplement as being Physical Settlement Warrants, then, subject to Condition 4(g) (*Optional Cash Settlement*) if applicable, upon the exercise of a Warrant by a Warrantheader:

- (i) in the case of a Call Warrant, the Issuer will, on the Settlement Date in respect of such Warrant, procure the credit of the underlying value to which such Warrant relates to the account with the relevant Clearing System specified, or as may otherwise be specified, for that purpose by the Warrantheader in the relevant Exercise Notice, following payment by the Warrantheader to or to the order of the Issuer on or before the Strike Price Payment Date of the Strike Price; and
- (ii) in the case of a Put Warrant, the Issuer will, on the Settlement Date in respect of such Warrant, procure the credit of the Strike Price in respect of the Warrant so exercised to the account with the relevant Clearing System specified, or as may otherwise be specified for that purpose by the Warrantheader in the relevant Exercise Notice, following the debit of the relevant underlying value to which such Warrant relates to the account of the Warrantheader with the relevant Clearing System and the credit thereof to the account of the Principal Warrant Agent (in favour of the Issuer) as aforesaid on or before the Settlement Date in respect of such Warrant,

in each case less any applicable Transfer Expenses ("**Physical Settlement**") all as more fully described in Condition 5 (*Exercise Procedure*). In each case, the amount or number of the underlying value to which the Warrants relate (as applicable) so debited and credited will be rounded down to the nearest whole amount or number of such underlying value (as applicable) that may be separately transferred, with Warrants exercised at the same time by the same Warrantheader being aggregated for the purpose of determining the aggregate number of the relevant underlying value applicable.

(f) ***Optional Physical Settlement***

If this Condition 4(f) is specified in the relevant Pricing Supplement as being applicable, then, upon the exercise of a Warrant by a Warrantheader, the Issuer may, on the Determination Date, elect Physical Settlement in accordance with Condition 4(e) (*Physical Settlement*) instead of Cash Settlement in accordance with Condition 4(d) (*Cash Settlement*). The Warrants do not confer on the Holder any right to acquire the underlying value to which the Warrants relate and

## Part C – Information relating to the Warrants Generally – Terms and Conditions of the Warrants

the Issuer is not obliged to purchase or hold the underlying value to which the Warrants relate. By exercising a Warrant, the Warrantholder shall be deemed to have agreed to such form of settlement as the Issuer shall elect.

(g) ***Optional Cash Settlement***

If this Condition 4(g) is specified in the relevant Pricing Supplement as being applicable, then, upon the exercise of a Warrant by a Warrantholder, the Issuer may, on the Determination Date, elect Cash Settlement in accordance with Condition 4(d) (*Cash Settlement*) instead of Physical Settlement in accordance with Condition 4(e) (*Physical Settlement*). By exercising a Warrant, the Warrantholder shall be deemed to have agreed to such form of settlement as the Issuer shall elect.

(h) ***Warrants Void on Expiry***

Warrants which are not deemed automatically exercised in accordance with Condition 4(i) (*Automatic Exercise*) below and with respect to which an Exercise Notice has not been duly completed and delivered to the relevant Clearing System and to the Principal Warrant Agent, in the manner set out in Condition 5 (*Exercise Procedure*), before 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located) on the Expiry Date, shall become void.

(i) ***Automatic Exercise***

Notwithstanding Condition 4(h) (*Warrants Void on Expiry*):

- (i) if in respect of the Warrants Cash Settlement is applicable, unless Automatic Exercise is specified as "**Not applicable**" in the relevant Pricing Supplement, any such Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 5 (*Exercise Procedure*) by the Expiry Date shall be deemed to be automatically exercised on the Expiry Date and the provisions of Condition 5(h) (*Exercise Risk*) shall apply; and
- (ii) if in respect of the Warrants Physical Settlement is applicable in respect of which, upon the Expiry Date (i) such Warrant is in the money in favour of the Warrantholder and (ii) no Exercise Notice has been delivered in the manner set out in Condition 5 (*Exercise Procedure*), unless Automatic Exercise is specified as "**Not applicable**" in the relevant Pricing Supplement, such Warrant shall be deemed to be automatically exercised on the Expiry Date, **provided that** such Warrant shall be settled as if Cash Settlement were applicable and the provisions of Condition 4(d) (*Cash Settlement*) and Condition 5(h) (*Exercise Risk*) shall apply,

and in these Conditions the expression "**exercise**" and any related expressions shall be construed to apply to any such Warrants which are deemed to be automatically exercised in accordance with this Condition 4(i).

(j) ***Settlement Risk***

If, following a Physical Settlement or Cash Settlement as applicable, in the opinion of the Calculation Agent, delivery of the underlying value to which the Warrants relate or payment of the Cash Settlement Amount, as the case may be, using the method of delivery specified in the applicable Pricing Supplement is not practicable on any Settlement Date by reason of a Settlement Disruption Event having occurred, then such Settlement Date for such Warrants shall be postponed to the first following Business Day in respect of which there is no Settlement Disruption Event, **provided that** the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Warrant by delivering the applicable Securities or paying of the Cash Settlement Amount, as the case may be, using such other commercially reasonable manner as it may select and in such event the Settlement Date shall be such day as the Issuer deems appropriate in connection with the delivery of the underlying value to which the Warrants relate or payment of the Cash Settlement Amount, as the case may be, in such other commercially reasonable manner. For the avoidance of doubt, in relation to Physical Settlement,

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where the Settlement Disruption Event affects some but not all of the relevant underlying value to which the Warrants relate, the Settlement Date for such underlying value not affected by the Settlement Disruption Event will be the originally designated Settlement Date. In the event that a Settlement Disruption Event will result in the delivery on the Settlement Date of some but not all of the relevant underlying value to which the Warrants relate, the Calculation Agent shall determine the appropriate *pro rata* portion of the Transfer Expenses and/or Taxes to be paid by the relevant Warrantholder in respect of that partial settlement. In the event of an occurrence of a Settlement Disruption Event, the Calculation Agent shall give notice to the relevant Warrantholders as soon as reasonably practicable in accordance with Condition 11 (*Notices*). No Warrantholder shall be entitled to any payment in respect of the relevant Warrant in the event of any delay in the delivery of the relevant underlying value to which the Warrants relate due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

(k) ***Settlement within the United States***

Notwithstanding the foregoing, with respect to any Warrants in respect of which Physical Settlement applies, no cash, commodities securities or other property shall be delivered in the United States (as this term is defined in Regulation S) in connection with the settlement of such Warrants unless the holder thereof shall have delivered any required certifications (including an Exercise Notice) and other documentation (which may include legal opinions) in conjunction with any Exercise of such Warrants.

5. **Exercise Procedure**

(a) ***Exercise Notice***

Subject to prior termination of the Warrants as provided in the Conditions, Warrants may be exercised on the Exercise Date by the sending of a fax, confirmed in writing, of a duly completed Exercise Notice (copies of which may be obtained from the relevant Clearing System or the Principal Warrant Agent) to the Principal Warrant Agent, not later than 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located):

- (A) in the case of Warrants specified in the relevant Pricing Supplement as being American Style Warrants, on any Business Day during the Exercise Period;
- (B) in the case of Warrants specified in the relevant Pricing Supplement as being European Style Warrants, on the Expiry Date, subject to Condition 4(b) ("*European Style Exercise*"); or
- (C) in the case of Warrants specified in the relevant Pricing Supplement as being Bermudan Style Warrants, on a Potential Exercise Date, and/or the Expiry Date, subject to Condition 4(c) ("*Bermudan Style Exercise*").

Subject to Condition 4(h) (*Warrants Void on Expiry*), any Exercise Notice delivered after 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised) shall (a) in the case of European Style Warrants and Bermudan Style Warrants, be null and void and (b) in the case of American Style Warrants, be deemed to have been delivered on the next succeeding Business Day.

Each Exercise Notice shall:

- (i) specify the name, address, telephone and facsimile details of the Warrantholder in respect of the Warrants being exercised;
- (ii) specify the number of Warrants of each Tranche being exercised (which must be not less than the Minimum Exercise Number (as defined in Condition 6) (*Minimum Number of Warrants Exercisable*));
- (iii) specify the number of the Warrantholder's account at the relevant Clearing System to be debited with the Warrants being exercised and irrevocably instruct, or, as the case may

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be, confirm that the Warrantholder has irrevocably instructed, the relevant Clearing System to debit the Warrantholder's account with the Warrants being exercised and to credit the same to the account of the Principal Warrant Agent;

- (iv) where applicable, specify the number of the Warrantholder's account at the relevant Clearing System to be credited with the Cash Settlement Amount for the Warrants being exercised;
- (v) in the case of Warrants offered and sold in reliance on Regulation S, certify that each person exercising such Warrants is not a US person, that such Warrants are not beneficially owned by or on behalf of US persons or persons within the United States, that such Warrants are not being exercised within the US or by or on behalf of US persons or persons within the United States, and that no cash, securities, commodities or other property have been or will be delivered within the United States or to or for the account or benefit of a US person in connection with the exercise of the Warrants and authorise the production of such certification in applicable administrative or legal proceedings (the terms "**United States**" and "**US person**" used in this paragraph having the meaning given to them in Regulation S);
- (vi) in the case of Warrants offered and sold in reliance on Rule 144A, certify that each person exercising such Warrants is a "**qualified institutional buyer**" (as defined in Rule 144A); and
- (vii) include an irrevocable undertaking to pay any applicable stamp duty, stamp duty reserve tax and/or other taxes or duties ("**Taxes**") and/or Transfer Expenses due by reason of the exercise of the Warrants and an authority to the Issuer and the relevant Clearing System to deduct an amount in respect thereof from any Cash Settlement Amount due to such Warrantholder or otherwise (on, or at any time after, the Cash Settlement Payment Date) to debit a specified account of the Warrantholder at the relevant Clearing System with an amount or amounts in respect thereof, all as provided in the Warrant Agency Agreement.

In addition, if in respect of the Warrants Physical Settlement is specified in the relevant Pricing Supplement as being applicable or if Condition 4(f) (*Optional Physical Settlement*) is specified in the relevant Pricing Supplement as being applicable, the Exercise Notice shall also:

- (aa) irrevocably instruct the relevant Clearing System to debit on the Strike Price Payment Date a specified account of the Warrantholder with the aggregate Strike Price in respect of the Warrants being exercised (together with any applicable Taxes) and/or Transfer Expenses and to transfer such amount to such account as shall have been specified by the Issuer to the relevant Clearing System for that purpose;
- (bb) include an irrevocable undertaking to pay any applicable Taxes and/or Transfer Expenses due by reason of the transfer (if any) of the underlying value to which the Warrants relate to the account at the relevant Clearing System specified, or as otherwise specified, by the Warrantholder and an authority to the Issuer and the relevant Clearing System to debit a specified account of the Warrantholder with an amount in respect thereof; and
- (cc) specify the number of the Warrantholder's account with the relevant Clearing System to be credited with the relevant underlying value to which the Warrants relate or, as the case may be, the delivery details for such underlying value.

### (b) **Verification of Warrantholder**

To exercise Warrants, the Holder must duly complete an Exercise Notice and must have Warrants in the amount being exercised in its securities account with the relevant Clearing System on the Exercise Date. The relevant Clearing System will, in accordance with its normal operating procedures, verify that each person exercising such Warrants is the Holder thereof according to the records of such Clearing System and that such Holder has an account at the relevant Clearing System which contains an amount equal to the number of Warrants or, if applicable, the aggregate Strike Price in respect of the Warrants being exercised. If the Exercise

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Notice is, in the determination of the relevant Clearing System, improperly completed, or sufficient Warrants or sufficient funds equal the number of Warrants or, if applicable, to the aggregate Strike Price are not available in the specified account(s) with the relevant Clearing System on the Exercise Date, the Exercise Notice will be treated as null and void and a new duly completed Exercise Notice must be submitted if exercise of the Holder's Warrants is still desired.

On or prior to the Cash Settlement Payment Date or the Settlement Date, as the case may be, the relevant Clearing System will debit the Warrantholder's account with the Warrants being exercised.

(c) ***Notification to Principal Warrant Agent***

The relevant Clearing System shall notify the Principal Warrant Agent in writing (with a copy to the Issuer) not later than 11.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located) on the Business Day immediately following the Exercise Date of the number of the account with such Clearing System to which the Cash Settlement Amount or, in the case of Physical Settlement, the underlying value to which the relevant Warrants relate are to be credited for the benefit of the Warrantholder.

(d) ***Debit of Warrantholder's Account***

The relevant Clearing System will on or before the Cash Settlement Payment Date or the Settlement Date, as the case may be, debit the relevant account of the Warrantholder and credit the relevant account of the Principal Warrant Agent (in favour of the Issuer) with the Warrants being exercised and, if in respect of the Warrants, Physical Settlement is specified in the relevant Pricing Supplement as being applicable or if the Issuer has elected for optional Physical Settlement in accordance with Condition 4(f) (*Optional Physical Settlement*), with the aggregate Strike Price, in the case of a Call Warrant, or the relevant number or amount of the relevant underlying value to which the relevant Warrants relate, in the case of a Put Warrant, in respect of the Warrants being exercised together in each case with any applicable Taxes and/or Transfer Expenses. If in respect of the Warrants, Physical Settlement is specified in the relevant Pricing Supplement as being applicable or if the Issuer has elected for optional Physical Settlement in accordance with Condition 4(f) (*Optional Physical Settlement*) and the aggregate Strike Price, in the case of a Call Warrant, or the relevant number or amount of the relevant underlying value to which the relevant Warrants relate, in the case of a Put Warrant, in respect of the Warrants being exercised together in each case with any applicable Taxes and/or Transfer Expenses is not so credited, then the Issuer shall be under no obligation to transfer such underlying value or make payment of any nature to the relevant Warrantholder in respect of the Warrants being exercised, and the Exercise Notice delivered in respect of such Warrants shall thereafter be null and void for all purposes.

If Condition 4(f) (*Optional Physical Settlement*) or Condition 4(g) (*Optional Cash Settlement*) is specified in the relevant Pricing Supplement as being applicable, the Issuer will, by the close of business (London time) on the Business Day following the relevant Determination Date, notify the relevant Clearing System, the Principal Warrant Agent and the relevant Warrantholder, if it has elected for Cash Settlement or Physical Settlement, as the case may be. Notice to the relevant Warrantholder shall be given by facsimile to the number specified in the relevant Exercise Notice and any notice so sent shall be deemed received by the relevant Warrantholder.

(e) ***Payment***

In respect of Warrants which have been exercised, the Calculation Agent shall by close of business or such other time as is specified in the relevant Pricing Supplement on the date specified therefor in the relevant Pricing Supplement determine the Cash Settlement Amount (if any) to be paid on the relevant Cash Settlement Payment Date in respect of the relevant Warrants **provided that** the Calculation Agent has received notification from the relevant Clearing System specifying the number of Warrants which have been exercised in accordance with Condition 5(a) (*Exercise Notice*) and, shall notify the Issuer and the Principal Warrant Agent of such amounts on the Business Day following the date so specified.



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Unless, in respect of the Warrants, Physical Settlement is specified in the relevant Pricing Supplement as being applicable and the Issuer has not elected for optional Cash Settlement in accordance with Condition 4(g) (*Optional Cash Settlement*) or the Issuer has elected for optional Physical Settlement in accordance with Condition 4(f) (*Optional Physical Settlement*), the Issuer will transfer to the Principal Warrant Agent the Cash Settlement Amount in respect of the Warrants being exercised, less any amount in respect of Taxes and/or Transfer Expenses which the Issuer is authorised to deduct therefrom, for value on the Cash Settlement Payment Date, and the Principal Warrant Agent will cause the Warrantholder's account with the relevant Clearing System to be credited with such amount for value on the Cash Settlement Payment Date.

If, however, in respect of the Warrants, Physical Settlement is specified in the relevant Pricing Supplement as being applicable (and the Issuer has not elected for optional Cash Settlement in accordance with Condition 4(g) (*Optional Cash Settlement*)) or if the Issuer elects for optional Physical Settlement in accordance with Condition 4(f) (*Optional Physical Settlement*), then:

- (i) in the case of a Call Warrant, subject to the debit of the relevant account of the Warrantholder with the Strike Price and any applicable Taxes and/or Transfer Expenses and the credit thereof to the relevant account of the Principal Warrant Agent (in favour of the Issuer) as aforesaid, the Issuer will, on the relevant Settlement Date, procure the credit of the relevant Securities to the account specified, or as may otherwise be specified, in the relevant Exercise Notice; and
- (ii) in the case of a Put Warrant, the Issuer will, on the Settlement Date in respect of such Warrant, procure the transfer for value to the Principal Warrant Agent of the Strike Price in respect of the Warrant being exercised, less any amount in respect of Taxes and/or Transfer Expenses which the Issuer is authorised to deduct therefrom, and the Principal Warrant Agent will, on the relevant Settlement Date, procure the credit of the relevant Strike Price to the account specified, or as may otherwise be specified, in the relevant Exercise Notice.

The Issuer shall pay or cause to be paid when due payments in respect of Uncertificated Registered Warrants to the relevant Warrantholder's cash memorandum account (as shown in the records of the Operator), such payment to be made in accordance with the rules of the Operator. Each of the persons shown in the Operator register of corporate securities as holder of a particular principal amount of Uncertificated Registered Warrants must look solely to the settlement bank or institution at which its cash memorandum account is held for its share of each such payment so made by or on behalf of the Issuer.

### (f) *Payment of Alternative Payment Currency Equivalent*

If "Payment of Alternative Payment Currency Equivalent" is specified as applicable in the relevant Pricing Supplement, then if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy any payment in respect of the Warrants when due in the Settlement Currency, the Issuer may settle any such payment in U.S. dollars or any other currency specified as the Alternative Payment Currency in the relevant Pricing Supplement on the due date at the Alternative Payment Currency Equivalent of any such amount due.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(f) (*Payments – Payment of Alternative Payment Currency Equivalent*) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Warrant Agents and all Warrantholders. By acceptance thereof, purchasers of the Warrants will be deemed to have acknowledged and agreed and to have waived any and all actual or potential conflicts of interest that may arise as a result of the calculation of the Alternative Payment Currency Equivalent by the Calculation Agent.

### (g) *FX Disruption*

If, "FX Disruption" is specified as being applicable in the relevant Pricing Supplement, then, if on any day on which the Calculation Agent is required to determine the Underlying Currency Pair Exchange Rate (a "**Scheduled FX Fixing Day**"), a FX Disruption Event occurs, then such

## Part C – Information relating to the Warrants Generally – Terms and Conditions of the Warrants

Scheduled FX Fixing Day shall be postponed until the first day after the Scheduled FX Fixing Day on which no FX Disruption Event occurs (the "**Revised FX Fixing Day**"), provided that if the Revised FX Fixing Day has not occurred within 5 calendar days following the Scheduled FX Fixing Day, then the Issuer will, in its sole and absolute discretion, determine whether or not the relevant Warrants shall continue. If the Issuer determines that the relevant Warrants 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 any terms of the Warrants and such 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 Warrants shall be terminated, then the Warrants shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the Warrantholders to receive the Cash Settlement Amount or amount of Physical Settlement (or any other payment or settlement amount to be made by the Issuer under the Warrants) shall cease and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of an amount (which may be in the Settlement Currency or such other currency as determined by the Calculation Agent) determined by the Calculation Agent to be the Fair Market Value of the Warrants. If the Revised FX Fixing Date would fall on a day which is less than five Business Days prior to the Cash Settlement Payment Date or Settlement Date, as the case may be, the Calculation Agent will determine the relevant Underlying Currency Pair Exchange Rate in its sole and absolute discretion in good faith. Without limiting the obligation of the Calculation Agent to notify the Warrantholders of the occurrence of a FX Disruption Event, failure by the Calculation Agent to notify the Warrantholders of the occurrence of a FX Disruption Event shall not affect the validity of the occurrence and effect of such FX Disruption Event on the Warrants.

(h) ***Exercise Risk***

Exercise of the Warrants, payment by the Issuer and the Principal Warrant Agent and any transfer of the underlying value to which the Warrants relate by the Issuer or the Principal Warrant Agent, will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at the relevant time (including, without limitation, any relevant exchange control laws or regulations and the rules and procedures of the relevant Clearing System) and neither the Issuer nor the Principal Warrant Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations and practices. Neither the Issuer nor the Principal Warrant Agent shall under any circumstances be liable for any acts or defaults of any Clearing System in the performance of its duties in relation to the Warrants.

(i) ***Determinations***

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the relevant Clearing System, in consultation with the Principal Warrant Agent, and shall be conclusive and binding on the Issuer, the Warrant Agents and the relevant Warrantholder. Any Exercise Notice so determined to be incomplete or not in proper form or which is not copied to the Principal Warrant Agent immediately after being sent to the relevant Clearing System, shall be null and void. If such Exercise Notice is subsequently corrected to the satisfaction of the relevant Clearing System, it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to the relevant Clearing System.

(j) ***Effect of Exercise Notice***

Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the Warrantholder to exercise the Warrants specified therein, **provided that** the person exercising and delivering such Exercise Notice is the person then appearing in the books of the relevant Clearing System as the Holder of the relevant Warrants. If the person exercising and delivering the Exercise Notice is not the person so appearing, such Exercise Notice shall for all purposes become null and void and shall be deemed not to have been so delivered.

After the delivery of an Exercise Notice (other than an Exercise Notice which shall become void pursuant to Condition 5(a) (*Exercise Notice*)), the Warrantholder specified in such Exercise Notice may not otherwise transfer such Warrants. Notwithstanding this, if any Warrantholder

## Part C – Information relating to the Warrants Generally – Terms and Conditions of the Warrants

does so transfer or attempt to transfer such Warrants, the Warrantholder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related hedging operations in reliance on the relevant Exercise Notice and subsequently (i) entering into replacement hedging operations in respect of such Warrants or (ii) paying any amount on the subsequent exercise of such Warrants without having entered into any replacement hedging operations.

(k) ***Fractions***

No fraction of any underlying value to which the relevant Warrants relate will be transferred on exercise of any Warrant pursuant to Conditions 4(e) (*Physical Settlement*) or 4(f) (*Optional Physical Settlement*), **provided that** all Warrants exercised at the same time by the same Warrantholder shall be aggregated for the purpose of determining whether any (and if so what) fraction of any such underlying value arises. Instead the Issuer shall make a cash refund of the corresponding fraction (rounded down to the nearest minimum unit of the Settlement Currency) of the aggregate Strike Price in respect of the relevant Warrants. Such refund shall be made by transfer by the Issuer to the account of the Principal Warrant Agent whereupon the Principal Warrant Agent shall transfer such amount to the account at the relevant Clearing System specified in the relevant Exercise Notice as the account to be credited with the relevant Cash Settlement Amount or, if none, then to the relevant Clearing System for credit by it to the account of the relevant Warrantholder with that Clearing System from which the Strike Price was originally debited.

(l) ***LBMA Physical Settlement***

The following provisions apply where LBMA Physical Settlement is specified as being applicable in the relevant Pricing Supplement.

A. ***LBMA Transfer Notice***

- (i) Each Warrantholder shall, on or before 4:00 pm (London time) on the date falling 5 Underlying Currency Pair Business Days (as applicable) before the relevant Cash Settlement Payment Date (or such earlier date as the Issuer shall determine is necessary for the Issuer, the Warrant Agents, the relevant Clearing System to perform their respective obligations hereunder and notify to the Warrant Agents and the Warrantholders accordingly) send to the relevant Clearing System, in accordance with its then applicable operating procedures, and copied to the Principal Warrant Agent, an irrevocable notice (an "**LBMA Transfer Notice**") in the form from time to time approved by the Issuer, which must:
- (A) specify the name and address of the Warrantholder;
  - (B) specify the number of Warrants in respect of which he is the Warrantholder;
  - (C) specify the number of the Warrantholder's account at the relevant Clearing System, to be debited with such Warrants;
  - (D) irrevocably instruct and authorise the relevant Clearing System, (1) to debit the Warrantholder's account with such Warrants on the relevant Cash Settlement Payment Date and (2) that no further transfers of the Warrants specified in the LBMA Transfer Notice may be made;
  - (E) contain a representation and warranty from the Warrantholder to the effect that the Warrants to which the LBMA Transfer Notice relates are free from all liens, charges, encumbrances and other third party rights;
  - (F) specify the number and account name of the account in London with a member of the LBMA where the relevant amount of Cash Settlement Amount and/or any other amount in respect of the Warrants shall be credited;

## Part C – Information relating to the Warrants Generally – Terms and Conditions of the Warrants

- (G) contain an irrevocable undertaking to pay the Transfer Expenses (if any) and an irrevocable instruction to the relevant Clearing System, to debit on or after the relevant Cash Settlement Payment Date the cash or other account of the Warrantholder with the relevant Clearing System, specified in the LBMA Transfer Notice with such Transfer Expenses; and
  - (H) authorise the production of the LBMA Transfer Notice in any applicable administrative or legal proceedings.
- (ii) A LBMA Transfer Notice, once delivered to the relevant Clearing System, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Warrantholder may not transfer any Warrant which is the subject of a LBMA Transfer Notice following delivery of such LBMA Transfer Notice to the relevant Clearing System. A LBMA Transfer Notice shall only be valid to the extent that the relevant Clearing System have not received conflicting prior instructions in respect of the Warrants which are the subject of the LBMA Transfer Notice.
  - (iii) Failure properly to complete and deliver a LBMA Transfer Notice may result in such notice being treated as null and void with the consequence set out in subparagraph (C). Any determination as to whether such notice has been properly completed and delivered as provided shall be made by the relevant Clearing System, after consultation with the Principal Warrant Agent and shall be conclusive and binding on the Issuer and the Warrantholder.
  - (iv) The Principal Warrant Agent shall promptly on the local banking day following receipt of a LBMA Transfer Notice send a copy thereof to the Issuer or such person as the Issuer may previously have specified.

### B. *Delivery obligation*

Subject to the other provisions of this Condition 5(l), if the LBMA Physical Settlement provisions are specified in the relevant Pricing Supplement as being applicable, the Issuer shall discharge its obligation to deliver the relevant amount of Cash Settlement Amount and/or any other amount in respect of the Warrants by crediting, or procuring the credit of, the same on the relevant Cash Settlement Payment Date of the Warrants to the account in London with a member of the LBMA specified in the LBMA Transfer Notice of the relevant Warrantholder.

### C. *LBMA Physical Settlement Fallback Settlement Amount*

In the event that any Warrantholder fails to deliver a valid LBMA Transfer Notice by 4:00 pm on the day falling 5 Underlying Currency Pair Business Days (as applicable) before the relevant Cash Settlement Payment Date (or such earlier date as the Issuer shall determine is necessary for the Issuer, the Paying Agents, the relevant Clearing System to perform their respective obligations hereunder and notify to the Warrant Agents and the Warrantholders accordingly), the Calculation Agent shall determine the LBMA Physical Settlement Fallback Settlement Amount and the Issuer shall pay the LBMA Physical Settlement Fallback Settlement Amount in respect of each Warrant held by such Warrantholder on the Cash Settlement Payment Date of the Warrants.

### D. *Disruption*

#### (i) *LBMA Physical Settlement Market Disruption Event*

If a LBMA Physical Settlement Market Disruption Event occurs or exists on any date on which the Underlying Currency Pair Exchange Rate is to be determined, the Underlying Currency Pair Exchange Rate shall be the rate determined by the Calculation Agent taking into consideration the latest available Underlying Currency Pair Exchange Rate as of a date on which no LBMA Physical Settlement Market Disruption Event occurred or existed and any other information which the Calculation Agent considers relevant.

#### (ii) *Settlement Disruption of LBMA Physical Settlement*

## Part C – Information relating to the Warrants Generally – Terms and Conditions of the Warrants

The Calculation Agent shall determine whether or not at any time a LBMA Physical Settlement Disruption Event has occurred and where it determines such an event has occurred and has prevented any delivery on the original day that but for such LBMA Physical Settlement Disruption Event would have been the relevant Cash Settlement Payment Date of the Warrants then such date will be the first succeeding day on which the relevant delivery can take place unless a LBMA Physical Settlement Disruption Event prevents settlement on each of the ten (10) Business Days immediately following the original date that, but for the LBMA Physical Settlement Disruption Event, would have been the relevant Cash Settlement Payment Date. In that case, (a) if the relevant delivery can be effected in any other commercially reasonable manner, then the relevant Cash Settlement Payment Date will be that tenth (10th) Business Day with delivery being effected in such manner, and (b) if such delivery cannot be effected in any other commercially reasonable manner, then the relevant Cash Settlement Payment Date will be postponed until delivery can be effected in another commercially reasonable manner.

### 6. Minimum Number of Warrants Exercisable

The Warrants are exercisable in the minimum number (the "**Minimum Exercise Number**") specified in the relevant Pricing Supplement and integral multiples thereof (or, if a "**Permitted Multiple**" is specified in the relevant Pricing Supplement, integral multiples of the Permitted Multiple) on any particular occasion or such lesser Minimum Exercise Number or other Permitted Multiple as the Issuer may from time to time notify to the Warrantholders in accordance with Condition 11 (*Notices*).

### 7. Effects of European Economic and Monetary Union

- (a) Following the occurrence of an EMU Event (as defined below), the Calculation Agent may make such adjustment (and determine the effective date of such adjustment) as it, in its sole and absolute discretion, determines appropriate, if any, to the Strike Price (if any), the formula for the Cash Settlement Amount, the Final Price, the number of Securities to which each Warrant relates, the number of securities comprised in a Security Basket Warrant, the amount, the number of or type of shares, bonds, other securities or other property which may be delivered in respect of such Warrants and/or any other adjustment and, in any case, any other variable relevant to the exercise, settlement or payment terms of the relevant Warrants which in the sole and absolute discretion of the Calculation Agent have been or may be affected by such EMU Event.
- (b) Following the occurrence of an EMU Event, without prejudice to the generality of the foregoing, the Issuer shall be entitled to: (i) make such conversions between amounts denominated in the National Currency Units of the member states of the European Union that have adopted the single currency in accordance with the Treaty and the euro, and the euro and the National Currency Units, in each case, in accordance with the conversation rates and rounding rules established by the council of the European Union pursuant to the Treaty as it, in its sole and absolute discretion, considers appropriate; (ii) make all payments in respect of the Warrants solely in euro as though references in the Warrants to the relevant National Currency Units were to euro and (iii) make such adjustments as it, in its sole and absolute discretion considers necessary to the Strike Price (if any), the formula for the Cash Settlement Amount, Final Price and any other amount as it determines, in its sole and absolute discretion, to be appropriate.
- (c) None of the Issuer, a Warrant Agent or the Calculation Agent will be liable to any Warrantholder or other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection therewith.
- (d) For the purposes hereof, "**EMU Event**" means the occurrence of any of the following, as determined by the Calculation Agent, acting in a commercially reasonable manner:
  - (i) the withdrawal from legal tender of any currency that, before the introduction of the euro, was lawful currency in one of the member states;
  - (ii) the redenomination of any Security into euro;
  - (iii) any change in the currency of denomination of any index;

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- (iv) any change in the currency in which some or all the securities or other property contained in any Index is denominated;
- (v) the disappearance or replacement of a relevant rate option or other price source for the national currency of any member state, or the failure of the agreed sponsor (or successor sponsor) to publish or display a relevant rate, index, price, page or screen; or
- (vi) the change by any organised market, exchange or clearance, payment or settlement system in the unit of account of its operating procedures to the euro.

### 8. Warrant Agents and Calculation Agent

#### (a) *Appointment of Agents*

The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Warrant Agent or the Calculation Agent or the Authentication Agent or the Warrant Registrar or the Warrant Transfer Agent and to appoint another Principal Warrant Agent or a substitute Calculation Agent or a substitute Authentication Agent or a substitute Warrant Registrar or a substitute Warrant Transfer Agent, **provided that** so long as any Warrant is outstanding, the Issuer will maintain a Principal Warrant Agent and a Calculation Agent and an Authentication Agent. Notice of any termination of appointment and of any change in the specified office of the Principal Warrant Agent or a Calculation Agent or an Authentication Agent or a Warrant Registrar or a Warrant Transfer Agent and of any appointment of a Warrant Agent or a Calculation Agent or an Authentication Agent or a Warrant Registrar or a Warrant Transfer Agent will be given to Warranholders in accordance with Condition 11 (*Notices*). In acting under the Warrant Agency Agreement, the Principal Warrant Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warranholders.

#### (b) *Calculation Agent*

The Calculation Agent shall not act as an agent for the Warranholders but shall be the agent of the Issuer. All calculation functions required of the Calculation Agent under these Conditions may be delegated to any such person as the Calculation Agent, in its absolute discretion, may decide.

Neither the Issuer nor the Calculation Agent shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables used in any calculation made pursuant to these Conditions or in the calculation of any Cash Settlement Amount or of any entitlement to Physical.

#### (c) *Notifications*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the Warrants by the Principal Warrant Agent or the Calculation Agent shall (in the absence of manifest error or wilful misconduct) be binding on the Issuer and the Warranholders and (subject as aforesaid) no liability to the Warranholders (or any of them) shall attach to the Principal Warrant Agent or the Calculation Agent in connection with the exercise or non-exercise by either of them of their powers, duties and discretions for such purposes.

#### (d) All calculations and determinations made by the Calculation Agent pursuant to the Conditions for the purposes of the Warrants shall be made in good faith.

### 9. Taxes

A Warranholder subscribing for, purchasing or exercising a Warrant shall pay all Taxes and securities transfer taxes and any other charges, if any, payable in connection with the subscription, purchase or exercise of such Warrant and the delivery of the Cash Settlement Amount and/or any underlying value to which such Warrants relate as a result of such exercise. The Issuer shall have the right, but not the duty unless required by law, to withhold or deduct

## **Part C – Information relating to the Warrants Generally – Terms and Conditions of the Warrants**

from any amounts otherwise payable to a Warrantholder such amount as is necessary for the payment of any such taxes, duties or charges or for effecting reimbursement in accordance with the next sentence.

In any case where the Issuer is obliged to pay any such tax, duty or charge referred to in the previous paragraph, the relevant Warrantholder shall promptly reimburse the Issuer therefor.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or exercise of any Warrants.

Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of US Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the US Internal Revenue Service ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a Holder for any FATCA withholding deducted or withheld by the Issuer, a Warrant 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.

### **10. Illegality**

The Issuer shall have the right to terminate its obligations under the Warrants, if the Calculation Agent shall have determined in its absolute discretion, that the performance of such obligations under the Warrants (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, 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, however, pay to each Warrantholder in respect of each Warrant held by it an amount determined by the Calculation Agent representing the Fair Market Value of such Warrant immediately prior to such termination. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 11 (*Notices*).

### **11. Notices**

All notices to Warrantholders will be deemed to have been duly given (a) in the case of Book-Entry Form Warrants and Registered Warrants if notified to the relevant Clearing System or (b) in the case of Uncertificated Registered Warrants, if sent by first class mail or (if posted to an address overseas) by airmail to the holders at their respective addresses appearing in the Record and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Uncertificated Registered Warrants are listed by or on a competent authority or stock exchange and, if the rules of that competent authority or stock exchange so require, such notice will be published in a daily newspaper of general circulation in the places or places required by that competent authority or stock exchange and, in the case of Warrants admitted to the Official List of the Irish Stock Exchange and admitted to trading on its Global Exchange Market (or which have been admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system), if copies of such notifications are forwarded in final form to the Irish Stock Exchange no later than the date of dispatch (or, in the case of Warrants admitted to listing, trading and/or quotation by any other listing authority, stock exchange, and/or quotation system published in any publication required by such other listing authority, stock exchange and/or quotation system). Any such notice shall be deemed to have been given on the date of such notification or, in the case of any of Warrants listed on any other listing authority, stock exchange and/or quotation system, the date of such publication or, if notified or published more than once or on different dates, on the date of the first such notification or publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all required newspapers).

### **12. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Warrantholders to create and issue further warrants of any particular Series so as to form a single Series with the Warrants.

## **Part C – Information relating to the Warrants Generally – Terms and Conditions of the Warrants**

### **13. Purchase by the Issuer**

The Issuer may at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may, at the discretion of the Issuer, be held, resold, reissued or surrendered for cancellation, and Warrants so reissued or resold shall for all purposes be deemed to form part of the original Series of the Warrants.

### **14. Modification**

Subject in case of the Master Warrant Issuance Agreement or the Warrant Agency Agreement (as applicable) to the agreement of the other parties thereto, the Issuer may agree, without consent of the Warrantholders, to:

- (a) any modification (except as mentioned above) of the Master Warrant Issuance Agreement, the Warrant Agency Agreement or the Conditions which is not materially prejudicial to the interests of the Warrantholders as a whole;
- (b) any modification of the Conditions, the Master Warrant Issuance Agreement or the Warrant Agency 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
- (c) any modification of the Warrants which is made to correct an inconsistency between the pricing supplement and the conditions of the Warrant issue (comprising these Conditions as completed by the relevant Pricing Supplement) and the relevant termsheet relating to the Warrants.

Any such modification shall be binding on the Warrantholders and any such modification shall be notified to the Warrantholders in accordance with Condition 11 (*Notices*) as soon as practicable thereafter.

### **15. Substitution**

The Issuer shall be entitled at any time and from time to time, without the consent of the Warrantholders, to the substitution of a subsidiary or holding company of the Issuer or any subsidiary of any such holding company (the "**New Issuer**") in place of the Issuer as principal debtor under the Warrants of any Series, **provided that** such Warrants are irrevocably guaranteed by the Issuer. In the event of any such substitution, any reference in these Conditions to the Issuer shall be construed as a reference to the New Issuer. Any such substitution shall be promptly notified to the relevant Warrantholders in accordance with Condition 11 (*Notices*). In connection with such right of substitution the Issuer shall not be obliged to have regard to the consequences of the exercise of such right for individual Warrantholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Warrantholder shall be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon such Warrantholder.

### **16. Governing Law**

#### **(a) *Governing law***

The Warrants and any non contractual obligations arising out of or in connection with the Warrants are governed by English law.

#### **(b) *English courts***

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising out of or in connection with the Warrants (including any Dispute regarding the existence, validity or termination of the Warrants or the consequence of their nullity).

### **17. Third Party Rights**

No person shall have any right to enforce any term or condition of the Warrants under the Contracts (Rights of Third Parties) Act 1999.



**PRO FORMA PRICING SUPPLEMENT FOR WARRANTS**

*[When completing any terms herein, or adding any other terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether supplemental listing particulars would be required in respect of such terms or information.]*

**PRICING SUPPLEMENT**

Pricing Supplement dated [•]

**HSBC Bank plc**

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

**[Further] Issue of**

**[Number of Warrants]**

**[Title of Warrants]**

**[(to be consolidated and form a single series with the existing *[Insert details of existing Tranche(s)]* issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants)]**

**PART A – CONTRACTUAL TERMS**

This document constitutes the pricing supplement ("**Pricing Supplement**") relating to the issue of the Tranche of Warrants described herein [for the purposes of listing on the Official List of the Irish Stock Exchange] and must be read in conjunction with the Offering Memorandum dated 18 June 2013 as supplemented from time to time (the "**Offering Memorandum**") [which, together with this Pricing Supplement, constitute listing particulars for the purposes of listing on the Global Exchange Market]. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Warrants (the "**Conditions**") set forth in such Offering Memorandum.

Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. The Offering Memorandum is available for viewing 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

**The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the "Prospectus Directive"). The Offering Memorandum has been prepared solely with regard to Warrants that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2004/39/EC and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).**

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an offering document with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions (the "[2005] [2006] [2007] [2008] [2009] [2010][2011][2012] **Conditions**"), which are defined in, and incorporated by reference into, the Offering Memorandum and which are applicable to the Warrants. Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of this Pricing Supplement, the [2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] Conditions are 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

**Part C – Information relating to Warrants Generally – Pro Forma Pricing Supplement for Warrants**

securities', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

*(For Warrants offered and sold in the United States of America include:*

**[IMPORTANT NOTICES**

THE WARRANTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF US PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("REGULATION S")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE WARRANTS ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("REGULATION S")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF WARRANTS PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

**NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

**AVAILABLE INFORMATION**

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Warrants, the Issuer will promptly furnish, upon request of a holder of a Warrant, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

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

**Part C – Information relating to Warrants Generally – Pro Forma Pricing Supplement for Warrants**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.)*

- |     |   |   |
|-----|---|---|
| 1.  | Issuer:   | HSBC Bank plc   |
| 2.  | Tranche number:   | [ ]   |
|     | <i>(If fungible with an existing Series, details of that Series, including the date on which the Warrants become fungible).</i> |   |
| 3.  | Settlement Currency:  | [ ]   |
| 4.  | Aggregate Number of Warrants in the:  |   |
|     | (i) Series:   | [ ]   |
|     | (ii) Tranche:   | [ ]   |
| 5.  | Face Value:   | [ ]   |
| 6.  | Issue Date:   | [ ]   |
| 7.  | Issue Price:  | [currency] [amount] per Warrant   |
| 8.  | Strike Price:   | [currency] [amount][Not applicable]   |
| 9.  | Type of Warrants:   | [ ]   |
| 10. | Series represented by:  | [Global Warrant <sup>1</sup> ]/[Global Registered Warrant]/[N/A]. Warrants in definitive form [will/will not] be issued. [other (specify)]  |
| 11. | Form of Warrant:  | [Book-Entry Form Warrants/Registered Warrants/Uncertificated Registered Warrants]   |
| 12. | Style of Warrants:  | The Warrants are [American/European/ Bermudan/ other (specify)] Style [Call/Put] Warrants. Condition [4(a)/4(b)/4(c)] is applicable.  |
| 13. | (i) Expiry Date:  | [ ] [or if such date is not [a Business Day] [an Underlying Currency Pair [Fixing] [Business] Date] the immediate following day that is [a Business Day] [an Underlying Currency Pair [Fixing] [Business] Date].] |
|     | (ii) Automatic Exercise:  | [Applicable/Not applicable] <sup>2</sup>  |
|     | (iii) Exercise Period:  | [American Style Warrants only]. [The period beginning from (and including) [ ] and ending on (and including)  |

<sup>1</sup> Warrants will generally be in book-entry form represented by a Global Warrant. If, and only if Warrants are being sold in reliance on Rule 144A, will they be in registered form and represented by a Global Registered Warrant.

<sup>2</sup> Refer to Listing Rule 19.2.6. If the Warrants are Retail Securitised Derivatives as defined in Listing Rule 19, then automatic exercise is required.

**Part C – Information relating to Warrants Generally – Pro Forma Pricing Supplement for Warrants**

- the Expiry Date].
- (iv) Potential Exercise Date(s): *[Bermudan Style Warrants only]* *[insert date]* [or if such date is not [a Business Day] [an Underlying Currency Pair Fixing Date] the immediate following day that is [a Business Day] [an Underlying Currency Pair Fixing Date]]
14. (i) Minimum Exercise Number/Minimum Trading Size: [ ] Warrants
- (ii) Permitted Multiple: [ ] Warrants
15. Cash Settlement: [Applicable. The Warrants are Cash Settlement Warrants. Condition 4(d) (*Cash Settlement*) [and Condition 4(f) (*Optional Physical Settlement*)] [applies/apply]]/[Not applicable].
- (i) Cash Settlement Amount: [ ]
- (ii) Cash Settlement Payment Date: [ ] [or, if later, the *[fifth/specify]* Business Day following the [Underlying Currency Pair Fixing Date] [Expiry Date] [[or] relevant Potential Exercise Date]]
16. Physical Settlement: [Applicable. The Warrants are Physical Settlement Warrants. Condition 4(e) (*Physical Settlement*) [and Condition 4(g) (*Optional Cash Settlement*)] [applies/apply]]/[Not applicable].
- (i) Strike Price Payment Date: [ ]
- (ii) Settlement Date: [ ]
- (Consider treatment of dividends)*
17. (i) Payment of Alternative Payment Currency Equivalent: [Applicable] [Not Applicable]
- Settlement Currency Jurisdiction: [ ]
- Alternative Payment Currency: [ ]
- Alternative Payment Currency Jurisdiction: [ ] [Not Applicable]
- Alternative Payment Currency Fixing Page: [ ]
- Alternative Payment Currency Fixing Time: [ ]
- Alternative Payment Currency Exchange Rate Fall-Back provisions: [ ] [Condition 1 applies]
- Offshore RMB Centre [Hong Kong] [Taiwan] [Singapore] [ ] [Not applicable]

**Part C – Information relating to Warrants Generally – Pro Forma Pricing Supplement for Warrants**

- (ii) Underlying Currency Pair provisions: [Applicable] [The Initial Underlying Currency Pair Exchange Rate is [ ]] [Not applicable]
- Reference Currenc(y)(ies): [ ]
- Reference Currency Jurisdiction(s): [ ]
- Specified Currenc(y)(ies): [in respect of [ ] [and [ ]]
- Underlying Currency Pair Business Days: [ ] [Condition 1 applies]
- Underlying Currency Pair Fixing Date: [ ]
- Underlying Currency Pair Fixing Page: [ ] [Condition 1 applies]
- Underlying Currency Pair Fixing Time: [ ]
- Underlying Currency Pair Exchange Rate Fall-Back provisions: [ ] [Condition 1 applies]
- (iii) - FX Disruption: [Applicable][Not applicable]
- (iv) - LBMA Physical Settlement Provisions: [Applicable] [Not applicable]
- LBMA Physical Settlement Commodity(ies): [[ ]] and [ ]]
18. Business Centre: [ ]
19. Determination Date: [ ]<sup>3</sup> / [Not Applicable]
20. Selling Restrictions: In addition to selling restrictions listed in "**Purchase and Sale of the Warrants**" contained in the Offering Memorandum:
- (Specify any selling restrictions applicable to the Warrants which are additional to, or in substitution for, those contained in the Offering Memorandum)*
21. Other Terms: [ ]<sup>4</sup>

**DISTRIBUTION**

22. (i) If syndicated, names of Relevant Manager(s)/Lead Manager(s): [Not applicable][HSBC Bank plc][*other - give name*]

<sup>3</sup> Only applicable if Condition 4(f) (Optional Physical Settlement) or 4(g) (Optional Cash Settlement) is applicable.

<sup>4</sup> If new term constitutes a "significant new factor", consider whether a new offering circular is required.

**Part C – Information relating to Warrants Generally – Pro Forma Pricing Supplement for Warrants**

- (ii) If syndicated, names [, addresses and underwriting commitments] of other Managers (if any): [Not applicable][other - give name] [Give addresses and underwriting commitments] *(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
23. Exemption(s) from requirements under Directive 2003/71/EC (as amended) (the "**Prospectus Directive**"): [Not applicable. This offer is made exclusively to investors outside the European Economic Area /[The offer is addressed solely to qualified investors (as such term is defined in the Prospectus Directive)]/[The offer is addressed to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive)]/[The offer is addressed to investors who will acquire Warrants for a consideration of at least EUR100,000 (or equivalent amount in another currency) per investor for each separate offer]

**Part C – Information relating to Warrants Generally – Pro Forma Pricing Supplement for  
Warrants**

*[In offer of Warrants pursuant to Rule 144A insert:*

**TRANSFER RESTRICTIONS**

Because of the following restrictions, purchasers of Warrants offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Warrants.

Each prospective purchaser of Warrants offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of this Pricing Supplement and the accompanying Offering Memorandum, will be deemed to have represented and agreed with respect to such Warrants as follows:

- (a) such 144A Offeree acknowledges that this Pricing Supplement and the accompanying Offering Memorandum is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Warrants other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Pricing Supplement and the accompanying Offering Memorandum, 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 this Pricing Supplement and the accompanying Offering Memorandum or any documents referred to herein.

Each purchaser of Warrants sold in reliance on Rule 144A ("**Restricted Warrants**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Warrants for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Warrants to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Warrants are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Warrants offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Warrants will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS WARRANT [AND THE SECURITIES TO BE DELIVERED UPON EXERCISE HEREOF]<sup>5</sup> HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS WARRANT IS HEREBY NOTIFIED THAT THE SELLER OF THIS WARRANT MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS WARRANT, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS WARRANT MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US

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<sup>5</sup> *To be included if the underlying securities have not been registered under the Securities Act.*

**Part C – Information relating to Warrants Generally – Pro Forma Pricing Supplement for Warrants**

PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS WARRANT FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN A SUPPLEMENT TO THE OFFERING MEMORANDUM OR APPLICABLE PRICING SUPPLEMENT, EACH PURCHASER OR TRANSFEREE OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS WARRANT TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "BENEFIT PLAN INVESTOR") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "SIMILAR LAW PLAN"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS WARRANT THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

[ANY EXERCISE OF THIS WARRANT WILL BE CONDITIONED ON (1) THE DELIVERY OF A DULY EXECUTED EXERCISE NOTICE BY THE HOLDER HEREOF AND (2) WITH RESPECT TO EXERCISE BY ANY US PERSON, THE UNDERLYING SECURITIES BEING (A) REGISTERED UNDER THE SECURITIES ACT OR (B) SUBJECT TO AN EXEMPTION FROM REGISTRATION THEREUNDER AT THE TIME OF SUCH EXERCISE.]<sup>6</sup>

- (4) Each purchaser of Restricted Warrants acknowledges that the Issuer, the Warrant Registrar, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Warrants for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Warrant represented by a Restricted Global Registered Warrant may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Warrant, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Warrants While in Global Form*" in the accompanying Offering Memorandum.]

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<sup>6</sup> Only include this language in respect of physically settled warrants.



**Part C – Information relating to Warrants Generally – *Pro Forma* Pricing Supplement for Warrants**

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

**PART B – OTHER INFORMATION**

**1. LISTING**

- (i) Listing: [Application [will be/has been] made to admit the Warrants to listing on the Official List of the Irish Stock Exchange [on or around the Issue Date/[ ]]. No assurance can be given as to whether or not, or when, such application will be granted.][Not applicable]
- (ii) Admission to trading: [Application [will be][has been] made for the Warrants to be admitted to trading on the Global Exchange Market with effect from [the Issue Date/ [insert date] ]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application have been made to have the Warrants admitted to trading on the PORTAL System of the US National Association of Securities Dealers][Not applicable]
- (Where documenting a fungible issue need to indicate that original warrants are already admitted to trading.)*
- (iii) Estimated total expenses of admission to trading: [(specify amount)] [Not applicable]

**2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Save for any fees payable to the Manager(s), so far as the Issuer is aware, no person involved in the issue of the Warrants has an interest material to the issue. The 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]

**3. REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- [(i) Reasons for the offer: [ ]
- (Specify reasons only if reasons are different from making profit/hedging purposes, otherwise: Not applicable)*
- (ii) Estimated net proceeds: *(Specify if reasons for the offer are specified above under (i), otherwise: Not applicable.) (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- (iii) Estimated total expenses: *(Specify if reasons for the offer are specified above under (i), otherwise: Not applicable / [Include breakdown of expenses])*

**4. [Index-Linked, other variable-linked Interest Warrants only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained.)*

**Part C – Information relating to Warrants Generally – Pro Forma Pricing Supplement for Warrants**

**OPERATIONAL INFORMATION**

5. ISIN Code: [[ ]/Not applicable]
6. Common Code: [[ ]/Not applicable]
7. CUSIP: [[ ]/Not applicable]
8. Valoren Number: [[ ]/Not applicable]
9. SEDOL: [[ ]/Not applicable]
10. WKN: [[ ]/Not applicable]
11. Any clearing system(s) other than Euroclear, and Clearstream, Luxembourg and the relevant identification number(s): [None/specify] [CREST]
12. Delivery: Delivery [against/free of] payment
13. Additional Warrant Agent(s) (if any): [None/specify]
14. Common Depository: [HSBC Bank plc]/[Not applicable][specify]
15. Calculation Agent: [HSBC Bank plc] [HSBC France] [specify]
16. City in which specified office of Warrant Registrar to be maintained [London][Not applicable][specify]
17. ERISA Considerations: [The Warrants may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Offering Memorandum for further information./give details] [Not applicable]

**Part C – Information relating to Warrants Generally – Summary of Provisions Relating to the Warrants While in Global Form**

**SUMMARY OF PROVISIONS RELATING TO THE WARRANTS WHILE IN GLOBAL FORM**

Warrants may, subject to all applicable legal and regulatory requirements, be issued in Tranches or Series and will be (as specified in the relevant Pricing Supplement) either (i) if not offered in reliance on Rule 144A, (a) Book-Entry Form Warrants represented by a Global Warrant or (b) Uncertificated Registered Warrants or (ii) if and only if offered in reliance on Rule 144A, Registered Warrants represented by Global Registered Warrants. The summary that follows is only in relation to Book-Entry Form Warrants and Registered Warrants.

**Registered Warrants**

*Global Registered Warrants*

Unless specified otherwise in the Pricing Supplement, Registered Warrants will be issued in the form of Global Registered Warrants and the Issuer will deliver:

- (a) a Rule 144A Global Registered Warrant; or
- (b) an Unrestricted Global Registered Warrant and a Restricted Global Registered Warrant

(as each such term is defined below), subject to the Warrant Issuance Agreement (as defined herein) in accordance with their respective terms and as specified in the relevant Pricing Supplement.

*Rule 144A Global Registered Warrant*

In the case of a Tranche of Registered Warrants offered and sold solely within the United States or to US Persons (as defined in Regulation S) in reliance on Rule 144A, such Tranche of Registered Warrants will be represented by a Global Registered Warrant (a "**Rule 144A Global Registered Warrant**"), which will be deposited on or about the Closing Date for such Tranche with, and be registered in the names of the common depository for Euroclear and Clearstream, Luxembourg, as specified in the applicable Pricing Supplement. Interests in any Rule 144A Global Registered Warrant will be exchangeable (in the circumstances described below under "*Exchange and Transfer of Global Registered Warrants for Definitive Registered Warrants*") for Definitive Registered Warrants bearing a Rule 144A legend ("**US Definitive Registered Warrants**"). Rule 144A Global Registered Warrants (and any US Definitive Registered Warrants offered in exchange therefor) will be subject to certain restrictions on transfer contained in such Rule 144A legend appearing on the face of such Warrant as set out below under "*Transfer Restrictions*".

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

*Unrestricted and Restricted Global Registered Warrants*

In the case of a Tranche of Registered Warrants offered and sold both pursuant to Regulation S and in reliance on Rule 144A such Tranche of Registered Warrants will be represented by two Global Registered Warrants (in the case of Registered Warrants forming part of such Tranche which are sold pursuant to Regulation S, an "**Unrestricted Global Registered Warrant**" and, in the case of Registered Warrants forming part of such Tranche which are sold in reliance on Rule 144A, a "**Restricted Global Registered Warrant**").

The Unrestricted Global Registered Warrant will be deposited on or about the issue date for the relevant Tranche with, and registered in the name of the common depository for Euroclear, and Clearstream, Luxembourg. A beneficial interest in the Unrestricted Global Registered Warrant may at all times be held only through Euroclear and Clearstream, Luxembourg. The Restricted Global Registered Warrant will be deposited on or about the issue date for the relevant Tranche with HSBC Bank USA, National Association as custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, DTC. In the circumstances described below under "*Exchange and Transfer of Global Registered Warrants for Definitive Registered Warrants*", interests in any Unrestricted Global Registered Warrant will be exchangeable for Regulation S Definitive Registered Warrants and interests in any Restricted Global Registered Warrant will be exchangeable for US Definitive Registered Warrants and Regulation S Definitive Registered Warrants. Restricted Global Registered Warrants (and any US Definitive

## **Part C – Information relating to Warrants Generally – Summary of Provisions Relating to the Warrants While in Global Form**

Registered Warrants issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Warrants as set out below under "*Transfer Restrictions*".

Each Unrestricted Global Registered Warrant and each Restricted Global Registered Warrant will have an ISIN number and a CUSIP number.

### ***Exchange of Interests in Unrestricted and Restricted Global Registered Warrants; Transfers within and between DTC, Euroclear and Clearstream, Luxembourg***

On or prior to the 40th day after the later of the commencement of the offering of the relevant Tranche and the issue date for that Tranche, a beneficial interest in the relevant Unrestricted Global Registered Warrant may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Restricted Global Registered Warrant only upon receipt by the Warrant Registrar (as defined in the Warrant Issuance Agreement) of a written certification from the transferor (in the applicable form provided in the Warrant Issuance Agreement) to the effect that such transfer is being made to a person who the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other relevant jurisdiction. After such 40th day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Restricted Global Registered Warrant, as set out below under "*Transfer Restrictions*".

Beneficial interests in a Restricted Global Registered Warrant may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Unrestricted Global Registered Warrant, whether before, on or after such 40th day, only upon receipt by the Warrant Registrar of a written certification from the transferor (in the applicable form provided in the Warrant Issuance Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A under the Securities Act (if available) or to the Issuer or its affiliates.

Any beneficial interest in either the Restricted Global Registered Warrant or the Unrestricted Global Registered Warrant relating to any Series that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Registered Warrant relating to such Series will, upon transfer, cease to be a beneficial interest in such Global Registered Warrant and become a beneficial interest in the other Global Registered Warrant and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Registered Warrant for as long as it remains such an interest.

### ***Owner of Global Registered Warrants and Payments***

Subject to certain provisions of the Warrant Issuance Agreement relating to directions, sanctions and consents of Holders of Registered Warrants and to meetings of Holders of Warrants, so long as DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their common depositary, as the case may be, is the registered owner or holder of a Global Registered Warrant, DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Warrants represented by such Global Registered Warrant for all purposes under the Warrant Issuance Agreement and the Warrants. Payments on Global Registered Warrants will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the registered holder thereof. None of the Issuer, the Warrant Registrar, or any Warrant Agent or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Registered Warrants or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

### ***Exchange and Transfer of Global Registered Warrants for Definitive Registered Warrants***

In the case of Rule 144A Global Registered Warrants or Restricted Global Registered Warrants held through DTC, beneficial interests in a Rule 144A Global Registered Warrant or a Restricted Global Registered Warrant will be exchangeable for US Definitive Registered Warrants: (i) if DTC notifies the Issuer that it is no longer willing or able to properly discharge its responsibilities as depositary with

**Part C – Information relating to Warrants Generally – Summary of Provisions Relating to the Warrants While in Global Form**

respect to the relevant Restricted Global Registered Warrant or ceases to be a "clearing agency" registered under the Exchange Act, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depository; or (ii) if the Issuer, at its option, elects to terminate the book-entry system through DTC; or (iii) if the holder of the relevant Rule 144A Global Registered Warrant or Restricted Global Registered Warrant requests that such interest be exchanged for US Definitive Registered Warrants; or (iv) at the option of the Issuer, if the Issuer, any Warrant Agent or the Warrant Registrar, by reason of any change in, or amendment to, the laws of the United Kingdom, is or will be required to make any deduction or withholding from any payment under the Warrants which would not be required if such Warrants were in definitive form.

Beneficial interests in a Regulation S Global Registered Warrant or an Unrestricted Global Registered Warrant will be exchangeable, in whole but not in part, for Regulation S Definitive Registered Warrants and, if held through Euroclear or Clearstream, Luxembourg, pursuant to the relevant Pricing Supplement, beneficial interests in a Rule 144A Global Registered Warrant or a Restricted Global Registered Warrant will be exchangeable for US Definitive Registered Warrants: (i) if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or (ii) the Issuer, at its option, elects to terminate the book-entry system through Euroclear and Clearstream, Luxembourg; or (iii) at the option of the Issuer, if the Issuer would suffer a material disadvantage in respect of the Warrants as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be suffered were the Warrants in definitive form (and, in the case of Partly Paid Warrants, the Issuer may elect to effect such exchange in part only).

In such circumstances, (a) the Warrant Registrar will be required to notify all Holders of interests in the relevant Global Registered Warrants registered in the name of DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their common depository, as the case may be, of the availability of Definitive Registered Warrants and (b) the Issuer will, at the cost of the Issuer, cause sufficient Regulation S Definitive Registered Warrants and/or US Definitive Registered Warrants, as the case may be, to be executed and delivered to the Warrant Registrar for completion, authentication and dispatch to the relevant Holders. A person having an interest in the relevant Global Registered Warrant must provide the Warrant Registrar with:

- (i) a written order containing instructions and such other information as the Issuer and the Warrant Registrar may require to complete, execute and deliver the relevant Definitive Registered Warrant; and
- (ii) in the case of a Rule 144A Global Registered Warrant or a Restricted Global Registered Warrant only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. US Definitive Registered Warrants issued in exchange for a beneficial interest in a Rule 144A Global Registered Warrant or a Restricted Global Registered Warrant will bear the legends applicable to transfers pursuant to Rule 144A (as set out below under "*Transfer Restrictions*").

If an Unrestricted Global Registered Warrant relating to a Series or (if issued in Tranches) Tranche of Warrants of which the Restricted Global Registered Warrant forms a part has, pursuant to its terms, been exchanged in whole, but not in part, for Regulation S Definitive Registered Warrants, beneficial interests in the Restricted Global Registered Warrant may be transferred to a person who wishes to take delivery thereof in the form of a Regulation S Definitive Registered Warrant. Such Regulation S Definitive Registered Warrants shall be registered in such name(s) as DTC, Euroclear or Clearstream, Luxembourg, as applicable, shall direct in writing.

Upon (i) notification to the Warrant Registrar by the Custodian that the appropriate debit entry has been made in the account of the relevant participant of DTC and (ii) receipt by the Warrant Registrar of a certificate, in the form scheduled to the Warrant Issuance Agreement, given by the transferee of the beneficial interest in the Restricted Global Registered Warrant and stating that the transfer of such interest has been made in compliance with the transfer restrictions applicable to the Warrants, and pursuant to and

**Part C – Information relating to Warrants Generally – Summary of Provisions Relating to the Warrants While in Global Form**

in accordance with Regulation S under the Securities Act, the Issuer shall procure that the Warrant Registrar will (against presentation by DTC or HSBC Bank USA, National Association, as custodian, of the Restricted Global Registered Warrant at the specified office of the Warrant Registrar or the Warrant Transfer Agent, all in accordance with the provisions of the Warrant Issuance Agreement), decrease the aggregate principal amount of Warrants registered in the name of the holder of, and represented by, the Restricted Global Registered Warrant and shall, without charge, procure, in exchange therefor, the delivery, within five Relevant Banking Days of the receipt by the Warrant Registrar of the Restricted Global Registered Warrant of the notification and certification referred to in paragraphs (i) and (ii) above, and registration information required to authenticate and deliver such Regulation S Definitive Registered Warrants, of an equal aggregate principal amount of duly authenticated and completed Regulation S Definitive Registered Warrants.

As used herein, "**Relevant Banking Day**" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located.

The holder of a Registered Warrant may transfer such Registered Warrant in accordance with the provisions of Condition 1 (*Form and Transfer*) of the Terms and Conditions of the Warrants.

The holder of a Definitive Registered Warrant may transfer such Warrant by surrendering it at the specified office of the Warrant Registrar or any Warrant Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of US Definitive Registered Warrants issued in exchange for beneficial interests in a Rule 144A Global Registered Warrant or a Restricted Global Registered Warrant bearing the legends as set out below under "*Transfer Restrictions*", or upon specific request for removal of the legend on a US Definitive Registered Warrant, the Issuer will only deliver US Definitive Registered Warrants that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Warrant Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer, that neither the legend nor the restriction on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

The Warrant Registrar will not register the transfer of or exchange of interests in a Global Registered Warrant for Definitive Registered Warrants for a period of 15 calendar days preceding the due date for any payment in respect of the Warrants.

With respect to the registration of transfer of any US Definitive Registered Warrants, the Warrant Registrar will register the transfer of any such US Definitive Registered Warrants if the transferor, in the form of transfer on such US Definitive Registered Warrants, has certified to the effect that such transfer is (i) to persons who the transferor reasonably believes to be qualified institutional buyers within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction, (ii) in accordance with Regulation S, (iii) pursuant to an exemption from Rule 144 under the Securities Act (if available) or (iv) to the Issuer or its affiliates.

Regulation S Definitive Registered Warrants may be exchangeable for or transferable to a person wanting to take delivery thereof in the form of interests in a Restricted Global Registered Warrant, and US Definitive Registered Warrants may be transferable to a person wanting to take delivery thereof in the form of interests in an Unrestricted Global Registered Warrant, in each case, upon receipt by the Warrant Registrar of a duly completed certificate in the form of Schedule 6 to the Warrant Issuance Agreement and in accordance with the requirements of the Warrant Issuance Agreement.

***Transfer Restrictions***

Warrants offered in the United States in reliance on Rule 144A will be subject to the following transfer restrictions and such Warrants will bear the legend set forth below.

Because of the following restrictions, purchasers of Warrants offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Warrants.

**Part C – Information relating to Warrants Generally – Summary of Provisions Relating to the Warrants While in Global Form**

Each prospective purchaser of Warrants offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of the Pricing Supplement and the Offering Memorandum, will be deemed to have represented and agreed with respect to such Warrants as follows:

- (a) such 144A Offeree acknowledges that the Pricing Supplement and the Offering Memorandum is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Warrants other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of the Pricing Supplement and the Offering Memorandum, 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 Pricing Supplement and the Offering Memorandum or any documents referred to herein.

Each purchaser of Warrants sold in reliance on Rule 144A ("**Restricted Warrants**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Warrants for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Warrants to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Warrants are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Warrants offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Warrants will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS WARRANT [AND THE SECURITIES TO BE DELIVERED UPON EXERCISE HEREOF]<sup>7</sup> HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS WARRANT IS HEREBY NOTIFIED THAT THE SELLER OF THIS WARRANT MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS WARRANT, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS WARRANT MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS WARRANT FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

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<sup>7</sup> To be included if the underlying securities have not been registered under the Securities Act.



**Part C – Information relating to Warrants Generally – Summary of Provisions Relating to the Warrants While in Global Form**

UNLESS OTHERWISE PROVIDED IN A SUPPLEMENT TO THE OFFERING MEMORANDUM OR APPLICABLE PRICING SUPPLEMENT, EACH PURCHASER OR TRANSFEREE OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS WARRANT TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "**PLAN**" AS DESCRIBED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS WARRANT THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

ANY EXERCISE OF THIS WARRANT WILL BE CONDITIONED ON (1) THE DELIVERY OF A DULY EXECUTED EXERCISE NOTICE BY THE HOLDER HEREOF AND (2) WITH RESPECT TO EXERCISE BY ANY US PERSON, THE UNDERLYING SECURITIES BEING (A) REGISTERED UNDER THE SECURITIES ACT OR (B) SUBJECT TO AN EXEMPTION FROM REGISTRATION THEREUNDER AT THE TIME OF SUCH EXERCISE.

- (4) Each purchaser of Restricted Warrants will be required to acknowledge that the Issuer, the Warrant Registrar, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Warrants for the account of one or more qualified institutional buyers it will be required to represent that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Warrant represented by a Restricted Global Registered Warrant may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Warrant, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Warrants While in Global Form*" in the accompanying Offering Memorandum.

**PURCHASE AND SALE OF WARRANTS**

**General**

- (1) The Manager has, in a Master Warrant 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 Warrants. 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 Warrants, the Issuer and the relevant Manager(s) will agree details relating to the form of such Warrants and the Conditions relating to such Warrants, the price at which such Warrants will be purchased by the relevant Manager(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 Warrant Issuance Agreement contains provisions for the Issuer to appoint other Managers from time to time either generally in respect of the Programme or in relation to a particular Tranche of Warrants.
- (2) Other than with respect to the admission to listing, trading and/or quotation by one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the Pricing Supplement, no action has been or will be taken in any country or jurisdiction by the Issuer or the relevant Manager(s) that would permit a public offering of Warrants, 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 Offering Memorandum or any Pricing Supplement comes are required by the Issuer and the relevant Manager(s) to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Warrants or have in their possession or distribute this Offering Memorandum or any Pricing Supplements or related offering material, in all cases at their own expense.

**Bahrain**

This Offering Memorandum 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:

- (i) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (ii) 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
- (iii) 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 Warrants 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.

**Dubai International Financial Centre**

The Warrants have not been 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 Warrants which are the subject of the offering contemplated by the Offering Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State may not be made except that, with effect from and including the Relevant Implementation Date, make an offer of such Warrants to the public in that Relevant Member State may be made:

- (a) *Approved prospectus*: if the drawdown prospectus or prospectus (as applicable) in relation to the Warrants specify that an offer of those Warrants may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Warrants which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus which is not a drawdown prospectus has subsequently been completed by final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (d) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of Warrants referred to in (b) to (d) above shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision only, the expression an "**offer of Warrants to the public**" in relation to any Warrants in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe the Warrants, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including, when implemented, the 2010 PD Amending Directive, to the extent of such implementation, in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

***Selling Restrictions Addressing France Securities Laws***

Warrants may not be offered or sold, directly or indirectly, nor may this Offering Memorandum, the relevant Pricing Supplement or any other offering material relating to the Warrants be distributed to the public in France. An offer of Warrants to the public in France will be made only in compliance with the Prospectus Directive and the applicable laws, regulations and procedures in France.

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,

## Part C – Information relating to Warrants Generally – Purchase and Sale of Warrants

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 Warrants has not been registered pursuant to Italian securities legislation and, accordingly, no Warrants may be offered, sold or delivered, and no copies of this Offering Memorandum and any other document relating to the Warrants 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 Warrants may be offered, sold or delivered Warrants or copies of any prospectus relating to such Warrants may be delivered in an offer to the public in the period commencing on the date of publication of such prospectus, **provided that** such prospectus has been approved in another Relevant Member State and notified to CONSOB, all in accordance with the Prospectus Directive and the 2010 PD Amending Directive, as implemented in Italy under Decree No. 58 and Regulation No. 11971, and ending on the date which is 12 months after the date of approval of such prospectus; and
- (3) in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Warrants or distribution of copies of the Offering Memorandum or any other document relating to the Warrants in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007, as amended and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

### *Provisions relating to the secondary market in Italy*

Investors should also note that, in any subsequent distribution of the Warrants in the Republic of Italy (with a minimum denomination lower than €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 Warrants are placed solely with "qualified investors" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Warrants who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Warrants were purchased, unless an exemption provided for under Decree No. 58 applies.

### *Selling Restrictions Addressing Additional The Netherlands Securities Laws*

Zero Coupon Instruments (as defined below) in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of NYSE Euronext Amsterdam in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Instrument in global form, or (b) in respect of the initial issue of Zero Coupon Instruments in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Instruments in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Instruments within, from or into The Netherlands if all Zero Coupon Instruments (either in definitive form or as rights representing an interest in a Zero Coupon Instrument in global form) of any particular Series are issued outside The Netherlands and are not distributed into The Netherlands in the course of

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initial distribution or immediately thereafter. As used herein "**Zero Coupon Instruments**" are Instruments that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

### *Selling Restrictions Addressing Additional Norway Securities Laws*

Warrants 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 Warrants denominated in Norwegian Krone (NOK) will be deemed to have acknowledged, represented and agreed that such Warrants may not be offered or resold within the Kingdom of Norway or to or for the benefit of Norwegian purchasers.

### *Selling Restrictions Addressing Additional Kingdom of Spain Securities Laws*

Warrants may not be offered, sold or distributed in the Kingdom of Spain save in accordance with the requirements of Law 24/1988, of 28 July, on the Securities Market (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) (the "**LMV**") as amended and restated, and Royal Decree 1310/2005, of 4 November 2005, partially developing Law 24/1988, of 28 July, on the Securities Market in connection with listing of securities in secondary official markets, initial purchase offers, rights issues and the prospectus required in these cases (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de Julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), as amended and restated, and the decrees and regulations made thereunder and by institutions authorised under the LMV and Royal Decree 217/2008, of 15 February, on the legal regime applicable to investment services companies (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión y por el que se modifica parcialmente el Reglamento de la Ley 35/2003, de 4 de noviembre, de Instituciones de Inversión Colectiva, aprobado por el Real Decreto 1309/2005, de 4 de noviembre*) to provide investment services in Spain.

### *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 Warrants 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 Warrants in, from or otherwise involving the United Kingdom.

### **Hong Kong**

Warrants (except for Warrants 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 Warrants, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) 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 Warrants other than with respect to Warrants which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### **Indonesia**

No registration statement with respect to the Offering Memorandum and Pricing Supplement 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 Warrants, therefore, shall not be offered or sold or be the subject of an invitation for subscription or purchase, and this Offering Memorandum, Pricing

## Part C – Information relating to Warrants Generally – Purchase and Sale of Warrants

Supplement or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Warrants, shall not be circulated or distributed, whether directly or indirectly, in the Republic of Indonesia or to Indonesian citizens, corporations or residents, except in a manner that will not be considered as a "public offer" under the prevailing law and regulations in the Republic of Indonesia.

### Japan

The Warrants have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and, accordingly, the Warrants 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.

### Korea

The Warrants may not be offered or sold, directly or indirectly, in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Law of Korea and its Presidential Decree), except as otherwise permitted by the applicable Korean laws and regulations.

### Malaysia

No 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 Warrants in Malaysia nor will any prospectus or other offering material or document in connection with the offer and sale of the Warrants be registered or lodged with the Securities Commission of Malaysia or any other Malaysian regulatory authority. Accordingly, the Warrants 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 Offering Memorandum 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 Warrants have not been and will not be registered with the Mexican National Securities Registry (Registro Nacional de Valores) maintained by the Mexican Banking and Securities Commission (Comisión Nacional Bancaria y de Valores) ("**CNBV**"), and may not be offered or sold publicly, or otherwise be the subject of intermediation activities, in Mexico, except pursuant to a private placement exemption as set forth under article 8 of the Mexican Securities Market Law (Ley del Mercado de Valores). The information contained in this Offering Memorandum and in this Pricing Supplement 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 Warrants 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 Warrants that they are a person to whom an offer or invitation in relation to the Programme or the Warrants does not (of itself) create an obligation on the Issuer to prepare, register and provide either an investment statement or prospectus under the Securities Act 1978 of New Zealand ("**NZ Securities Act**") on the basis that they are either:

- (a) not resident in New Zealand and were not present in New Zealand at the time they accepted the offer or invitation; or
- (b) a person whose principal business is the investment of money or a person who, in the course of and for the purpose of their business, habitually invests money within the meaning of section 3(2)(a)(ii) of the NZ Securities Act; or

## Part C – Information relating to Warrants Generally – Purchase and Sale of Warrants

- (c) a person who is required to pay (and does pay) a minimum subscription price of at least NZ\$500,000 for the Warrants or who has, in the last 18 months, paid a minimum subscription price of at least NZ\$500,000 for Warrants (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 Warrants; 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 Warrants, 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 Warrants in, to or from New Zealand (including an offer or invitation which is received by a person in New Zealand); and
- (b) has not distributed or published, and will not distribute or publish, this Offering Memorandum or any other offering material or advertisement relating to the Warrants in New Zealand,

unless each offeree is:

- (c) not resident in New Zealand and was not present in New Zealand at the time they accepted the offer or invitation; or
- (d) a person whose principal business is the investment of money or a person who, in the course of and for the purpose of their business, habitually invests money within the meaning of section 3(2)(a)(ii) of the NZ Securities Act; or
- (e) a person who is required to pay (and does pay) a minimum subscription price of at least NZ\$500,000 for the Warrants or who has, in the last 18 months, paid a minimum subscription price of at least NZ\$500,000 for Warrants (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 Warrants; or
- (f) a person who is an "eligible person" as that term is defined in section 5(2CC) of the NZ Securities Act; or
- (g) 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
- (h) 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

Warrants 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 Offering Memorandum or any information obtained by reference herein relating to the Warrants 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 Offering Memorandum, any information contained herein or the Warrants 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 Warrants in the PRC. The Issuer does not represent that this Offering Memorandum may be lawfully distributed, or that any Warrants may be lawfully offered, in compliance with any applicable registration

## **Part C – Information relating to Warrants Generally – Purchase and Sale of Warrants**

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 Warrants or distribution of this Offering Memorandum in the PRC.

The Warrants may only be invested by the PRC investors that are authorised to engage in the investment in the Warrants 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 WARRANTS BEING OFFERED OR SOLD HEREIN HAVE NOT BEEN REGISTERED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE OF THE PHILIPPINES ("SRC"). ANY FUTURE OFFER OR SALE THEREOF IN THE PHILIPPINES IS SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SRC UNLESS SUCH OFFER QUALIFIES AS AN EXEMPT TRANSACTION.**

Each of the following restrictions must be observed by Warrantholders in relation to sales, transfers or disposals of all or any part of its legal or beneficial interests in the Warrants or offers to do so:

- (a) To the extent that the Warrants are offered, sold or distributed in the Philippines, the Warrantholder, by purchasing the Warrants, agrees for the benefit of the Issuer that the Warrants may not be subsequently offered, sold, pledged or otherwise transferred except in compliance with Philippine laws and regulations (in addition to the laws of other jurisdictions, as applicable) and may be offered, sold or distributed only to "**Qualified Buyers**" as defined under Subsection 10.1(l) of the SRC.
- (b) No Warrantholder shall sell, transfer or otherwise dispose of all or part of its legal or beneficial interests in the Warrants to another person or persons nor offer to do so, unless such sale, transfer, disposal or offer is subject to the condition that such person(s) shall undertake to observe the restrictions set out herein..

Without limitation to paragraphs (a) and (b) above, each Warrantholder shall observe all applicable laws and regulations in the Philippines in connection with the offer, sale, transfer or other disposition of all or any part of its legal or beneficial interests in the Warrants or the distribution of any document or other material in connection therewith.

### **Russia**

The Warrants 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.

### **Switzerland**

This Offering Memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Warrants.

The Warrants 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 Offering Memorandum nor any other offering or marketing material relating to the Warrants may be publicly distributed or otherwise made publicly available in Switzerland.

Warrants 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



## Part C – Information relating to Warrants Generally – Purchase and Sale of Warrants

material relating to such Warrants may only be distributed in Switzerland by way of private placement exclusively to qualified investors according to article 10 CISA.

Neither this Offering Memorandum nor any other offering or marketing material relating to the Warrants 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 Warrants be publicly offered, admitted to trading or listed in Switzerland, this will be set out in the relevant Pricing Supplement 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 Warrants do not constitute participations in a collective investment scheme according to the CISA. Therefore, the Warrants are not subject to the approval of, or supervision by, the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"), and investors in the Warrants will not benefit from protection under the CISA or supervision by FINMA.

### Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the "**SFA**") and accordingly, the Warrants may not be offered or sold, nor may the Warrants be the subject of an invitation for subscription or purchase, nor may this document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Warrants be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Warrants are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Warrants pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

### Taiwan

## **Part C – Information relating to Warrants Generally – Purchase and Sale of Warrants**

The Warrants 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 Warrants 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.

Warrantholders are not permitted to, directly or indirectly, sell, transfer, assign, novate or otherwise dispose of the Warrants to or for the benefit or account of, or in consideration of funds received from, any residents of Taiwan, corporations in Taiwan, or corporations outside Taiwan that are beneficially owned by residents of, or corporations in Taiwan.

The Warrants will not be offered or sold to, and will not be offered or sold in consideration of funds received from, 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 Warrants in violation of these restrictions will be invalid and will not be recognised by the Issuer.

### **Thailand**

Warrants 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 Warrants shall be made, whether directly or indirectly, in the Kingdom of Thailand. This Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Warrants 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 Warrants resells the Warrants into Thailand, it will resell such Warrants 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 Warrants 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 Warrants 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 Offering Memorandum or any Pricing Supplements 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 Offering Memorandum or any Pricing Supplement is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the UAE.

### **United States of America**

In relation to Warrants to be offered and sold outside the United States of America in reliance on Regulation S under the Securities Act:

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

The Manager has represented and agreed and each further Manager appointed under the Programme will be required to represent and agree that, with respect to the Warrants issued in reliance on Regulation S

## Part C – Information relating to Warrants Generally – Purchase and Sale of Warrants

(the "**Regulation S Warrants**"), it has offered and sold Regulation S Warrants and will offer and sell Regulation S Warrants (i) as part of their distribution, at any time and (ii) otherwise, until forty days after the later of the first day on which the Regulation S Warrants were first offered to persons other than distributors and the date of closing of such offering, as determined and certified to the Principal Warrant Agent or the Issuer by the relevant Manager (or, in the case of a sale of a Series of Regulation S Warrants to or through more than one Manager, by each of such Managers as to the Warrants of such Series purchased by or through it, in which case the Principal Warrant Agent or the Issuer shall notify each such Manager when all such Managers have so certified), only in accordance with Rule 903 of Regulation S. Accordingly, each Manager represented and agreed that neither it nor its affiliates (if any) nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Regulation S Warrants, and each Manager, its affiliates (if any) and any person acting on its or their behalf have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act.

The Manager has agreed that, at or prior to confirmation of sale of Regulation S Warrants it will have sent to each distributor, Manager or person receiving a selling concession, fee or other remuneration that purchases Regulation S Warrants from it or through it a confirmation or notice to substantially the following effect:

"The Warrants covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered and sold within the United States or to, or for the account or benefit of, US persons, except in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S."

The terms "**United States**" and "**US person**" have the meanings given to them by Regulation S under the Securities Act.

In relation to Warrants to be offered or sold in the United States of America pursuant to Rule 144A under the Securities Act:

- (1) Each Manager has agreed that it will not, acting either as principal or agent, offer or sell any Warrants in the United States other than Warrants in registered form bearing a restrictive legend thereon, and it will not, acting either as principal or agent, offer, sell, reoffer or resell any of such Warrants (or approve the resale of any such Warrants):
  - (a) except (A) inside the United States, through a US broker dealer that is registered under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), to institutional investors, each of which such Manager reasonably believes is a "**qualified institutional buyer**" (as defined in Rule 144A), or a fiduciary or agent purchasing Warrants for the account of one or more qualified institutional buyers or (B) otherwise, in accordance with the restrictions on transfer set forth in such Warrants, the Warrant Issuance Agreement, the Offering Memorandum and the relevant Pricing Supplement; or
  - (b) by means of any form of general solicitation or general advertisement, including but not limited to (A) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast of television or radio and (B) any seminar or meeting whose attendees have been advised by any general solicitation or general advertising.

Prior to the sale of any Warrants in registered form bearing a restrictive legend thereof, the selling Manager shall have provided each offeree that is a US person (as defined in Regulation S) with a copy of the Offering Memorandum and the corresponding Pricing Supplement in the form the Issuer and Managers shall have most recently agreed shall be used for offers and sales in the United States.

- (2) Each Manager has represented and agreed that in connection with each sale to a qualified institutional buyer, it has taken or will take reasonable steps to ensure that the purchaser is aware that the Warrants have not been and will not be registered under the Securities Act and that transfers of Warrants are restricted as set forth herein and, in the case of sales in reliance upon Rule 144A, that the selling Manager may rely upon the exemption provided by Rule 144A.

## **Part C – Information relating to Warrants Generally – Purchase and Sale of Warrants**

In addition, until 40 days after the commencement of the offering of any Tranche of Warrants, an offer or sale of Warrants of such Tranche within the United States by any manager (whether or not participating in the offering of such Warrants) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.



HSBC Bank plc

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

as Issuer

**PROGRAMME FOR THE ISSUANCE OF NOTES AND WARRANTS**

**EQUITY/INDEX-LINKED NOTES AND WARRANTS, INFLATION RATE-LINKED NOTES AND WARRANTS AND PREFERENCE SHARE-LINKED NOTES**

This product supplement in relation to Equity/Index-Linked Notes and Warrants, Inflation Rate-Linked Notes and Warrants and Preference Share-Linked Notes constitutes Part D ("**Part D**") of the offering memorandum dated 18 June 2013 (the "**Offering Memorandum**") prepared by HSBC Bank plc (the "**Bank**" or the "**Issuer**") in relation to the Programme for the Issuance of Notes and Warrants (the "**Programme**") described therein in connection with the application made for Notes or Warrants to be admitted to listing on the Irish Stock Exchange, and to trading on the its Global Exchange Market.

**The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the "Prospectus Directive"). The Offering Memorandum has been prepared solely with regard to Notes and Warrants that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2004/39/EC and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).**

To the extent that there is any inconsistency between any statement in this Part D and any other statement in, or incorporated by reference in, other parts of the Offering Memorandum, the statements in this Part D will prevail for the purposes of Part D.

Notes and Warrants issued pursuant to the Programme may include: (i) "**Equity/Index Linked Notes and Warrants**" being Notes or Warrants in relation to which the interest rate and/or redemption amount or exercise amount (as applicable) payable at maturity or expiry or exercise (as applicable) is linked to a security, a basket of securities or one or more indices; (ii) "**Inflation Rate-Linked Notes and Warrants**" being Notes or Warrants in relation to which the interest rate and/or redemption amount or exercise amount (as applicable) at maturity or expiry (as applicable) is linked to an inflation rate or inflation rate-dependent variable; and (iii) "**Preference Share-Linked Notes**" being Notes in relation to which the redemption amount payable at maturity is linked to the performance of underlying preference shares (the "**Preference Shares**"). The purpose of this Part D is to provide information in relation to Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes. This Supplement should be read together with Parts A and B of the Offering Memorandum (in the case of Equity/Index-Linked Notes, Inflation Rate-Linked Notes and Preference Share-Linked Notes) and Parts A and C of the Offering Memorandum (in the case of an issue of Equity/Index-Linked Warrants and Inflation Rate-Linked Warrants).

**An investment in Equity/Index-Linked Notes and Warrants and/or Preference Share-Linked Notes involves risks. See Part A of the Offering Memorandum under the heading "Risk Factors" (beginning on page A-9).**

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Part D or any other information supplied in connection with the Equity/Index-Linked Notes and Warrants and/or Preference Share-Linked Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Part D nor any further information supplied in connection with the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes should be considered as a recommendation or as constituting an invitation or offer by the Issuer that any recipient of this Part D or any other information supplied in connection with the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes should subscribe for or purchase the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes. Each investor contemplating subscribing for or purchasing the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes should make its own independent investigation of the affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Part D nor any other information supplied in connection with the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes constitutes an offer by or on behalf of the Issuer to subscribe for or purchase the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes.

The distribution of this Part D and the offer, distribution or sale of Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this document may be lawfully distributed, or that the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes may be lawfully offered, or assumes any responsibility for facilitating any such distribution or offering. In particular, action may be required to be taken to permit a public offering of the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes or a distribution of this document in any jurisdiction. Accordingly, no Equity/Index-Linked Notes and Warrants nor Preference Share-Linked Notes may be offered or sold, directly or indirectly, and neither this Part D nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Part D or the Equity/Index-Linked Notes and Warrants or Preference Share-Linked Notes come must inform themselves about, and observe, any such restrictions.

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

**Programme Arranger and Dealer  
HSBC**

18 June 2013

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**ADDITIONAL PROVISIONS RELATING TO EQUITY-LINKED NOTES, AND  
INDEX-LINKED NOTES AND PREFERENCE SHARE-LINKED NOTES**

The following additional condition shall be deemed to be added as Condition 22 and Condition 23 to the terms and conditions set out in the section headed "*Terms and Conditions of the Notes*" appearing in "*Part B - Information relating to the Notes Generally*" of the Offering Memorandum in respect of any issue of Equity-Linked Notes, Index-Linked Notes and Preference Share-Linked Notes.

The terms and conditions of the Equity-Linked Notes, and Index-Linked Notes (the "**Terms and Conditions of the Equity-Linked Notes, and Index-Linked Notes**") shall consist of Condition 22, and the terms and conditions of the Preference Share-Linked Notes (the "**Terms and Conditions of the Preference Share-Linked Notes**"), Condition 23 and, in each case, the terms and conditions set out in the section headed "*Terms and Conditions of the Notes*" appearing in "*Part B - Information relating to the Notes Generally*" of the Offering Memorandum, as amended or supplemented by the terms of each Tranche of Notes set out in the Pricing Supplement, examples of which are set out below.

22. **Provisions relating to Equity-Linked Notes and Index-Linked Notes**

(a) **Definitions**

As used in this Condition 22, and unless otherwise provided in the relevant Pricing Supplement, the following expressions shall have the following meanings:

"**Additional Disruption Event**" has the meaning ascribed thereto in Condition 22(h);

"**Automatic Early Redemption Amount**" means in respect of an Automatic Early Redemption Date and as calculated by the Calculation Agent in good faith, an amount equal to the Calculation Amount multiplied by the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date or such other amount as specified in the relevant Pricing Supplement;

"**Automatic Early Redemption Date(s)**" means each of the date(s) specified as such in the relevant Pricing Supplement, subject in each case to adjustment in accordance with the Business Day Convention specified in the relevant Pricing Supplement;

"**Automatic Early Redemption Event**" means (unless otherwise specified in the relevant Pricing Supplement) that the price of the relevant Security or, as the case may be, the level of the Index, in either case as determined by the Calculation Agent as of the Valuation Time on the relevant Automatic Early Redemption Valuation Date is, as specified in the relevant Pricing Supplement, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the relevant Automatic Early Redemption Price, or as the case may be, the relevant Automatic Early Redemption Level;

"**Automatic Early Redemption Level**" means, in respect of an Automatic Early Redemption Valuation Date, the level of the Index specified as such or otherwise determined in the relevant Pricing Supplement;

"**Automatic Early Redemption Price**" means, in respect of an Automatic Early Redemption Valuation Date, the price per Security specified as such or otherwise determined in the relevant Pricing Supplement;

"**Automatic Early Redemption Rate**" means, in respect of any Automatic Early Redemption Valuation Date, the percentage rate specified as such for such Automatic Early Redemption Valuation Date in the relevant Pricing Supplement;

"**Automatic Early Redemption Valuation Date(s)**" means each of the date(s) specified as such in the relevant Pricing Supplement (or, if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of Condition 22(e)(i) which shall apply as if such Automatic Early Redemption Valuation Date were a Valuation Date;

"**Averaging Date**" means, in respect of each Valuation Date, each date specified as such or otherwise determined as provided in the relevant Pricing Supplement (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of Condition 22(e)(ii);

"**Cash Settlement**" means, in relation to a Series of Notes, that the relevant Noteholder is entitled to receive from the Issuer on the Maturity Date an amount calculated in accordance with the relevant Pricing Supplement in the Settlement Currency;

"**Clearing System Business Day**" means, in relation to any Securities, any day on which the principal domestic clearing system customarily used for settling trades in such Securities is (or, but for the occurrence of an event beyond the control of the Issuer as a result of which such clearing system cannot clear the transfer of such securities, would have been) open for the acceptance and execution of settlement instructions;

"**Component Security**" means, with respect to an Index, each component security of that Index;

"**Conversion**" means, in respect of any Securities, any irreversible conversion by the Underlying Company of such Securities into other securities;

"**Delisting**" means that the Exchange announces that, pursuant to the rules of such Exchange, the Securities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union);

"**Delivery Disruption Event**" means, as determined by the Calculation Agent in its sole and absolute discretion, the failure by the Issuer to deliver or to procure delivery on the relevant Settlement Date the Securities Transfer Amount under the relevant Note due to illiquidity in the market for such Securities;

"**Deposit Agreement**" means, in relation to each Depositary Receipt, the agreement(s) or other instrument(s) constituting such Depositary Receipt, as from time to time amended or supplemented;

"**Depositary**" means, in relation to a Depositary Receipt, the issuer of such Depositary Receipt as appointed under the Deposit Agreement, including its successors from time to time;

"**Depositary Receipt(s)**" means any Security specified as such in the relevant Pricing Supplement **provided that** if the relevant Deposit Agreement is terminated at any time, any reference to any Depositary Receipt(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it, in its sole and absolute discretion, determines to be appropriate to the relevant Notes and determine, in its sole and absolute discretion, the effective date of such adjustment;

"**Disrupted Day**" means (a) any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred; or (b) if the Notes are Multiple Exchange Index-Linked Notes, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred or (c) any Scheduled Trading Day on which the Index Sponsor fails to publish the Index;

"**DR Linked Notes**" means a Series of Equity-Linked Notes which relate to one or more Securities which are Depositary Receipts;

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



Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index-Linked Notes) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or (b) if the Notes are Multiple Exchange Index-Linked Notes, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day;

**"Equity-Linked Note"** means a Series of Notes in respect of which either an amount, which shall be calculated by reference to the value of a Security or Securities and/or a formula, is payable or a Securities Transfer Amount is deliverable (as indicated in the relevant Pricing Supplement);

**"Exchange"** means (a) with respect to a Security or an Index, each exchange or quotation system specified as such in the relevant Pricing Supplement, 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 Pricing Supplement);

**"Exchange Business Day"** means (a) any Scheduled Trading Day on which each Exchange and any relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; or (b) with respect to a Multiple Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time;

**"Exchange Disruption"** means (a) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Securities on the Exchange (in the case of an Equity-Linked Note) or on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of an Index-Linked Note), or (ii) to effect transactions in, or obtain market values for, future or options contracts relating to the Securities (in the case of an Equity-Linked Note) or the relevant Index (in the case of an Index-Linked Note) on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (i) any Component Security on the Exchange in respect of such Component Security or (ii) futures or options contracts relating to the Index on the relevant Related Exchange;

**"Extraordinary Dividend"** means the amount per Security specified or otherwise determined as provided in the relevant Pricing Supplement or, if no such amount is so specified or determined, any dividend or the portion of any dividend which the

Calculation Agent determines in its sole and absolute discretion should be characterised as an Extraordinary Dividend;

**"Extraordinary Event"** means (a) in all cases other than where the Pricing Supplement specifies that the Securities are Units in a Fund, a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting (b) in the case where the Pricing Supplement specifies that the Securities are Units in a Fund, a Merger Event, Nationalisation, Insolvency, Delisting or Extraordinary Fund Event;

**"Extraordinary Fund Event"** means, in the determination of the Calculation Agent, the occurrence or existence of any of the following:

- (i) the Fund (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C)(1) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (A) to (E) above;
- (ii) the Fund has violated any leverage restriction that is applicable to, or affecting, such Fund or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any contractual restriction binding on or affecting the Fund or any of its assets;
- (iii) the resignation, termination or replacement of the Fund Adviser (as defined below);
- (iv) any change or modification of the Fund Documents that could reasonably be expected to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Issue Date;
- (v) any breach or violation of any strategy or investment guidelines stated in the Fund Documents that is reasonably likely to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent);

**Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – Additional Provisions relating to Equity-Linked Notes and Index-Linked Notes and Preference Share-Linked Notes**

- (vi) the Issuer, or any of its affiliates, is unable, or it is impractical for it, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (1) any restrictions or increase in charges or fees imposed by the Fund on any investor's ability to redeem the Units, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Units, or (2) any mandatory redemption, in whole or in part, of such Units imposed by the Fund (in each case other than any restriction in existence on the Issue Date);
- (vii) (A) cancellation, suspension or revocation of the registration or approval of the Units or the Fund by any governmental, legal or regulatory entity with authority over the Units or the Fund, (B) any change in the legal, tax, accounting or regulatory treatments of the Fund or the Fund Adviser that is reasonably likely to have an adverse impact on the value of the Units or on any investor therein (as determined by the Calculation Agent), or (C) the Fund or the Fund Adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the Fund;
- (viii) (A) the occurrence of any event affecting the Units that, in the determination of the Calculation Agent, would make it impossible or impracticable to determine the value of the Units, and such event is likely, in the determination of the Calculation Agent, to continue for the foreseeable future; or (B) any failure of the Fund to deliver, or cause to be delivered (1) information that the Fund has agreed to deliver, or cause to be delivered to the Issuer and/or Calculation Agent or (2) information that has been previously delivered to the Issuer and/or Calculation Agent in accordance with the Fund's, or its authorised representative's, normal practice and that the Issuer and/or Calculation Agent deems necessary for it to monitor the Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the Units;
- (ix) on or after the Strike Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (X) it has become illegal to hold, acquire or dispose of the Units, or (Y) the Issuer will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (x) the Issuer would incur a materially increased (as compared with circumstances existing on the Strike Date) amount of tax (including potential taxes which the Calculation Agent considers may arise), duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Extraordinary Fund Event; and

- (xi) (A) the cancellation or cessation of any Underlying Index or (B) a material change in the formula for or the method of calculating or any other material modification to any Underlying Index (other than a modification prescribed in that formula or method to maintain such Underlying Index in the event of changes in constituent stock and capitalisation and other routine events) or (C) the relevant sponsor of any Underlying Index fails to calculate and announce such Underlying Index;

**"Final Index Level"** means, with respect to an Index and a Valuation Date, the level determined as provided in the relevant Pricing Supplement or, if no such level is so provided (a) the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Valuation Date or (b) with respect to a Multiple Exchange Index, the official closing level of the Index on the Valuation Date as calculated and published by the Index Sponsor or (c) if Averaging Dates are specified in the relevant Pricing Supplement in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded up to four decimal places (with 0.00005 being rounded up)) of the Reference Levels on such Averaging Dates;

**"Final Price"** means, with respect to a Security and a Valuation Date, the price determined as provided in the relevant Pricing Supplement, 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 Pricing Supplement in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded up to four decimal places (with 0.00005 being rounded up)) of the Reference Prices on such Averaging Dates;

**"Fund"** means the exchange traded fund or similarly traded or listed fund as specified in the relevant Pricing Supplement;

**"Fund Adviser"** means, with respect to a Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment manager (including a non-discretionary investment manager to a discretionary investment manager or to another non-discretionary investment manager), as provided in the related Fund Documents;

**"Fund Documents"** means, in relation to any Fund, the constitutive and governing documents, subscription agreements and other agreements of such Fund specifying the terms and conditions relating to such Fund, in each case as amended and supplemented from time to time;

**"Government Bonds"** means, in relation to a Series of Notes, bonds or any other debt securities issued by a government, government agency or subdivision or a transnational or supranational organisation as specified in the relevant Pricing Supplement and **"Government Bond"** shall be construed accordingly;

**"Index"** means, in relation to a Series of Notes, the index to which such Notes relates, as specified in the relevant Pricing Supplement, subject to adjustment pursuant to this Condition 21, and **"Indices"** shall be construed accordingly;

**"Index-Linked Note"** means a Series of Notes in respect of which an amount calculated by reference to an Index or Indices and/or a formula is payable (as indicated in the relevant Pricing Supplement) including Inflation Rate-Linked Notes;

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

**"Index Sponsor"** means the corporation or other entity specified as such in the relevant Pricing Supplement 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;

**"Index Substitution Notice"** has the meaning given in Condition 22(f)(iii);

**"Inflation Rate-Linked Note"** means a Note in relation to which the interest payable thereon (if any) and/or the redemption amount thereof is determined by reference to an inflation rate, inflation rates or any other inflation rate-dependent variables (as indicated in the relevant Pricing Supplement);

**"Initial Index Level"** means, with respect to an Index, the level specified as such or otherwise determined as provided in the relevant Pricing Supplement or, if no such level is so specified or otherwise determined, the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date or, with respect to a Multiple Exchange Index, the official closing level of the Index on the Strike Date as calculated and published by the Index Sponsor 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 Pricing Supplement 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 each as rounded up to four decimal places (with 0.00005 being rounded up);

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting an Underlying Company, (A) all the Securities of that Underlying Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Securities of that Underlying Company become legally prohibited from transferring them;

**"Knock-in Amount"** means the interest amount, redemption amount or other amount as specified as such in the relevant Pricing Supplement;

**"Knock-in Amount Payment Date"** means such date as specified in the relevant Pricing Supplement subject to adjustment in accordance with the Business Day Convention specified in the relevant Pricing Supplement;

**"Knock-in Determination Day"** means each Scheduled Trading Day specified as such in the relevant Pricing Supplement or if Knock-in Determination Period is specified in the relevant Pricing Supplement as being applicable, each Scheduled Trading Day during the Knock-in Determination Period, in each case subject to the provisions of Condition 22(e)(i) which shall apply as if such Knock-in Determination Day were a Valuation Date;

**"Knock-in Determination Period"** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date;

**"Knock-in Event"** means (unless otherwise specified in the relevant Pricing Supplement) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Valuation Time or, if specified as such in the relevant Pricing Supplement, observed by the Calculation Agent continuously on any Knock-in Determination Day is, as specified in the relevant Pricing Supplement, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Price or, as the case may be, the Knock-in Level;

**"Knock-in Level"** means the level of the Index specified as such or otherwise determined in the relevant Pricing Supplement;

**"Knock-in Period Beginning Date"** means the date specified as such in the relevant Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of Condition 22(e) which shall apply as if such Knock-in Period Beginning Date were a Valuation Date;]

**"Knock-in Period Ending Date"** means the date specified as such in the relevant Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of Condition 22(e) which shall apply as if such Knock-in Period Ending Date were a Valuation Date;]

**"Knock-in Price"** means the price per Security specified as such or otherwise determined in the relevant Pricing Supplement;

**"Knock-out Amount"** means the interest amount, redemption amount or other amount as specified as such in the relevant Pricing Supplement;

**"Knock-out Amount Payment Date"** means such date as specified in the relevant Pricing Supplement subject to adjustment in accordance with the Business Day Convention specified in the relevant Pricing Supplement;

**"Knock-out Determination Day"** means each Scheduled Trading Day specified as such in the relevant Pricing Supplement or if Knock-out Determination Period is specified in the relevant Pricing Supplement as being applicable, each Scheduled Trading Day during the Knock-out Determination Period, in each case subject to the provisions of Condition 22(e)(i) which shall apply as if such Knock-out Determination Day were a Valuation Date;

**"Knock-out Determination Period"** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date;

**"Knock-out Event"** means (unless otherwise specified in the relevant Pricing Supplement) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Valuation Time or, if specified as such in the relevant Pricing Supplement, observed by the Calculation Agent continuously on any Knock-out Determination Day is, as specified in the relevant Pricing Supplement, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Price or, as the case may be, Knock-out Level;

**"Knock-out Level"** means the level of the Index specified as such or otherwise determined in the relevant Pricing Supplement;

**"Knock-out Period Beginning Date"** means the date specified as such in the relevant Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of Condition 22(e) which shall apply as if such Knock-out Period Beginning Date were a Valuation Date;

**"Knock-out Period Ending Date"** means the date specified as such in the relevant Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of Condition 22(e) which shall apply as if such Knock-out Period Ending Date were a Valuation Date;]

**"Knock-out Price"** means the price per Security specified as such or otherwise determined in the relevant Pricing Supplement;

**"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:

- (A) (1) the occurrence or existence, in respect of any Component Security, of (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded, OR (cc) an Early Closure; AND (2) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR
- (B) the occurrence or existence, in respect of futures or options contracts relating to the Index of: (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Related Exchange; or (cc) an Early Closure;

For the purposes of determining whether a Market Disruption Event exists in respect of a Multiple Exchange Index at any time, if a Market Disruption Event occurs in respect of a Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data";

**"Merger Event"** means in respect of any relevant Securities, any (i) reclassification or change of such Securities that results in a transfer of or an irrevocable commitment to transfer all of such Securities outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Underlying Company with or into another entity or person (other than a consolidation, amalgamation or merger in which such Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Securities of the Underlying Company that results in a transfer of or an irrevocable commitment to transfer all such Securities (other than such Securities owned or controlled by such other entity or person); or (iv) consolidation, amalgamation, merger or binding share exchange of the Underlying Company or its subsidiaries with or into another entity in which the Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding but results in the outstanding Securities (other than Securities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Securities immediately following such event, in each case if the closing date of a Merger Event (or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent) is on or before, in the case of any Equity-Linked Note which is to be redeemed by delivery of a Securities Transfer Amount, the Maturity Date or, in any other case, the final Valuation Date;

If the Notes are DR Linked Notes, "Merger Event" shall include the occurrence of any of the events described in (i) to (iv) (inclusive) above in relation to the relevant Underlying Securities;

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

"**Multiple Exchange Index-Linked Notes**" means Notes which relate to a Multiple Exchange Index;

"**Nationalisation**" means that all the Securities (or, if the Notes are DR Linked Notes, the relevant Underlying Securities) or all or substantially all the assets of an Underlying Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity;

"**Notional Sale Date**" has the meaning given in the definition of Settlement Date below;

"**Potential Adjustment Event**" means (i) a subdivision, consolidation or reclassification of relevant Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Securities to existing holders whether by way of bonus, capitalisation or similar issue; or (ii) a distribution, issue or dividend to existing holders of the relevant Securities of (A) such Securities or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Company equally or proportionately with such payments to holders of such Securities or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent in its sole and absolute discretion; or (iii) an Extraordinary Dividend; or (iv) a call by the Underlying Company in respect of relevant Securities that are not fully paid; or (v) a repurchase by the Underlying Company or any of its subsidiaries of relevant Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vi) in respect of the Underlying Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Underlying Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, **provided that** any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Securities; or (viii) any other event specified as such in the relevant Pricing Supplement;

With respect to Depositary Receipts, "Potential Adjustment Event" shall also include (x) the occurrence of any of the events described in (i) to (viii) (inclusive) above in respect of the relevant Underlying Securities and (y) the making of any amendment or supplement to the terms of the Deposit Agreement;

"**Reference Level**" means, unless otherwise specified in the relevant Pricing Supplement (a) in respect of an Index and an Averaging Date, the level of such Index as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date and (b) in respect of a Multiple Exchange Index and an Averaging Date, the official closing level of such Multiple Exchange Index on such Averaging Date as calculated and published by the Index Sponsor;

"**Reference Price**" means, unless otherwise specified in the relevant Pricing Supplement, 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 Pricing Supplement, 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 Pricing Supplement, "**Related Exchange**" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Security or Index, as the case may be;

"**Residual Amount**" means, in relation to a Noteholder and a Note, the fraction of a Security rounded down pursuant to Condition 22(b), as determined by the Calculation Agent or such amount as otherwise specified in the relevant Pricing Supplement;

"**Residual Cash Amount**" means, in respect of a Residual Amount, the product of such Residual Amount and the fraction of which the numerator is the Final Price and the denominator is the Initial Price or such amount as otherwise specified in the relevant Pricing Supplement;

"**Scheduled Averaging Date**" has the meaning given in Condition 22(e)(iv)(B)(3)(bb);

"**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 in Condition 22(e)(iv)(B)(3)(aa);

"**Scheduled Trading Day**" means (a) any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading for their respective regular trading sessions; or (b) with respect to a Multiple Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session or (c) any day on which the Index Sponsor is scheduled to publish the level of the Index;

"**Scheduled Valuation Date**" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

"**Securities**" means, in relation to a Series of Notes or in relation to an Index, the equity securities, debt securities (including without limitation Government Bonds), depositary receipts or other securities or property, as adjusted pursuant to this Condition 22, to which such Notes or Index, as the case may be, relate, as specified in the relevant Pricing Supplement and "**Security**" shall be construed accordingly;

"**Securities Transfer Amount**" means the number of Securities per Note as specified in the relevant Pricing Supplement or if no such number is so specified, the number of Securities per Note calculated by the Calculation Agent and equal to the fraction of which the numerator is the Calculation Amount and the denominator is the Initial Price;

"**Settlement Cycle**" means, in respect of a Security or an Index, the period of Clearing System Business Days following a trade in the relevant Security or the securities underlying such Index, as the case may be, on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period);

"**Settlement Date**" means, in relation to Securities to be delivered in respect of an Equity-Linked Note (a) in the case of Equity-Linked Notes which relate to equity securities and unless otherwise specified in the relevant Pricing Supplement, the later of (i) the Maturity Date and (ii) the date that falls one Settlement Cycle after the Exchange Business Day following the Valuation Date (the "**Notional Sale Date**") (or if such day is not a Clearing System Business Day, the next following Clearing System Business Day) subject to the provisions of Condition 22(b) or, (b) in any other case, and unless

otherwise specified in the relevant Pricing Supplement, the date specified as such in the relevant Pricing Supplement, subject to adjustment in accordance with the Following Business Day Convention unless another Business Day Convention (as defined in 1 Condition) is specified in the relevant Pricing Supplement. In each case, if a Settlement Disruption Event prevents delivery of such Securities on that day, then the Settlement Date shall be determined in accordance with Condition 21(b)(ii);

**"Settlement Disruption Event"** in relation to a Security or a Component Security, means an event which the Calculation Agent, in its sole and absolute discretion, determines to be beyond the control of the Issuer or relevant obligor and to be an event as a result of which the relevant Clearing System cannot clear the transfer of such Security or Component Security;

**"Strike Date"** means the date specified as such in the relevant Pricing Supplement (or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, subject to the provisions of Condition 22(e));

**"Substitute Index"** has the meaning given in Condition 22(f)(iii);

**"Successor Index"** has the meaning given in Condition 22(f)(i) or Condition 22(l) as applicable;

**"Tender Offer"** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Underlying Company, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant;

**"Trading Disruption"** means (a) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Securities on the Exchange (in the case of an Equity-Linked Note) or on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index-Linked Notes); or (ii) in futures or options contracts relating to the Securities or the relevant Index on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to any Component Security on the Exchange in respect of such Component Security, or (ii) in futures or options contracts relating to the Index on any relevant Related Exchange;

**"Transfer Notice"** means for the purposes of Equity-Linked Notes only a notice in the form from time to time approved by the Issuer, which must:

- (i) specify the name and address of the Noteholder;
- (ii) specify the number of Notes in respect of which it is the Noteholder;
- (iii) specify the number of the Noteholder's account at the relevant Clearing System to be debited with such Notes;
- (iv) irrevocably instruct and authorise the relevant Clearing System, (A) to debit the Noteholder's account with such Notes on the Settlement Date, if the Issuer elects (or has elected) the Physical Delivery provisions being applicable or otherwise on the Maturity Date and (B) that no further transfers of the Notes specified in the Transfer Notice may be made;

**Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – Additional Provisions relating to Equity-Linked Notes and Index-Linked Notes and Preference Share-Linked Notes**

- (v) contain a representation and warranty from the Noteholder to the effect that the Notes to which the Transfer Notice relates are free from all liens, charges, encumbrances and other third party rights;
- (vi) specify the number and account name of the account at the relevant Clearing System to be credited with the Securities if the Issuer elects (or has elected) the Physical Delivery provisions being applicable;
- (vii) contain an irrevocable undertaking to pay the Transfer Expenses (if any) and an irrevocable instruction to the relevant Clearing System to debit on or after the Settlement Date the cash or other account of the Noteholder with the relevant Clearing System specified in the Transfer Notice with such Transfer Expenses;
- (viii) include a certificate of non-US beneficial ownership in the form required by the Issuer; and
- (ix) authorise the production of the Transfer Notice in any applicable administrative or legal proceedings;

**"Underlying Company"** means the issuer of the Security as specified in the relevant Pricing Supplement and, if the Notes are DR Linked Notes, each of the Depositary and the issuer of the relevant Underlying Security, in each case subject to adjustment in accordance with Condition 22(g);

**"Underlying Index"**, in relation to a Fund, has the meaning given to it in the relevant Pricing Supplement;

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

**"Unit"**, in relation to a Fund, has the meaning given to it in the relevant Pricing Supplement;

**"Valid Date"** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur;

**"Valuation Date"** means each date specified or otherwise determined as provided in the relevant Pricing Supplement (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), in each case subject to Condition 22(e); and

**"Valuation Time"** means (a) in relation to each Security to be valued or each Index the level of which falls to be determined on any date, the time on such date specified as such in the relevant Pricing Supplement 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, for the purposes of determining whether a Market Disruption Event has occurred: (i) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (ii) in respect of any options contracts or future contracts on the Index, the close of trading on the Related Exchange; and (c) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

(b) *Physical Delivery*

In relation to Equity-Linked Notes which are to be redeemed by the delivery of a Securities Transfer Amount, and subject to the other provisions of these Conditions and the relevant Pricing Supplement:

- (i)
- (A) Each Noteholder shall, on or before the date five calendar days before the Maturity Date or the date of early termination or redemption (or such earlier date as the Issuer shall determine is necessary for the Issuer, the Paying Agents, the relevant Clearing System to perform their respective obligations in relation to the Notes and notify to the Paying Agents and the Noteholders) send to the relevant Clearing System, in accordance with its then applicable operating procedures, and copied to the Principal Paying Agent, a duly completed Transfer Notice.
  - (B) A Transfer Notice, once delivered to the relevant Clearing System, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Noteholder may not transfer any Note which is the subject of a Transfer Notice following delivery of such Transfer Notice to the relevant Clearing System. A Transfer Notice shall only be valid to the extent that the relevant Clearing System have not received conflicting prior instructions in respect of the Notes which are the subject of the Transfer Notice.
  - (C) Failure properly to complete and deliver a Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided shall be made by the Principal Paying Agent and shall be conclusive and binding on the Issuer and the Noteholder.
  - (D) The Principal Paying Agent shall promptly on the local banking day following receipt of a Transfer Notice send a copy thereof to the Issuer or such person as the Issuer may previously have specified.
  - (E) Delivery of the Securities will be via the relevant Clearing System. The delivery or transfer of Securities to each Noteholder is at the relevant Noteholder's risk and if delivery occurs later than the earliest possible date for delivery, no additional amounts will be payable by the Issuer.
  - (F) the Issuer shall discharge its obligation to redeem the relevant proportion of the Notes by delivering, or procuring the delivery of, the Securities Transfer Amount on the Settlement Date to the Clearing System for credit to the account with the Clearing System specified in the Transfer Notice of the relevant Noteholder.
  - (G) The amount of Securities to be delivered to or for the account of each Noteholder shall be an amount of Securities equal to the number of Notes in respect of which such Noteholder is the holder as specified in the relevant Transfer Notice multiplied by the Securities Transfer Amount **provided, however, that** if a Noteholder would become entitled to a number of Securities which is not equal to a board lot of the Securities at such time, as determined by the Calculation Agent, or an integral multiple thereof, then the Noteholder's entitlement to delivery of Securities shall be rounded down to the nearest whole Security.
  - (H) In relation to each Noteholder, the Calculation Agent shall calculate the Residual Amount and the Residual Cash Amount. The Residual Cash

Amount shall be paid by the Issuer to the relevant Noteholder on the Settlement Date.

- (I) Each Noteholder shall be required as a condition of its entitlement to delivery of Securities in respect of any Notes to pay all Transfer Expenses in respect of such Notes.
  - (J) After delivery to or for the account of a Noteholder of the relevant Securities Transfer Amount and for such period of time as the transferor or its agent or nominee shall continue to be registered in any clearing system as the owner of the Securities comprised in such Securities Transfer Amount (the "**Intervening Period**"), none of such transferor or any agent or nominee for the Issuer or such transferor shall (i) be under any obligation to deliver to such Noteholder or any other person any letter, certificate, notice, circular, dividend or any other document or payment whatsoever received by the Issuer or such transferor, agent or nominee in its capacity as holder of such Securities, (ii) be under any obligation to exercise any rights (including voting rights) attaching to such Securities during the Intervening Period, or (iii) be under any liability to such Noteholder or any other person in respect of any loss or damage which the Noteholder or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or such transferor, agent or nominee being registered in such clearing system during such Intervening Period as legal owner of such Securities.
  - (K) All dividends on Securities to be delivered will be payable to the party that would receive such dividends according to market practice for a sale of the Securities executed on the Notional Sale Date to be delivered in the same manner as such Securities. Any such dividends will be paid to or for credit to the account specified by the Noteholder in the relevant Transfer Notice. No right to dividends on the Securities will accrue to Noteholders prior to the Notional Sale Date.
- (ii) The Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Settlement Disruption Event has occurred and where it determines such an event has occurred and so has prevented delivery of Securities on the original day that but for such Settlement Disruption Event would have been the Settlement Date, then the Settlement Date will be the first succeeding day on which delivery of such Securities can take place through the relevant Clearing System unless a Settlement Disruption Event prevents settlement on each of the eight relevant Clearing System Business Days immediately following the original date (or during such other period (the "**Disruption Period**") specified in the relevant Pricing Supplement) that, but for the Settlement Disruption Event, would have been the Settlement Date. In that case, if the Securities are debt securities, the Issuer shall use reasonable efforts to deliver such Securities promptly thereafter in a commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) outside the Clearing System and in all other cases (a) if such Securities can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be the first Business Day on which settlement of a sale of Securities executed on that eighth relevant Clearing System Business Day, or during such other period specified in the relevant Pricing Supplement, customarily would take place using such other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) of delivery (which other manner of delivery will be deemed the relevant Clearing System for the purposes of delivery of the relevant Securities), and (b) if such Securities cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be postponed until delivery can be effected through the relevant Clearing System or in any other commercially reasonable manner.

For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Securities comprised in a basket, the Settlement Date for Securities not affected by the Settlement Disruption Event will be the first day on which settlement of a sale of such Securities executed on the Maturity Date customarily would take place through the relevant Clearing System.

- (iii) If the Calculation Agent determines, in its sole and absolute discretion, that a Delivery Disruption Event has occurred, it shall notify the Issuer who shall promptly notify the relevant Noteholder(s) and the Issuer may then:
  - (A) determine, in its sole and absolute discretion, that the obligation to deliver the relevant Securities Transfer Amount will be terminated and the Issuer will pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the Securities Transfer Amount, in which event the entitlements of the respective Noteholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount; or
  - (B) deliver on the Settlement Date such amount of the Securities Transfer Amount (if any) as it can deliver on that date and pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the remainder of the Securities Transfer Amount, in which event the entitlements of the respective Noteholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount.

Where this Condition 22(b)(iii) fails to be applied, insofar as the Calculation Agent determines in its sole and absolute discretion to be practical, the same shall be applied as between the Noteholders on a *pro rata* basis, but subject to such rounding down (whether of the amount of a payment or of a number of Securities to be delivered) and also to such other adjustments as the Calculation Agent determines, in its sole and absolute discretion, to be appropriate to give practical effect to such provisions.

(c) ***Automatic Early Redemption***

This Condition 22(c) is applicable only if Automatic Early Redemption Event is indicated as applicable in relevant Pricing Supplement.

If on any Automatic Early Redemption Valuation Date, the Automatic Early Redemption Event occurs, then unless previously redeemed or purchased and cancelled, the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date and the Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount in the relevant currency equal to the relevant Automatic Early Redemption Amount.

(d) ***Knock-in and Knock-out Provisions***

This Condition 22(d) is applicable only if "Knock-in Event" or "Knock-out Event" is specified as applicable in the relevant Pricing Supplement. If on a Knock-in Determination Day or Knock-out Determination Day, a Knock-in Event or Knock-out Event (respectively) occurs, then a Knock-in Amount or Knock-out Amount (respectively) becomes payable on the relevant Knock-in Amount Payment Date or Knock-out Amount Payment Date (respectively), all as specified as such in the relevant Pricing Supplement.

(e) *Consequences of Disrupted Days*

For the purposes of this Condition 22(e) "**Limit Valuation Date**" shall mean, if any Valuation Date in respect of a Note is a Disrupted Day, the eighth Scheduled Trading Day following such Valuation Date, notwithstanding the Market Disruption Event, **provided that**:

- (i) if, as a result of the foregoing, the Valuation Date would be deemed to fall less than five local banking days prior to the Maturity Date, a relevant Interest Payment Date or (as the case may be) any due date for payment of any amount due in respect of such Note, the Limit Valuation Date shall be deemed to fall on the day which is five local banking days prior to the Maturity Date, such Interest Payment Date or (as the case may be) due date for payment of any amount due in respect of such Note or, if such local banking day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day; and
- (ii) if the Scheduled Valuation Date falls on a day which is five local banking days or less prior to the Maturity Date, a relevant Interest Payment Date or (as the case may be) any due date for payment of any amount due in respect of such Note, the Limit Valuation Date shall be deemed to be such Scheduled Valuation Date,

in each case notwithstanding the fact that such day is a Disrupted Day.

(iii) If any Valuation Date is a Disrupted Day, then:

(A) in the case of an Equity-Linked Note, or an Index-Linked Note which, in each case, relates to a single Security or Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, **provided that** the Valuation Date shall not fall after the Limit Valuation Date. In that case:

(1) in respect of an Index-Linked Note, the Calculation Agent shall determine in its absolute discretion that either:

(aa) the Valuation Date shall be the Limit Valuation Date; or

(bb) the Valuation Date shall be the first succeeding Exchange Business Day on which there is no Market Disruption Event,

and, in the case of (aa) above, the Calculation Agent shall determine the level of the Index as of the Valuation Time on the Limit Valuation Date determined in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Limit Valuation Date of each security or other property comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other property on the Limit Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on the Limit Valuation Date); and

(2) in respect of an Equity-Linked Note, the Limit Valuation Date shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and the Calculation Agent shall determine its good faith estimate of the value for the relevant Security as of the Valuation Time on that Limit Valuation Date;

(B) in the case of an Index-Linked Note which relates to a basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, unless each of the succeeding Scheduled Trading Days up to and including the Limit Valuation Date is a Disrupted Day relating to that Index. In that case, the Calculation Agent shall determine in its absolute discretion that either:

- (1) the Limit Valuation Date shall be the Valuation Date for the relevant Index notwithstanding the fact that such day is Disrupted Day relating to that Index; or
- (2) the Valuation Date shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index,

and, in the case of (1) above, the Calculation Agent shall determine, in its sole and absolute discretion, the level of that Index, as of the Valuation Time on the Limit Valuation Date in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Limit Valuation Date of each security or other property comprised in the relevant Index (or, if an event giving rise to a Disrupted Day has occurred in respect to the relevant security or other property on the Limit Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on the Limit Valuation Date); and

(C) in the case of an Equity-Linked Note which, in each case, relates to a basket of Securities, the Valuation Date for each Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Security affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Security, unless each of the Scheduled Trading Days (up to and including the Limit Valuation Date) immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Security. In that case, (1) the Limit Valuation Date shall be deemed to be the Valuation Date for the relevant Security, notwithstanding the fact that such day is a Disrupted Day, and (2) the Calculation Agent shall determine, in its sole and absolute discretion, its good faith estimate of the value for that Security as of the Valuation Time on the Limit Valuation Date.

(iv) If Averaging Dates are specified in the relevant Pricing Supplement, then notwithstanding any other provisions of these Conditions, the following provisions will apply to the valuation of the relevant Index or Securities:

(A) The Final Price or Final Index Level will be, in relation to any Valuation Date:

- (1) in respect of an Index-Linked or an Equity-Linked Note settled by way of Cash Settlement which, in each case, relates to a single Security or Index (as the case may be), the arithmetic mean of the Reference Price of the Security or (as the case may be) of the Reference Level of the Index on each Averaging Date;
- (2) in respect of an Index-Linked Note settled by way of Cash Settlement 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 Pricing Supplement 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 Pricing Supplement); and

- (3) in respect of an Equity-Linked Note settled by way of Cash Settlement 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 Pricing Supplement 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 Pricing Supplement).

- (B) If any Averaging Date is a Disrupted Day, then, if the consequence specified in the relevant Pricing Supplement 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 22(e)(i) will apply for purposes of determining the relevant level, price or amount on the final Averaging Date in respect of that Valuation Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Maturity Date, Automatic Early Redemption Date, Instalment Date, Optional Redemption Date (Call Option), Optional Redemption Date (Put Option) or any other early redemption date in accordance with the Conditions or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date;
- (2) "**Postponement**", then Condition 22(e)(i) will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the relevant Notes. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Maturity Date, Instalment Date, Automatic Early Redemption Date, Optional Redemption Date (Call

Option), Optional Redemption Date (Put Option) or any other early redemption date in accordance with the Conditions or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date; or

(3) "**Modified Postponement**", then:

(aa) in the case of an Index-Linked Note or an Equity-Linked Note which relates to a single Index or Security, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the Limit Valuation Date immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date (the "**Scheduled Final Averaging Date**") in relation to the relevant Scheduled Valuation Date, then:

(i) in respect of an Index-Linked Note, the Calculation Agent shall determine in its absolute discretion that either:

(a) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date); or

(b) the Averaging Date shall be the first succeeding Valid Date,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 22(e)(iii)(A)(1); and

(ii) in respect of an 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 22(e)(iii)(A)(2); and

(bb) in the case of an Index-Linked Note or an 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 Pricing Supplement as an Averaging Date in relation to the relevant Valuation Date (the "**Scheduled Averaging Date**") and the Averaging Date for an Index or Security affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index or Security. If the first succeeding Valid Date in relation to such Index or Security has not occurred as of the Valuation Time on the Limit

Valuation Date immediately following the Scheduled Final Averaging Date, then:

- (i) in respect of an Index-Linked Note, the Calculation Agent shall determine in its absolute discretion that either:
  - (a) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Index; or
  - (b) the Averaging Date shall be the first succeeding Valid Date,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 22(e)(iii)(B); and

- (ii) in respect of an Equity-Linked Note or a Cash Equity Note, the Limit Valuation Date shall be the Averaging Date (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Security, and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant amount for that Averaging Date in accordance with Condition 22(e)(iii)(C).

If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Maturity Date, Automatic Early Redemption Date, Instalment Date, an Optional Redemption Date (Call Option), an Optional Redemption Date (Put Option) or other early redemption date or Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

(f) ***Adjustments to Indices***

This Condition 22(f) is applicable only in relation to Index-Linked Notes other than Inflation Rate-Linked Notes in relation to which Condition 22(l) shall apply.

(i) ***Successor Index***

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Index Sponsor acceptable to the Calculation Agent, or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that Index (the "**Successor Index**") will be deemed to be the Index.

(ii) *Index Modification*

If on or prior to any Valuation Date 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.

(iii) *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:

- (1) the Issuer shall as soon as is reasonably practicable after determining the same give notice (an "**Index Cancellation Notice**") of such Index Cancellation to the Noteholders (with a copy to the Calculation Agent) in accordance with Condition 14 (*Notices*);
- (2) if Index Substitution is specified as being applicable in the relevant Pricing Supplement, 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 14 (*Notices*) and, with effect from the date so determined, the Substitute Index shall be deemed to be the Index; and
- (3) if no Substitute Index has been identified within ten Business Days of the giving of such Index Cancellation Notice or if Index Substitution has not been specified as being applicable in the relevant Pricing Supplement, the Issuer shall, in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), determine whether or not the relevant Notes shall continue and:
  - (A) if it determines that the Notes shall continue, then the Calculation Agent shall determine, in its sole and absolute discretion, the Final Index Level for such Valuation Date or the Reference Level for such Averaging Date, as the case may be using, in lieu of a published level of that Index, the level for that Index as at that Valuation Date or Averaging Date (as applicable) as determined by the Calculation Agent in its sole and absolute discretion in accordance with the formula for and method of calculating that Index last in effect prior to the Index Cancellation, but using only those components that comprised that Index immediately prior to that Index Cancellation; and
  - (B) if it determines that the Notes shall not continue, the Issuer shall terminate the relevant Notes as of the date selected by the Issuer and give notice thereof to the Noteholders (with a copy to the Calculation Agent) in accordance with Condition 14 (*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.

For these purposes:

**"Index Substitution Notice"** means a notice specifying a Substitute Index to be substituted for the Index and the date as of which such substitution is to take effect; and

**"Substitute Index"** means a successor index identified by the Calculation Agent using commercially reasonable efforts, with characteristics, objectives and rules similar to the Index in effect immediate prior to the occurrence of the Index Cancellation.

(iv) *Correction of Index Levels*

If the level of an Index published by the Index Sponsor at any time and used or to be used by the Calculation Agent for any calculation or determination under the Notes is subsequently corrected and the correction is published by the Index Sponsor after the original publication, the Calculation Agent will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the settlement or payment terms of the Notes to account for such correction **provided that** if any amount has been paid in an amount which exceeds the amount that would have been payable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable in respect of the Notes and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement of the relevant excess payment (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Noteholder, together with interest on that amount for the period from and including the day on which payment was originally made to (but excluding) the day of payment of reimbursement by the Noteholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(g) *Adjustments and Events affecting Securities*

This Condition 22(g) is applicable only in relation to 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 amount of interest set out in the relevant Pricing Supplement, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, the number of or type of shares,

other securities or other property which may be delivered pursuant to such Notes and/or any other adjustment(s) and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes as the Calculation Agent determines, in its sole and absolute discretion, to be appropriate to account for that diluting or concentrative effect and determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s).

(ii) *Extraordinary Events*

Following the occurrence of any Extraordinary Event, the Issuer will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make such adjustment(s) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Pricing Supplement, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Notes and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion. If the Issuer determines in its sole and absolute discretion that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer) as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Notes.

(iii) *Conversion*

In respect of an Equity-Linked Note, following the occurrence of any Conversion, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Notes will continue and, if so, determine, in its sole and absolute discretion, any adjustment(s) to be made. If the Calculation Agent determines that the Notes shall continue, it may make such adjustment(s) as it, in its sole and absolute discretion, determines to be appropriate to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Pricing Supplement, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, number of or type of shares, other securities or other property which may be delivered under such Notes and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes and/or any other adjustment and determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s). If the Calculation Agent determines in its sole and absolute discretion that the Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer), as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as, in the opinion of the Calculation Agent (such opinion to be made by the Calculation Agent in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Notes.

(iv) *Correction of Prices*

In the event that any price published or announced on a given day and utilised or to be utilised for the purpose of any calculation or determination under the Notes is subsequently corrected and the correction is published or announced by the Exchange within one Settlement Cycle after the original publication, the Calculation Agent will make such adjustment(s) as it in its sole and absolute discretion determines to be appropriate, if any, to the amount payable in respect of the Notes and their terms to account for such correction and the Calculation Agent shall determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s) **provided that** if any amount has been paid in an amount which exceeds the amount that would have been payable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable in respect of the Notes and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement of the relevant excess payment (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Noteholder, together with interest on that amount for the period from and including the day on which payment was originally made to (but excluding) the day of payment of reimbursement by the Noteholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(h) *Additional Disruption Events*

Following the occurrence of any Additional Disruption Event, the Issuer will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Issuer determines that the relevant Notes shall continue, the Calculation Agent may make such adjustment(s) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Pricing Supplement, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Notes and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion. If the Issuer determines in its sole and absolute discretion that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer), as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Notes.

For the purposes any Series of Notes, "**Additional Disruption Event**" means any event specified as such in the relevant Pricing Supplement, and for such purpose the following terms if so specified shall be deemed to have the following meanings unless otherwise provided in the relevant Pricing Supplement:

- (i) "**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 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, Securities, 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);

- (ii) **"Failure to Deliver"** means the failure of a party to deliver, when due, the relevant Securities in respect of the Notes, where such failure is due to illiquidity in the market for such Securities;
- (iii) **"Insolvency Filing"** means that the issuer of the Securities institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such petition, **provided that** proceedings instituted or petitions presented by creditors and not consented to by the issuer of the Securities shall not be deemed an Insolvency Filing;
- (iv) **"Hedging Disruption"** means that the Issuer or any of its designated affiliates is unable or it is or has become not reasonably practicable, or it has otherwise become undesirable, for any reason, for the Issuer wholly or any of its designated affiliates or partially after using commercially reasonable efforts and acting in good faith, to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary or desirable to hedge the equity or any other price risk (including but not limited to, any currency risk) of entering into and performing the Issuer's obligations in respect of the Notes or (B) realise, recover, receive, transfer or remit the proceeds of any such transaction(s) or asset(s) or (C) without prejudice to (B) above, transfer amounts denominated in the Settlement Currency (1) from accounts inside the Settlement Currency Jurisdiction to accounts outside the Settlement Currency Jurisdiction (2) between accounts inside the Settlement Currency Jurisdiction or (3) to a party that is a non-resident of the Settlement Currency Jurisdiction or (D) without prejudice to (B) and (C) above, convert the Settlement Currency into an Alternative Payment Currency); and
- (v) **"Increased Cost of Hedging"** means that the Issuer or any of its designated affiliates would incur materially increased costs (as compared with circumstances existing on the Issue Date), including, without limitation, amount of tax (including any potential tax which the Calculation Agent considers may arise), duty, expense or fee (other than brokerage commissions) to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge equity or any other price risk (including but not limited to, any currency risk) of entering into and performing the Issuer's obligations in respect of the Notes or (B) realise, recover,



receive, transfer 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 or its designated affiliates, as applicable, shall not be deemed an Increased Cost of Hedging.

(i) ***Adjustments where the Securities are Units in a Fund***

Where the Securities are specified in the relevant Pricing Supplement as being Units in a Fund, in the case of the occurrence at any time on or prior to the Valuation Date of any Extraordinary Event affecting the Fund or the value of the Units, the Calculation Agent may make any adjustment as provided in the preceding provisions of this Condition 22 or:

- (i) if the Calculation Agent determines that no adjustment that it could make under the preceding provisions of this Condition 22 would produce a commercially reasonable result:
  - (a) the Calculation Agent will use commercially reasonable efforts to identify a new underlying asset with characteristics, investment objectives and policies similar to those in effect for the Affected Units immediately prior to the occurrence of the relevant Extraordinary Event and any substitution of the new underlying asset for the Affected Units shall be effected at such time and in such manner as determined by the Calculation Agent in its sole and absolute discretion; and
  - (b) if necessary, the Calculation Agent will adjust any relevant terms, including, but not limited to, adjustments to account for changes in volatility, investment strategy or liquidity relevant to the Units or the Notes; or
- (ii) if the Calculation Agent determines in its sole and absolute discretion that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount any accrued interest, as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of an amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Notes.

In this Condition 22(i) "**Affected Unit(s)**" means each Unit subject to an applicable Extraordinary Event.

(j) ***Adjustments to Indices for Inflation Rate-Linked Notes***

With respect to Inflation Rate-linked Notes, the following provisions shall apply in lieu of Condition 22(f) (*Adjustments to Indices*):

(A) **Definitions**

In this Condition:

"**Affected Payment Date**" has the meaning given in (B) below;

"**Fallback Bond**" means a bond selected by the Calculation Agent and issued by the government or one of the governments (but not any government agency) of the country (or countries) to whose level of inflation the relevant Index relates and which pays a coupon and/or redemption amount which is calculated by reference to the level of inflation in such country (or countries), with a maturity date which falls on the same day as the Maturity Date or the Settlement Date, as the case may be, or such other date as the Calculation Agent shall select if there is no such bond maturing on the Maturity Date or Settlement Date, as the case

may be. If any bond so selected is redeemed, the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond is redeemed (including any bond for which the redeemed bond is exchanged);

**"Reference Month"** means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced. If the period for which level of the Index was reported is a period other than a month, the Reference Month is the period for which the level of the Index was reported;

**"Related Bond"** means, if specified as applicable in the relevant Pricing Supplement, means the bond specified as such in the relevant Pricing Supplement or, if specified as applicable in the relevant Pricing Supplement and no bond is specified therein, the Fallback Bond, and the Calculation Agent shall use the Fallback Bond for any Related Bond determination; and

**"Substitute Index Level"** means the level of the Index, determined by the Calculation Agent pursuant to (C) below, in respect of an Affected Payment Date.

(B) **Delay of Publication**

If any level of the Index for a Reference Month relevant to the calculation of a payment of interest has not been published or announced by the day that is five Business Days prior to the relevant Interest Payment Date, Automatic Early Redemption Date, Instalment Date, Optional Redemption Date (Call Option), Optional Redemption Date (Put Option), other early redemption date or Maturity Date, as the case may be (the **"Affected Payment Date"**), the Calculation Agent shall determine the relevant level of the Index using the following methodology:

- (i) If Related Bond is specified as applicable in the relevant Pricing Supplement, the Calculation Agent will take the same action to determine the Substitute Index Level for the Affected Payment Date as that taken by the calculation agent pursuant to the terms and conditions of the Related Bond;
- (ii) If (A) Related Bond is specified as not applicable in the relevant Pricing Supplement; or (B) the Calculation Agent is unable to determine the Substitute Index Level under (i) above for any reason, then the Calculation Agent shall determine the Substitute Index Level as follows:

$$\text{Substitute Index Level} = \text{Base Level} \times (\text{Latest Level} / \text{Reference Level})$$

where:

**"Base Level"** means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined;

**"Latest Level"** means the latest level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor prior to the month in respect of which the Substitute Index Level is being calculated; and

**"Reference Level"** means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in

"Latest Level" above. For the avoidance of doubt, any Reference Level published or announced at any time after the day that is five Business Days prior to the next Interest Payment Date, Automatic Early Redemption Date, Instalment Date, Optional Redemption Date (Call Option), Optional Redemption Date (Put Option), other early redemption date and/or the Maturity Date, as the case may be, will not be used in any calculations and the Substitute Index Level so determined pursuant to this sub-paragraph (B) will be the definitive level.

(C) **Cessation of Publication**

If a level for the Index has not been published or announced for two consecutive months or the Index Sponsor announces that it will no longer continue to publish or announce the Index, then the Calculation Agent shall determine a Successor Index (in lieu of any previously applicable Index) for the purposes of the Notes by using the following methodology:

- (i) If at any time a successor index has been designated by the calculation agent pursuant to the terms and conditions of the Related Bond, such successor index shall be designated a "**Successor Index**" for the purposes of all subsequent determinations of interest payable and/or of an Early Redemption Amount or of the Final Redemption Amount, notwithstanding that any other Successor Index may previously have been determined.
- (ii) If a Successor Index has not been determined under (i) above, and a notice has been given or an announcement has been made by the Index Sponsor, specifying that the Index will be superseded by a replacement index specified by the Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be the Successor Index from the date that such replacement Index comes into effect.
- (iii) If a Successor Index has not been determined under (i) or (ii) above, the Calculation Agent (acting in its sole and absolute discretion) will determine an appropriate alternative index for such Affected Payment Date, and such index will be deemed a "Successor Index".
- (iv) If the Calculation Agent determines that there is no appropriate alternative index, then the Notes shall be redeemed on the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Noteholders to receive any remaining payments of interest and the relevant Early Redemption Amount or the Final Redemption Amount (as applicable) 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 early redemption of the Notes.

(D) **Rebasing of the Index**

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the level of an Index from the date of such rebasing; **provided, however, that** the Calculation Agent shall make such adjustments as are made by the calculation agent pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Index so that the Rebased

Index levels reflect the same rate of inflation as the Index before it was rebased. If there is no Related Bond, the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. Any such rebasing shall not affect any prior payments made under the Notes.

(E) **Material Modification**

If, on or prior to the day that is five Business Days before the next date which is an Interest Payment Date, the relevant Automatic Early Redemption Date, an Instalment Date, the relevant Optional Redemption Date (Call Option), the relevant Optional Redemption Date (Put Option), any other early redemption date or the Maturity Date (as the case may be), an Index Sponsor announces that it will make a material change to an Index, then the Calculation Agent shall make any such adjustments to the Index consistent with adjustments made to the Related Bond, or, if there is no Related Bond, only those adjustments necessary for the modified Index to continue as the Index.

(F) **Manifest Error in Publication**

If, within thirty days of publication and prior to the relevant Automatic Early Redemption Date, an Instalment Date, the relevant Optional Redemption Date (Call Option), the relevant Optional Redemption Date (Put Option), any other early redemption date or the Maturity Date, as the case may be, the Calculation Agent determines that the Index Sponsor has corrected the level of the Index to remedy a manifest error in its original publication, the Calculation Agent will take such action as it may deem necessary and practicable to give effect to such correction.

23. **Provisions relating to Preference Share-Linked Notes**

(a) **Definitions**

As used in this Condition 23 and unless otherwise provided in the relevant Pricing Supplement, the following expressions shall have the following meanings:

**"Additional Disruption Event"** means any event specified as such in the relevant Pricing Supplement, or if no such event is specified in the Pricing Supplement, a Change in Law and/or an Insolvency Filing;

**"Change in Law"** means that, on or after the Issue Date, (A) due to the adoption of or any change in any applicable law or regulation (including without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (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 of or disposal of 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 Preference Share-Linked 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 the Preference Share-Linked Notes, (ii) stock loan transactions in relation to the Preference Share-Linked Notes (iii) other instruments or arrangements (howsoever described) held by the Issuer or any of its designated affiliates in order to hedge, individually or on a portfolio basis, the Preference Share-Linked Notes or (z) the Issuer or any of its designated affiliates will incur a materially increased cost in performing its obligations under the Preference Share-Linked Notes (including, without limitation, due to any

increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

**"Extraordinary Event"** means a Merger Event, a Tender Offer and/or an Insolvency or such other event specified as such in the relevant Pricing Supplement;

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Preference Share Issuer, (A) all the Preference Shares are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Preference Shares become legally prohibited from transferring them;

**"Insolvency Filing"** means that the Preference Share Issuer institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such petition, **provided that** proceedings instituted or petitions presented by creditors and not consented to by the Preference Share Issuer shall not be deemed an Insolvency Filing;

**"Merger Event"** means any (i) reclassification or change of the Preference Shares that results in a transfer of or an irrevocable commitment to transfer all such Preference Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Preference Share Issuer with or into another entity or person (other than a consolidation, amalgamation or merger in which the Preference Share Issuer is the continuing entity and which does not result in a reclassification or change of all of such preference shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Preference Shares that results in a transfer of or an irrevocable commitment to transfer all such preference shares (other than such Preference Shares owned or controlled by such other entity or person); or (iv) consolidation, amalgamation, merger or binding share exchange of the Preference Share Issuer with or into another entity in which the Preference Share Issuer is the continuing entity and which does not result in a reclassification or change of all of such Preference Shares outstanding but results in the outstanding preference shares (other than preference shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding preference shares immediately following such event, in each case if the closing date of a Merger Event (or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent) is on or before the final Valuation Date;

**"Preference Shares"** means the preference shares as specified in the relevant Pricing Supplement;

**"Preference Share Issuer"** means the issuer of the Preference Shares as specified in the relevant Pricing Supplement;

**"Preference Share Valuation Date"** means the date specified as such in the relevant Pricing Supplement, or if any date(s) for valuation of or any determination of the underlying asset or reference basis (or any part thereof) for the Preference Shares falling on or about such day is to be delayed in accordance with the terms and conditions of the Preference Shares by reason of a disruption or adjustment event, the Preference Share Valuation Date shall be such delayed valuation or determination date(s), all as determined by the Calculation Agent;

**"Preference Share-Linked Note"** means a Note in relation to which the redemption amount payable is linked to the performance of underlying preference shares (as indicated in the relevant Pricing Supplement);

**"Preference Share Value"** means, in respect of any day, the market value of a Preference Share at the Valuation Time on such day as determined by the Calculation Agent in its sole and absolute discretion;

**"Preference Share Early Redemption Event"** means that the Issuer or any of its affiliates has received notice from the Preference Share Issuer that the Preference Shares are to be redeemed early;

**"Tender Offer"** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Preference Share Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant;

**"Valuation Date"** has the meaning given to it in the applicable Pricing Supplement; and

**"Valuation Time"** has the meaning given to it in the applicable Pricing Supplement.

(b) ***Early Redemption of Preference Share-Linked Notes***

Following the occurrence of a Preference Share Early Redemption Event, the Issuer will terminate all (but not some only) of the Notes on the second Business Day immediately preceding the date on which the Preference Shares are to redeem and the entitlement to receive the Final Redemption Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of the Early Redemption Amount.

(c) ***Extraordinary Events***

If in the determination of the Calculation Agent, an Extraordinary Event occurs, the Issuer may (but is not obliged to) terminate all (but not some only) of the Notes on the tenth Business Day immediately after the date on which such determination is made by the Calculation Agent and the entitlement to receive the Final Redemption Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of the Early Redemption Amount.

(d) ***Additional Disruption Event***

If in the determination of the Calculation Agent an Additional Disruption Event occurs, the Issuer may (but is not obliged to) terminate all (but not some only) of the Notes on the tenth Business Day immediately after the date on which such determination is made by the Calculation Agent and the entitlement to receive the Final Redemption Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of the Early Redemption Amount.

(e) ***Notices to Noteholders***

If in the determination of the Calculation Agent a Preference Share Early Redemption Event, an Extraordinary Event or an Additional Disruption Event occurs and the Issuer elects to terminate the Notes, the Issuer will give notice to Noteholders (with a copy to HSBC France) in accordance with Condition 14 (*Notices*).

(f) ***Amendments to the Conditions***

(a) Condition 7(c) (*Redemption at the Option of the Issuer (Call Option)*) is hereby amended by replacing the words "or some only" with the words ",but not some only,".

**Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes –  
Additional Provisions relating to Equity-Linked Notes and Index-Linked Notes and Preference Share-Linked Notes**

- (b) Condition 7(g) (*Purchases*) is hereby deleted and replaced with the following:

"Each of the Issuer and any person directly or indirectly connected with the Issuer may at any time purchase Notes at any price in the open market or otherwise. Such Notes may be held or resold or, provided such Notes are held by the Issuer, at the option of the Issuer, reissued or cancelled.
- (c) Condition 7(h) (*Cancellation*) is hereby amended by inserting the words "by the Issuer" after the words "all Notes purchased".
- (d) A new Condition 7(j) is hereby inserted as follows:
  - "(j) Redemption Amounts
  - If a Note redeems for more than the sum subscribed for it, then the excess shall be compensation for the use of the sum so subscribed and compensation in recognition that the amount payable at redemption may be less than the sum so subscribed."

**PRO FORMA PRICING SUPPLEMENT FOR EQUITY-LINKED NOTES AND INDEX-LINKED NOTES**

*[When completing any pricing supplement, or adding any other additional terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether supplemental listing particulars would be required in respect of such terms or information.]*

**PRICING SUPPLEMENT**

Pricing Supplement 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 *[Insert details of existing Tranche(s)]* issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

**PART A - CONTRACTUAL TERMS**

This document constitutes the pricing supplement ("**Pricing Supplement**") relating to the issue of the Tranche of Notes described herein [for the purposes of listing on the Official List of the Irish Stock Exchange] and must be read in conjunction with the Offering Memorandum dated 18 June 2013 as supplemented from time to time (the "**Offering Memorandum**") [which, together with this Pricing Supplement, constitute listing particulars for the purposes of listing on the Global Exchange Market]. 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 such Offering Memorandum.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. The Offering Memorandum is available for viewing at HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom and [www.hsbc.com](http://www.hsbc.com) (please follow the link to 'Investor relations', 'Fixed income securities' 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

**The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the "Prospectus Directive"). The Offering Memorandum has been prepared solely with regard to Notes that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2004/39/EC and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).**

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an offering document with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions (the "[2005]/[2006]/[2007]/[2008]/[2009]/[2010]/[2011]/[2012] **Conditions**"), which are defined in, and incorporated by reference into, the Offering Memorandum and which are applicable to the Notes. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement, the [2005]/[2006]/[2007]/[2008]/[2009]/[2010]/[2011]/[2012] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005]/[2006]/[2007]/ [2008]/[2009]/[2010]/[2011]/[2012] Conditions are 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

*[For Notes offered and sold in the United States of America include:*

#### **IMPORTANT NOTICES**

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATIONS) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

#### **AVAILABLE INFORMATION**

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

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

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.)*

1. Issuer: HSBC Bank plc
2. Tranche number: [ ]  
  
[(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]
3. Currency:
  - (i) Settlement Currency: [ ] [subject to Condition 9(h) (Payments – Conversion)]
  - (ii) Denomination Currency: [specify/Settlement Currency]
4. Aggregate Principal Amount:
  - [(i) Series:] [ ]
  - [(ii) Tranche:] [ ]
5. Issue Price: [[ ] per cent. of the Aggregate Principal Amount] [plus accrued interest from [insert date] (in the case of fungible interest-bearing issues only, if applicable)]
6. (i) Denomination(s) (Condition 2(b)): [ ]<sup>1</sup>
  - (ii) Calculation Amount<sup>2</sup>: [ ]
7. (i) Issue Date: [ ]
  - (ii) Interest Commencement Date: [specify/ Issue Date/ Not applicable ]
8. Maturity Date: (Condition 7(a)) [Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year. In case of undated Notes, specify undated.] [adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "Business Day"]
9. Change of interest or redemption basis: [Specify details of any provision for convertibility of Notes to another interest or redemption/payment basis]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

10. Fixed Rate Note provisions: (Condition 4) [Applicable/Not applicable] (If not applicable, delete the remaining sub-

<sup>1</sup> If denominations in excess of and smaller than the minimum specified denomination are to be permitted then the Issuer should normally waive its right to elect to exchange the Permanent Global Note for definitive Notes in paragraph (d) of the Permanent Global Note - see item 29(iii) below.

<sup>2</sup> The applicable Calculation Amount (which is used for the calculation of redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.

*paragraphs of this paragraph)*

- (i) Rate(s) of Interest: [ ] per cent. [per annum] [ ] [payable [annually/semi-annually/quarterly/ monthly] in arrear] [ ]
  - (ii) Interest Payment Date(s): [dd/mm, dd/mm, dd/mm and dd/mm] [in each year]  
[adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "**Business Day**"] / [not adjusted]
  - (iii) Fixed Coupon Amount(s): [[ ] per Calculation Amount] [Not applicable]
  - (iv) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / Not applicable / other (specify)]
  - (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ Not applicable / other (give details)]
  - (vi) Business Centre(s): [Not applicable/give details]
  - (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not applicable/give details] (Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis)
11. Floating Rate Note provisions: [Applicable/Not applicable] (Condition 5) (If not applicable, delete the remaining sub-paragraphs of this paragraph.)
- (i) [Interest Period(s)] / [Specified Period]<sup>3</sup>: [specify]
  - (ii) Interest Payment Dates: [specify dates]
  - (iii) First Interest Payment Date: [ ]
  - (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
  - (v) Business Centre(s): [Not applicable/give details]
  - (vi) Screen Rate Determination: [Applicable / Not applicable]
    - (1) Reference Rate: [specify LIBOR or other]
    - (2) Interest Determination Date(s): [ ]
    - (3) Relevant Screen Page: [ ]
    - (4) Relevant Financial Centre: [ ]

<sup>3</sup> Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

**Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – Pro Forma Pricing Supplement for Equity/Index-Linked Notes**

- (5) Relevant Time: [ ]
- (6) Relevant Currency: [ ]
- (vii) ISDA Determination: [Applicable / Not applicable]
- (1) Floating Rate Option: [ ]
- (2) Designated Maturity: [ ]
- (3) Reset Date: [ ]
- (viii) Margin(s): [[+/-][ ] per cent. [per annum]] [Not applicable]
- (ix) Day Count Fraction: [ ]
- (xi) Minimum Interest Rate: [[ ] per cent. [ ] [per annum]] [Not applicable]
- (xii) Maximum Interest Rate: [[ ] per cent. [ ] [per annum]] [Not applicable]
- (xiii) Fall-back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
12. Zero Coupon Note provisions: [Applicable/Not applicable]  
(Condition 6) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [[ ] per cent [per annum]]
- (ii) Zero Coupon Note Reference Price: [ ]
- (iii) Day Count Fraction in relation to Early Redemption Amounts and last payments: [ ]
13. Index-Linked Interest Note Provisions: [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/formula/other variable: *[give or annex details – if appropriate, cross-refer to the definition of Valuation Date in paragraph 31 below]*
- (ii) Provisions for determining interest where calculated by reference to Index and/or formula and/or other variable: [ ]
- (iii) Provisions for determining interest where calculation by reference to Index and/or formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ]  
*[Need to include a description of market disruption or settlement disruption events and adjustment provisions]*

- (iv) Interest or calculation period(s): [ ]
- (v) Interest Payment Dates: [ ]
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other (*give details*)]
- (vii) Business Centre(s): [ ]
- (viii) Minimum Interest Rate: [[ ] per cent. [per annum]]
- (ix) Maximum Interest Rate: [[ ] per cent. [per annum]]
- (x) Day Count Fraction: [ ]

**PROVISIONS RELATING TO REDEMPTION**

- 14. Issuer's optional redemption (Call Option): [Applicable/Not applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
(Condition 7(c))
  - (i) Redemption Amount (Call Option): [[ ] per Calculation Amount (*specify — if not par, also specify details of any formula*)] [Fair Market Value]
  - (ii) Series redeemable in part: [[ ] per Calculation Amount (*specify — otherwise redemption will only be permitted of entire Series*)] [Fair Market Value]
  - (iii) Optional Redemption Date (Call Option): [ ]
  - (iv) Minimum Redemption Amount (Call Option): [[ ] per Calculation Amount (*specify — if not par, also specify details of any formula*)] [Fair Market Value] [Not applicable]
  - (v) Maximum Redemption Amount (Call Option): [[ ] per Calculation Amount (*specify — if not par, also specify details of any formula*)] [Fair Market Value] [Not applicable]
- 15. Noteholder's optional redemption (Put Option): [Applicable/Not applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
(Condition 7(d))
  - (i) Redemption Amount (Put Option): [[ ] per Calculation Amount / (*specify — if not par, also specify details of any formula*)] [Fair Market Value]
  - (ii) Optional Redemption Date (Put Option): [ ]
  - (iii) Minimum Redemption Amount (Put Option): [[ ] per Calculation Amount / (*specify — if not par, also specify details of any formula*)] [Fair Market Value] [Not applicable]
  - (iv) Maximum Redemption Amount (Put Option): [[ ] per Calculation Amount / (*specify — if not par, also specify details of any formula*)] [Fair Market Value] [Not applicable]

**Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – Pro Forma Pricing Supplement for Equity/Index-Linked Notes**

16. Final Redemption Amount of each Note:  per Calculation Amount (*specify — if not par, also specify details of any formula*)  
(Condition 7(a))
17. Final Redemption Amount of each Note in cases where the Final Redemption Amount is Equity-Linked, Index-Linked or other variable-linked:  [Applicable/Not applicable]
- (i) Index/formula/other variable:  [*give annex details*]
- (ii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or formula and/or other variable;  [ ]
- (iii) Provisions for determining Final Redemption Amount where calculation by reference to Equity Index and/or formula and/or other variable is impossible or impracticable or otherwise disrupted:  [*Need to include a description of market disruption or settlement disruption events and adjustment provisions*]
- (iv) Minimum Final Redemption Amount  [ ]
- (v) Maximum Final Redemption Amount:  [ ]
18. Instalment Notes:  [Not applicable]  [Applicable]  
(Condition 7(a)) (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

Instalment Date(s) and corresponding Instalment:

<i>Instalment Date</i>	<i>Instalment Amount</i>
[ ]	[ ]

19. Early Redemption Amount:
- (i) Early Redemption Amount (upon redemption for taxation reasons, illegality or following an Event of Default):  [[100] per cent. of the Calculation Amount]  [Fair Market Value]  [*other (specify details)*]  
(Conditions 7(b), 7(f) or 11)
- (ii) Other redemption provisions:  [[100] per cent. of the Calculation Amount]  [Fair Market Value]  [Not applicable]  [*other (specify details)*]  
(Condition 7(i))

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

20. Form of Notes: (Condition 2(a))
- (i) Form of Notes:  [Bearer Notes/Registered Notes/ Uncertificated Registered Notes]
- (ii) Bearer Notes exchangeable for Registered Notes:  [Yes/No] [*Answer will be no where no Registered Notes or where the issue is wholly or partly a Rule 144A issue*]

21. [New Global Note] [(delete if Registered Note)]/ Issued under the new safekeeping structure [(delete if Bearer Note)]: [Yes/No]
22. If issued in bearer form:
- (i) Initially represented by a Temporary Global Note or Permanent Global Note: [Temporary] [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] [(specify)]  
(Condition 2(a))
  - (iii) Permanent Global Note exchangeable at the option of the Issuer in circumstances where the Issuer would suffer material disadvantage following a change of law or regulation: [Yes] [No] [If no, specify: The Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.]
  - (iv) Coupons to be attached to Definitive Notes:<sup>4</sup> [Yes] [No] [Not applicable]  
[N.B. This will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems - see provisions contained in Permanent Global Note]
  - (v) Talons for future Coupons to be attached to Definitive Notes:<sup>5</sup> [Yes/No/Not applicable]  
[N.B. The above comment also applies here]
23. Exchange Date for exchange of Temporary Global Note: [Not earlier than 40 days after the Issue Date] [(specify)]
24. Payments:  
(Condition 9)
- (i) Relevant Financial Centre Day: [specify all places]
  - (ii) Payment of Alternative Payment Currency Equivalent: [Applicable] [Not Applicable]
    - Settlement Currency Jurisdiction: [ ]
    - Alternative Payment Currency: [ ]
    - Alternative Payment Currency Jurisdiction: [ ]
    - Alternative Payment Currency Fixing Page: [ ]

<sup>4</sup> Definitive Notes will typically have coupons attached to them if interest bearing.

<sup>5</sup> Talons will be needed if there are 27 or more coupons.

**Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – Pro Forma Pricing Supplement for Equity/Index-Linked Notes**

- Alternative Payment Currency Fixing Time: [ ]
  - Alternative Payment Currency Exchange Rate Fall-Back provisions: [ ] [Condition 1 applies]
  - Offshore RMB Centre: [Hong Kong] [Taiwan] [Singapore] [ ] [Not applicable]
- (iii) Conversion provisions: [Applicable in respect of [[interest payments under the Notes][Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount][*other*]] [the Conversion Rate is [ ] ][*specify further Conversion provisions*][Not applicable]
- Conversion Rate Business Days: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*] [ ] [Condition 1 applies]]
  - Conversion Rate Fixing Date: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*][ ]]
  - Conversion Rate Fixing Page: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*][ ] [Condition 1 applies]]
  - Conversion Rate Fixing Time: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*] [ ]]
  - Denomination Currency Jurisdiction: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*] [ ]]
  - Settlement Currency Jurisdiction: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*][ ]]
  - Conversion Rate Fall-Back provisions: [ ] [Condition 1 applies]
- (iv) Underlying Currency Pair provisions: [Applicable in respect of [[interest payments under the Notes] [Final Redemption Amount]] [The Initial Underlying Currency Pair Exchange Rate is [ ] ][Not applicable]



**Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – Pro Forma Pricing Supplement for Equity/Index-Linked Notes**

- Reference Currenc(y)(ies): [in respect of [interest payments under the Notes] [Final Redemption Amount] [ ] [and [ ]]
- Reference Currency Jurisdiction(s): [in respect of [interest payments under the Notes] [Final Redemption Amount] [ ] [and [ ]]
- Specified Currenc(y)(ies): [in respect of [interest payments under the Notes] [Final Redemption Amount] [ ] [and [ ]]
- Underlying Currency Pair Business Days: [in respect of [interest payments under the Notes] [Final Redemption Amount] [ ] [Condition 1 applies]
- Underlying Currency Pair Fixing Date: [in respect of [interest payments under the Notes] [Final Redemption Amount] [ ] [and [ ]]
- Underlying Currency Pair Fixing Page: [in respect of [interest payments under the Notes] [Final Redemption Amount] [ ] [Condition 1 applies]
- Underlying Currency Pair Fixing Time: [in respect of [interest payments under the Notes] [Final Redemption Amount] [ ] [and [ ]]
- Underlying Currency Pair Exchange Rate Fall-Back provisions: [ ] [Condition 1 applies]
- (v) FX Disruption: [Applicable] [Not applicable]
- 25. Redenomination: [Applicable/Not applicable]  
(Condition 10)
- 26. Other terms: [Not applicable/specify/See Annex]  
(When adding any other terms consideration should be given as to whether supplementary listing particulars would be required.)

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

- 27. Security Delivery: [Not applicable] [Condition 22(b) [applies/does not apply]
- (i) Securities Transfer Amount: [ ]
- (ii) Residual Amount: [ ] [Condition 22(a) applies]
- (iii) Residual Cash Amount: [ ] [Condition 22(a) applies]
- (iv) Settlement Date: [ ]
- (v) Settlement Disruption Event: Condition 22(b)(iii) [applies/does not apply]
- (vi) Disruption Period: [Condition 22(b)(iii) applies] [ ]
- (vii) Delivery Disruption Event: Condition 22(a) [applies/does not apply]
- 28. (i) Securities: [ ]  
[The Securities are Depositary Receipts]  
[Units in a Fund, where "Fund" means [ ], "Unit" means a share or notional unit of the Fund (as defined in the Fund Documents), the price of which is denominated

in [ ]. [The Units represent undivided ownership interests in the portfolio of investments held by the Fund][*delete if not applicable*], "**Underlying Index**" means [ ]. Condition 22 shall apply to the Notes as if references therein to "**Underlying Company**" were references to the "**Fund**" and as if references therein to "**Security**" were references to "**Unit**".

- (ii) Underlying Company(ies): [ ] [and with respect to the Underlying Securities [ ] [The Fund]
  - (iii) Exchange(s): [ ]
  - (iv) Related Exchange(s): [ ] [All Exchanges]
  - (v) Initial Price: [ ] [The definition in Condition 22(a) applies]
  - (vi) Strike Date: [ ] [The definition in Condition 22(a) applies]
  - (vii) Final Price: [ ] [The definition in Condition 22(a) applies]
  - (viii) Reference Price: [ ] [The definition in Condition 22(a) applies]
  - (ix) Potential Adjustment Event: Condition 22(g)(i) [applies/does not apply]
    - Extraordinary Dividend (if other than as specified in the definition in Condition 22(a)) [ ]
    - additional Potential Adjustment Event (for purposes of paragraph (viii) of the definition thereof) [ ]
  - (x) Extraordinary Event: Condition 22(g)(ii) [applies/does not apply]
  - (xi) Conversion: Condition 22(g)(iii) [applies/does not apply]  
(for Notes relating to Government Bonds and debt securities only)
  - (xii) Correction of prices: Condition 22(g)(iv) [applies/does not apply]
  - (xiii) Additional Disruption Event [The following Additional Disruption Events apply: [Change in Law, Hedging Disruption, Increased Cost of Hedging] [*other - give details*]] [Not applicable]
29. Additional provisions for Equity-Linked Notes: [ ]
30. Provisions for Index-Linked Notes:
- (i) Index(ices): [ ] [The Index. Each of (*specify relevant indices in a basket*) [ ] is a Multiple Exchange Index]
  - (ii) Index Sponsor: [ ] [The definition in Condition 22(a) applies]
  - (iii) Index Rules: [ ] [Not applicable]
  - (iv) Exchange(s): [ ]

- (v) Related Exchange(s):  [All Exchanges]
- (vi) Initial Index Level:  [The definition in Condition 22(a) applies]
- (vii) Final Index Level:  [ ]
- (viii) Strike Date:  [ ]
- (ix) Reference Level:  [The definition in Condition 22(a) applies]
- (x) Adjustments to Indices: [Condition 22(f)] / [Condition 22(j)] [applies/does not apply]
- (xi) Additional Disruption Event: [The following Additional Disruption Events apply: [Change in Law, Hedging Disruption, Increased Cost of Hedging] [Other - give details]] [Not applicable]
- (xii) Index Substitution: [Applicable/Not applicable]
31. Valuation Date(s):  [ ]
32. Valuation Time:  [The definition in Condition 21(a) applies]
33. Averaging Dates:  [Not applicable]
- (i) Averaging Date Market Disruption: [Omission]/[Postponement]/[Modified Postponement]/[Not applicable]/[other (specify)]
34. Other terms or special conditions relating to Index-Linked Notes or Equity-Linked Notes: [specify] [Not applicable]
- (i) Knock-in Event: [Applicable] [Specify event or occurrence] [If the [Final Price] [Reference Price] [Final Index Level] [Reference Level]  as observed by the Calculation Agent [as of the Valuation Time] [continuously]  [on a Knock-In Determination Day] is [greater than] [greater than or equal to] [less than] [less than or equal to] the relevant Knock-in [Price] [Level]] [Not applicable]
- Knock-in Determination Day:  [Condition 22(a) applies]
- Knock-in Determination Period: [Applicable] [Not applicable]
- Knock-in Period Beginning Date:  [Not applicable]
- Knock-in Period Ending Date:  [Not applicable]
- Knock-in Price/ Knock-in Level:  [ ]
- Knock-in Amount:  [ ]
- Knock-in Amount Payment Date:  [ Maturity Date]

- (ii) Knock-out Event: [Applicable] [(specify event or occurrence)] [If the [Final Price] [Reference Price] [Final Index Level] [Reference Level] as observed by the Calculation Agent [as of the Valuation Time] [continuously] [ ] [on a Knock-out Determination Day] is [greater than] [greater than or equal to] [less than] [less than or equal to] the relevant knock-out [Price] [Level]] [Not applicable]
- Knock-out Determination Day: [ ] [Condition 22(a) applies]
- Knock-out Determination Period: [Applicable] [Not applicable]
- Knock-out Period Beginning Date: [ ] [Not applicable]
- Knock-out Period Ending Date: [ ] [Not applicable]
- Knock-out Price/ Knock-out Level: [ ]
- Knock-out Amount: [ ]
- Knock-out Amount Payment Date: [ ] [Maturity Date]
- (iii) Automatic Early Redemption Event: [Applicable] [If the [specify relevant security price or index level] is [greater than] [greater than or equal to] [less than] [less than or equal to] the relevant Automatic Early Redemption [Price] [Level]] [Not applicable]

Automatic Early Redemption Valuation Date	Automatic Early Redemption Date	Automatic Early Redemption Rate	Automatic Early Redemption Date [Level] [Price]
[ ]	[ ]	[ ]	[ ]

- (iv) Automatic Early Redemption Amount: [ ] [as per Condition 22(a)]

**[PROVISIONS APPLICABLE TO INFLATION RATE-LINKED NOTES ONLY]**

35. (i) Related Bond: [Applicable/Not applicable] (if applicable and nothing further is specified, then it will be the Fallback Bond)
- (ii) Issuer of Related Bond: [Applicable/Not applicable] (if applicable, specify)

**DISTRIBUTION**

36. (i) If syndicated, names of Relevant Dealer(s)/Lead Manager(s): [Not applicable/HSBC Bank plc/other - give name]

- (ii) If syndicated, names [, addresses and underwriting commitments] of other Dealers/Managers (if any): [Not applicable/other - give name]  
[(Give addresses and underwriting commitments)]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
37. Selling restrictions: [For Bearer Notes: TEFRA C Rules/ TEFRA D Rules/TEFRA Not applicable]
- United States of America: [Notes may not be offered or sold within the United States of America or, to or for the account or the benefit of, a US person (as defined in Regulation S)]  
[Notes may be offered or sold within the United States of America or to, or for the account or the benefit of, a US person (as defined in Regulation S) only in compliance with the provisions set forth under "*Transfer Restrictions.*"]
- Exemption(s) from requirements under Directive 2003/71/EC (as amended) (the "**Prospectus Directive**"): [Not applicable. This offer is made exclusively to investors outside the European Economic Area [The denomination of the Notes is greater than or equal to EUR100,000 (or equivalent amount in another currency)]/[The offer is addressed solely to qualified investors (as such term is defined in the Prospectus Directive)]/[The offer is addressed to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive)]/[The offer is addressed to investors who will acquire Notes for a consideration of at least EUR100,000 (or equivalent amount in another currency) per investor for each separate offer]
- Additional selling restrictions: [*specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement*]

[In offers of Notes pursuant to Rule 144A insert:

## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of this Pricing Supplement and the accompanying Offering Memorandum, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that this Pricing Supplement and the accompanying Offering Memorandum is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Pricing Supplement and the accompanying Offering Memorandum, 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 this Pricing Supplement and the accompanying Offering Memorandum or any documents referred to herein.

Each purchaser of Notes in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that the Rule 144A Global Registered Notes, the Restricted Global Registered Notes and any US Definitive Registered Notes (as defined in "*Summary of Provisions relating to the Notes while in Global Form*" in the accompanying Offering Memorandum) issued in exchange for interests therein will bear a legend (the "**Rule 144A Legend**") to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE [AND THE SECURITIES TO BE DELIVERED UPON EXERCISE HEREOF]<sup>6</sup> HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE

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<sup>6</sup> To be included if the underlying securities have not been registered under the Securities Act.

SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN ANY SUPPLEMENTAL LISTING PARTICULARS OR APPLICABLE PRICING SUPPLEMENT, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "**PLAN**" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("**SIMILAR LAW**") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

In addition, each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, it will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Offering Memorandum.]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....



## PART B - OTHER INFORMATION

### 21. LISTING

- (i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of the Irish Stock Exchange. No assurance can be given as to whether or not, or when, such application will be granted]
- [Not applicable]
- (ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading on the Global Exchange Market with effect from the [Issue Date] [ ]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Notes admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)<sup>7</sup>*
- (iii) Estimated total expenses of admission to trading: [specify amount] [Not applicable]

### 22. RATINGS

- Ratings: [The Notes are not rated.] [The Notes [have been][are expected on issue to be] rated [./:]]
- [Standard & Poor's Credit Market Services Europe Limited: [ ]]
- [Moody's Investors Service Limited: [ ]]
- [Fitch Ratings Limited: [ ]]

### 23. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[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. 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]

### 24. REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: [ ]
- (If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

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<sup>7</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

- (ii) Estimated net proceeds: [ ]<sup>8</sup> *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- (iii) Estimated total expenses: *(Include breakdown of expenses)*<sup>9</sup>

25. **[Fixed Rate Notes only - YIELD**

- Indication of yield: [Calculated as *(include details of method of calculation in summary form)* on the Issue Date]<sup>10</sup>
- [As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]]

26. **[Index-Linked, Equity-Linked or other variable-linked Interest Notes only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained).*

**OPERATIONAL INFORMATION**

27. ISIN Code: [[ ]/Not applicable]
28. Common Code: [[ ]/Not applicable]
29. CUSIP: [[ ]/Not applicable]
30. Valoren Number: [[ ]/Not applicable]
31. SEDOL: [[ ]/Not applicable]
32. WKN: [[ ]/Not applicable]

33. Intended to be held in a manner which would allow Eurosystem eligibility:<sup>11</sup> [Yes] [No]

*[Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg[, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] (include this text if "yes" selected in which case the bearer Notes must be issued in NGN form)*

<sup>8</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>9</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>10</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>11</sup> Under current ECB requirements, in order to be eligible as collateral a security must, amongst other things, be denominated in Euros and listed on a regulated market or certain non-regulated markets

34. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [CREST]/[None]/[specify other]
35. Delivery: Delivery [against/free of] payment
36. Settlement procedures: [Eurobond]/[Medium Term Note]/[other (specify)]
37. Additional Paying Agent(s) (if any): [None]/[specify]
38. Common Depositary: [HSBC Bank plc]/[Not applicable]
39. Calculation Agent: [HSBC Bank plc] [HSBC France] [specify]
40. City in which specified office of Registrar to be maintained: [London]/[Not applicable]/[specify]  
(Condition 15)
41. ERISA Considerations: [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Offering Memorandum for further information.]/[give details] [Not applicable]

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*such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the ECB's February 2011 "The Implementation of Monetary Policy in the Euro Area - General Documentation on Eurosystem monetary policy instruments and procedures" brochure.*

**PRO FORMA PRICING SUPPLEMENT FOR PREFERENCE SHARE-LINKED NOTES**

*[When completing any pricing supplement, or adding any other terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether supplemental listing particulars would be required in respect of such terms or information.]*

**PRICING SUPPLEMENT**

Pricing Supplement 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 *[Insert details of existing Tranche(s)]*) issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

**PART A - CONTRACTUAL TERMS**

This document constitutes the pricing supplement ("**Pricing Supplement**") relating to the issue of the Tranche of Notes described herein [for the purposes of listing on the Official List of the Irish Stock Exchange] and must be read in conjunction with the Offering Memorandum dated 18 June 2013 as supplemented from time to time (the "**Offering Memorandum**") [which, together with this Pricing Supplement, constitute listing particulars for the purposes of listing on the Global Exchange Market.] 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 such Offering Memorandum.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. The Memorandum is available for viewing 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

**The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the "Prospectus Directive"). The Offering Memorandum has been prepared solely with regard to Notes that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2004/39/EC and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).**

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an offering document with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions (the "[2005]/[2006]/[2007]/[2008]/[2009]/[2010]/[2011]/[2012] **Conditions**"), which are defined in, and incorporated by reference into, the Offering Memorandum and which are applicable to the Notes. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement, the [2005]/[2006]/[2007]/[2008]/[2009]/[2010]/[2011]/[2012] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005]/[2006]/[2007]/[2008]/[2009]/[2010]/[2011]/[2012] Conditions are 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

**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 the Offering Memorandum and this Pricing Supplement. Investors should consider carefully the risk factors set forth under "*Risk Factors*" in the Offering Memorandum.

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.)*

1. Issuer: HSBC Bank plc
2. Tranche number: [ ]  
*[(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]*
3. Currency
  - (i) Settlement Currency: [ ] [Subject to Condition 9(h) (*Payments – Conversion*)]
  - (ii) Denomination Currency: [ ]
4. Aggregate Principal Amount:
  - [(i) Series:] [ ]
  - [(ii) Tranche:] [ ]
5. Issue Price: [[ ] per cent. of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (*in the case of fungible interest-bearing issues only, if applicable*)]
6. (i) Denomination(s) (Condition 2(b)): [ ]<sup>12</sup>
  - (ii) Calculation Amount<sup>13</sup>: [ ]
7. (i) Issue Date: [*specify*/Issue Date/Not applicable]
8. Maturity Date: (Condition 7(a)) [[ ] - *i.e. date scheduled to fall two Business Days after the Valuation Date or, if later, [two] Business Days after the Valuation Date.*]
9. Change of interest or redemption basis: [*(Specify details of any provision for convertibility of Notes to another interest or redemption/payment basis)*]

<sup>12</sup> *If denominations in excess of and smaller than the minimum specified denomination are to be permitted then the Issuer should normally waive its right to elect to exchange the Permanent Global Note for definitive Notes in paragraph (d) of the Permanent Global Note - see item 29(iii) below.*

<sup>13</sup> *The applicable Calculation Amount (which is used for the calculation of redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.*

**PROVISIONS RELATING TO REDEMPTION**

10. Final Redemption Amount of each Note:  
(Condition 7(a))

[[Calculation Amount]

$$\times \frac{\text{Share Value}_{\text{final}}}{\text{Share Value}_{\text{initial}}}$$

per Calculation Amount

Where:

"Share Value<sub>final</sub>" means the Preference Share Value on the Valuation Date; and

"Share Value<sub>initial</sub>" means the Preference Share Value on the Initial Valuation Date.

11. Early Redemption Amount:

Yes

- (i) Early Redemption Amount (upon redemption for taxation reasons, following redemption at the option of the Issuer, following an event of default, following the occurrence of a Preference Share Early Redemption Event, an Extraordinary Event or Additional Disruption Event) Per Calculation Amount, an amount in [*specify currency of payment*] calculated by the Calculation Agent on the same basis as the Final Redemption Amount except that the definition of Share Value<sub>final</sub> shall be the Preference Share Value on the day falling [*two*] Business Days before the due date for early redemption of the Notes.
- (ii) Other redemption provisions: [( )] per Calculation Amount (*specify - if not par, also specify details of any formula*) / Not applicable] (Condition 7(i))

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

13. Form of Notes:  
(Condition 2(a))

- (i) Form of Notes: [Bearer Notes/Registered Notes/ Uncertificated Registered Notes]
- (ii) Bearer Notes exchangeable for Registered Notes: [Yes/No] [*Answer will be no where no Registered Notes or where the issue is wholly or partly a Rule 144A issue*]

14. [New Global Note] [(delete if Registered Note)]/ Issued under the new safekeeping structure [(delete if Bearer Note)]: [Yes/No]

15. If issued in bearer form:

- (i) Initially represented by a [Temporary] [Permanent] Global Note Temporary Global Note or Permanent Global Note:
- (ii) Temporary Global Note exchangeable for Permanent Global Note [Yes] [No] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable]

**Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – Pro Forma Pricing Supplement for Preference Share-Linked Notes**

- Global Note and/or Definitive Notes and/or Registered Notes: (Condition 2(a)) for Definitive Notes only in limited circumstances specified in the Permanent Global Note] [(specify)]
- (iii) Permanent Global Note exchangeable at the option of the Issuer in circumstances where the Issuer would suffer material disadvantage following a change of law or regulation: [Yes] [No] [If no, specify: The Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.]
- (iv) Coupons to be attached to Definitive Notes:<sup>14</sup> [Yes] [No] [Not applicable] [N.B. This will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems - see provisions contained in Permanent Global Note]
- (v) Talons for future Coupons to be attached to Definitive Notes:<sup>15</sup> [Yes/No/Not applicable] [N.B. The above comment also applies here]
16. Exchange Date for exchange of Temporary Global Note: [Not earlier than 40 days after the Issue Date] [(specify)]
17. Payments: (Condition 9)
- (i) Relevant Financial Centre Day: [specify all places]
- (ii) Payment of Alternative Payment Currency Equivalent: [Applicable] [Not Applicable]
- Settlement Currency Jurisdiction: [ ]
- Alternative Payment Currency: [ ]
- Alternative Payment Currency Jurisdiction: [ ]
- Alternative Payment Currency Fixing Page: [ ]
- Alternative Payment Currency Fixing Time: [ ]
- Alternative Payment Currency Exchange Rate Fall-Back provisions: [ ] [Condition 1 applies]
- Offshore RMB Centre: [Hong Kong] [Taiwan] [Singapore] [ ] [Not applicable]
- (iii) Conversion provisions: [Applicable in respect of [Final Redemption Amount] [Early Redemption Amount] [other] [the Conversion Rate is [ ] ]][specify further Conversion provisions][Not applicable]

<sup>14</sup> Definitive Notes will typically have coupons attached to them if interest bearing.

<sup>15</sup> Talons will be needed if there are 27 or more coupons.

**Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – Pro Forma Pricing Supplement for Preference Share-Linked Notes**

- Conversion Rate Business Days: [in respect of [Final Redemption Amount] [Early Redemption Amount] *other* [ ] [Condition 1 applies]]
- Conversion Rate Fixing Date: [in respect of [Final Redemption Amount] [Early Redemption Amount] *other* [ ]]
- Conversion Rate Fixing Page: [in respect of [Final Redemption Amount] [Early Redemption Amount] *other* [ ]] [Condition 1 applies]]
- Conversion Rate Fixing Time: [in respect of [Final Redemption Amount] [Early Redemption Amount] *other* [ ]]
- Denomination Currency Jurisdiction: [in respect of [Final Redemption Amount] [Early Redemption Amount] *other* [ ]]
- Settlement Currency Jurisdiction: [in respect of [Final Redemption Amount] [Early Redemption Amount] *other* [ ]]
- Conversion Rate Fall-Back provisions: [ ] [Condition 1 applies]
- (iv) FX Disruption: [Applicable] [Not applicable]
- 18. Redenomination: [Applicable/Not applicable]  
(*Condition 10*)
- 19. Other terms: [Not applicable/*specify*/See Annex]  
(*When adding any other terms consideration should be given as to whether supplementary listing particulars would be required.*)

**PROVISIONS APPLICABLE TO PREFERENCE SHARE-LINKED NOTES**

- 20. Provisions for Preference Share-Linked Notes:
  - (i) Preference Shares: [ ]
  - (ii) Preference Share Issuer: [ ]
  - (iii) Initial Valuation Date: The Issue Date
  - (iv) Valuation Date: [means the [eighth] Business Day following the Preference Share Valuation Date]
  - (v) Preference Share Valuation Date: [ ]
  - (vi) Valuation Time: [ ]
  - (vii) Extraordinary Event: Condition 23(c) [applies/does not apply]  
*(insert any additional Extraordinary Events)*
  - (viii) Additional Disruption Event: [Condition 23(d) [applies /does not apply]. The following Additional Disruption Events apply: [Change in Law and/or Insolvency Filing]
- 21. Additional provisions for Preference Share-Linked Notes: [ ]



## DISTRIBUTION

22. (i) If syndicated, names [,]<sup>16</sup> of Relevant Dealer(s)/Lead Manager(s): [Not applicable/HSBC Bank plc/other - give name]  
(Give addresses and underwriting commitments)
- (ii) If syndicated, names [, addresses and underwriting commitments] of other Dealers/Managers (if any): [Not applicable/other - give name]  
(Give addresses and underwriting commitments)  
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)
23. Selling restrictions: [For Bearer Notes: TEFRA C Rules/ TEFRA D Rules/TEFRA Not applicable]
- United States of America: [Notes may not be offered or sold within the United States of America or, to or for the account or the benefit of, a US person (as defined in Regulation S)]  
[Notes may be offered or sold within the United States of America or to, or for the account or the benefit of, a US person (as defined in Regulation S) only in compliance with the provisions set forth under "Transfer Restrictions."]
- Exemption(s) from requirements under Directive 2003/71/EC (as amended) (the "**Prospectus Directive**"): [Not applicable. This offer is made exclusively to investors outside the European Economic Area/[The denomination of the Notes is greater than or equal to EUR100,000 (or equivalent amount in another currency)]/[The offer is addressed solely to qualified investors (as such term is defined in the Prospectus Directive)]/[The offer is addressed to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive)]/[The offer is addressed to investors who will acquire Notes for a consideration of at least EUR100,000 (or equivalent amount in another currency) per investor for each separate offer]
- Additional selling restrictions: [*specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement*]

<sup>16</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

## PART B - OTHER INFORMATION

### 21. LISTING

- (i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of the Irish Stock Exchange. No assurance can be given as to whether or not, or when, such application will be granted]
- [Not applicable]
- (ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading on the Global Exchange Market with effect from [[the Issue Date] [ ]]. No assurance can be given as to whether or not, or when, such application will be granted.] [Not applicable]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)<sup>17</sup>*
- (iii) Estimated total expenses of admission to trading: [(specify amount)] [Not applicable]

### 22. RATINGS

- Ratings: [The Notes are not rated.] [The Notes [have been][are expected on issue to be] rated [./:]]
- [Standard & Poor's Credit Market Services Europe Limited: [ ]]
- [Moody's Investors Service Limited: [ ]]
- [Fitch Ratings Limited: [ ]]

### 23. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[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. 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]

### 24. REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: [ ]
- (If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*
- (ii) Estimated net proceeds: [ ]<sup>18</sup> *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

<sup>17</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>18</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

(iii) Estimated total expenses: *(Include breakdown of expenses)*<sup>19</sup>

*(If the Notes are derivative securities to which Annex XII of the Prospectus Regulation applies, (i.e. if the Final Redemption amount may be less than 100 per cent of the nominal value of the Notes), it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)*

**25. PERFORMANCE OF THE PREFERENCE SHARES AND OTHER INFORMATION CONCERNING THE PREFERENCE SHARES AND THE PREFERENCE SHARE UNDERLYING**

The Preference Share-Linked Notes relate to the [ ] preference shares relating to [ ] of the Preference Share Issuer.

The Preference Share Value will be published on each [Business Day] on [ ] page [ ].

The performance of the Preference Shares depends on the performance of the relevant underlying asset(s) or basis of reference to which the Preference Shares are linked (the "**Preference Share Underlying**"). The Preference Share Underlying is *[insert details of the relevant underlying asset(s) or basis of reference to which the Preference Shares relate e.g. FTSE 100]*. Information on the Preference Share Underlying (including past and future performance and volatility) is published on [ ].

**OPERATIONAL INFORMATION**

26. ISIN Code: [[ ]/Not applicable]

27. Common Code: [[ ]/Not applicable]

28. CUSIP: [[ ]/Not applicable]

29. SEDOL: [[ ]/Not applicable]

30. Intended to be held in a manner which would allow Eurosystem eligibility:<sup>20</sup> [Yes] [No]

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<sup>19</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>20</sup> Under current ECB requirements, in order to be eligible as collateral a security must, amongst other things, be denominated in Euros and listed on a regulated market or certain non-regulated markets such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the ECB's February 2011 "The Implementation of Monetary Policy in the Euro Area - General Documentation on Eurosystem monetary policy instruments and procedures" brochure.

*(Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg[, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [include this text if "yes" selected in which case the bearer Notes must be issued in NGN form)*

31. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [CREST]/[None]/[specify other]
32. Delivery: Delivery [against/free of] payment
33. Settlement procedures: [Eurobond]/[Medium Term Note]/[other (specify)]
34. Additional Paying Agent(s) (if any): [None]/[specify]
35. Common Depository: [HSBC Bank plc]/[Not applicable]
36. Calculation Agent: [HSBC Bank plc] [HSBC France] [specify]
37. City in which specified office of Registrar to be maintained: [London]/[Not applicable]/[specify]  
(Condition 15)

## ADDITIONAL PROVISIONS RELATING TO EQUITY-LINKED WARRANTS AND INDEX-LINKED WARRANTS

The following additional conditions shall be deemed to be added as Conditions 17 and 18 to terms and conditions set out in the section headed "*Terms and Conditions of the Warrants*" appearing in "*Part C – Information relating to the Warrants Generally*" of the Offering Memorandum in respect of any issue of Equity-Linked Warrants and Index-Linked Warrants.

### 17. Provisions relating to Equity-Linked Warrants and Index-Linked Warrants

As used in this Condition 17 and Condition 18, and in respect of Equity-Linked Warrants and Index-Linked Warrants, and unless otherwise provided in the relevant Pricing Supplement, the following expressions shall have the following meanings:

"**Additional Disruption Event**" has the meaning ascribed thereto in Condition 18(g);

"**Averaging Date**" means, in respect of each Valuation Date, each date specified as such or otherwise determined as provided in the relevant Pricing Supplement (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of Condition 18(b);

"**Basket**" means, in respect of an Index Basket Warrant, a basket composed of each Index specified in the relevant Pricing Supplement in the relative proportions indicated in the Pricing Supplement and, in the case of a Security Basket Warrant, a basket composed of Securities of each Underlying Company specified in the relevant Pricing Supplement in the relative proportions and numbers of Securities of each Underlying Company indicated in the Pricing Supplement;

"**Clearing System Business Day**" means, in relation to any Securities, any day on which the principal domestic clearing system customarily used for settling trades in such Securities is (or, but for the occurrence of an event beyond the control of the Issuer as a result of which such clearing system cannot clear the transfer of such securities, would have been) open for the acceptance and execution of settlement instructions;

"**Component Security**" means, with respect to an Index, each component security of that Index.;

"**Conversion**" means, in respect of any Securities, any irreversible conversion by the Underlying Company of such Securities into other securities;

"**Delisting**" means that the Exchange announces that pursuant to the rules of such Exchange, the Securities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union);

"**Deposit Agreement**" means, in relation to each Depositary Receipt, the agreement(s) or other instrument(s) constituting such Depositary Receipt, as from time to time amended or supplemented;

"**Depositary**" means, in relation to a Depositary Receipt, the issuer of such Depositary Receipt as appointed under the Deposit Agreement, including its successors from time to time;

"**Depositary Receipt(s)**" means any Security specified as such in the relevant Pricing Supplement **provided that** if the relevant Deposit Agreement is terminated at any time, any reference to any Depositary Receipt(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it, in its sole and absolute discretion, determines to be appropriate to the relevant Warrants and determine, in its sole and absolute discretion, the effective date of such adjustment;

"**Disrupted Day**" means (a) any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred; or (b) if the Warrants are Multiple Exchange Index-Linked Warrants, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of

the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred or (c) any Scheduled Trading Day on which the Index Sponsor fails to publish the Index;

**"DR Linked Warrants"** means a Series of Security Warrants which relate to one or more Securities which are Depositary Receipts;

**"Early Closure"** means (a) the closure on any Exchange Business Day of the relevant Exchange (in the case of Security Warrants or Security Basket Warrants) or any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index Warrants or Index Basket Warrants) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or (b) if the Warrants are Multiple Exchange Index-Linked Warrants, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day;

**"Exchange"** means (a) with respect to a Security or an Index, each exchange or quotation system specified as such in the relevant Pricing Supplement, 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 Pricing Supplement);

**"Exchange Business Day"** means (a) any Scheduled Trading Day on which each Exchange and any relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; or (b) with respect to a Multiple Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time;

**"Exchange Disruption"** means (a) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for the Securities on the Exchange (in the case of a Security Warrant or a Security Basket Warrant) or on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of an Index Warrant or an Index Basket Warrant), or (ii) to effect transactions in, or obtain market values for, future or options contracts relating to the Securities (in the case of a Security Warrant or a Security Basket Warrant) or the relevant Index (in the case of an Index Warrant or an Index Basket Warrant) on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (i) any Component Security on the Exchange in respect of such Component Security or (ii) futures or options contracts relating to the Index on the relevant Related Exchange;

**"Extraordinary Dividend"** means the amount per Security specified or otherwise determined as provided in the relevant Pricing Supplement or, if no such amount is so specified or determined, any dividend or the portion of any dividend which the Calculation Agent determines in its sole and absolute discretion should be characterised as an Extraordinary Dividend;

**"Extraordinary Event"** means (a) in all cases other than where the Pricing Supplement specifies that the Securities are Units in a Fund, a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting (b) in the case where the Pricing Supplement specifies that the Securities are Units in a Fund, a Merger Event, Nationalisation, Insolvency, Delisting or Extraordinary Fund Event;

**"Extraordinary Fund Event"** means, in the determination of the Calculation Agent, the occurrence or existence of any of the following:

- (i) the Fund (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C)(1) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (A) to (E) above;
- (ii) the Fund has violated any leverage restriction that is applicable to, or affecting, such Fund or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any contractual restriction binding on or affecting the Fund or any of its assets;
- (iii) the resignation, termination or replacement of the Fund Adviser (as defined below);
- (iv) any change or modification of the Fund Documents that could reasonably be expected to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Issue Date;
- (v) any breach or violation of any strategy or investment guidelines stated in the Fund Documents that is reasonably likely to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent);
- (vi) the Issuer, or any of its affiliates, is unable, or it is impractical for it, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (1) any restrictions or increase in charges or fees imposed by the Fund on any investor's ability to redeem the Units, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Units, or (2) any mandatory redemption, in whole or in part, of such Units imposed by the Fund (in each case other than any restriction in existence on the Issue Date);



- (vii) (A) cancellation, suspension or revocation of the registration or approval of the Units or the Fund by any governmental, legal or regulatory entity with authority over the Units or the Fund, (B) any change in the legal, tax, accounting or regulatory treatments of the Fund or the Fund Adviser that is reasonably likely to have an adverse impact on the value of the Units or on any investor therein (as determined by the Calculation Agent), or (C) the Fund or the Fund Adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the Fund;
- (viii) (A) the occurrence of any event affecting the Units that, in the determination of the Calculation Agent, would make it impossible or impracticable to determine the value of the Units, and such event is likely, in the determination of the Calculation Agent, to continue for the foreseeable future; or (B) any failure of the Fund to deliver, or cause to be delivered (1) information that the Fund has agreed to deliver, or cause to be delivered to the Issuer and/or Calculation Agent or (2) information that has been previously delivered to the Issuer and/or Calculation Agent in accordance with the Fund's, or its authorised representative's, normal practice and that the Issuer and/or Calculation Agent deems necessary for it to monitor the Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the Units;
- (ix) on or after the Strike Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (X) it has become illegal to hold, acquire or dispose of the Units, or (Y) the Issuer will incur a materially increased cost in performing its obligations under the Warrants (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (x) the Issuer would incur a materially increased (as compared with circumstances existing on the Strike Date) amount of tax (including any potential tax which the Calculation Agent considers may arise), duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Extraordinary Fund Event; and
- (xi) (A) the cancellation or cessation of any Underlying Index or (B) a material change in the formula for or the method of calculating or any other material modification to any Underlying Index (other than a modification prescribed in that formula or method to maintain such Underlying Index in the event of changes in constituent stock and capitalisation and other routine events) or (C) the relevant sponsor of any Underlying Index fails to calculate and announce such Underlying Index.

**"Final Index Level"** means, with respect to an Index and a Valuation Date, the level determined as provided in the relevant Pricing Supplement or, if no such level is so provided (a) the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Valuation Date or (b) with respect to a Multiple Exchange Index, the official closing level of the Index on the Valuation Date as calculated and published by the Index Sponsor or (c) if Averaging Dates are specified in the relevant Pricing Supplement in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded up to four decimal places (with 0.00005 being rounded up)) of the Reference Level on such Averaging Dates;

**"Final Price"** means, with respect to a Security and a Valuation Date, the price determined as provided in the relevant Pricing Supplement, 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 Pricing Supplement in respect of such Valuation Date, the arithmetic average as determined by the

Calculation Agent (rounded up to four decimal places (with 0.00005 being rounded up)) of the Reference Prices on such Averaging Dates;

"**Fund**" means the exchange traded fund or similarly traded or listed fund as specified in the relevant Pricing Supplement;

"**Fund Adviser**" means, with respect to a Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment manager (including a non-discretionary investment manager to a discretionary investment manager or to another non-discretionary investment manager), as provided in the related Fund Documents;

"**Fund Documents**" means, in relation to any Fund, the constitutive and governing documents, subscription agreements and other agreements of such Fund specifying the terms and conditions relating to such Fund, in each case as amended or supplemented from time to time;

"**Government Bonds**" means, in relation to a Series of Warrants, bonds or any other debt securities issued by a government, government agency or subdivision or a transnational or supranational organisation as specified in the relevant Pricing Supplement and "**Government Bond**" shall be construed accordingly;

"**Index**" means, in relation to a Series of Warrants, the index to which such Warrants relates, as specified in the relevant Pricing Supplement, subject to adjustment pursuant to Condition 18, and "**Indices**" shall be construed accordingly;

"**Index Basket Warrants**" means a Series of Warrants relating to a basket of Indices, as specified in the relevant Pricing Supplement;

"**Index Rules**" means the rules of the Index Sponsor in relation to the Index specified as such in the relevant Pricing Supplement

"**Index Sponsor**" means the corporation or other entity specified as such in the relevant Pricing Supplement 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;

"**Index Substitution Notice**" has the meaning given in Condition 18(c)(iii);

"**Index Warrants**" means a Series of Warrants relating to a single Index, as specified in the relevant Pricing Supplement including Inflation Rate-Linked Warrants;

"**Inflation Rate-Linked Warrant**" means a Warrant in relation to which the cash settlement amount or any other amount payable thereon is determined by reference to an inflation rate, inflation rates or other inflation rate-dependent variables (as indicated in the relevant Pricing Supplement) ;

"**Initial Index Level**" means, with respect to an Index, the level specified as such or otherwise determined as provided in the relevant Pricing Supplement or, if no such level is so specified or otherwise determined, the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date or, with respect to a Multiple Exchange Index, the official closing level of the Index on the Strike Date as calculated and published by the Index Sponsor 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 Pricing Supplement 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 each as rounded up to four decimal places (with 0.00005 being rounded up);

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting an Underlying

Company, (A) all the Securities of that Underlying Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Securities of that Underlying Company become legally prohibited from transferring them;

**"Knock-in Amount"** means the cash settlement amount or other amount as specified as such in the relevant Pricing Supplement;

**"Knock-in Amount Payment Date"** means such date as specified in the relevant Pricing Supplement;

**"Knock-in Determination Day"** means each Scheduled Trading Day specified as such in the relevant Pricing Supplement or if Knock-in Determination Period is specified in the relevant Pricing Supplement as being applicable, each Scheduled Trading Day during the Knock-in Determination Period, in each case subject to the provisions of Condition 18(b)(i) which shall apply as if such Knock-in Determination Day were a Valuation Day;

**"Knock-in Determination Period"** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date;

**"Knock-in Event"** means (unless otherwise specified in the relevant Pricing Supplement) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Valuation Time or, if specified as such in the relevant Pricing Supplement, observed by the Calculation Agent continuously on any Knock-in Determination Day is, as specified in the relevant Pricing Supplement, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Price or, as the case may be, the Knock-in Level;

**"Knock-in Level"** means the level of the Index specified as such or otherwise determined in the relevant Pricing Supplement;

**"Knock-in Period Beginning Date"** means the date specified as such in the relevant Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of Condition 18 (b) which shall apply as if such Knock-in Period Beginning Date were a Valuation Date;

**"Knock-in Period Ending Date"** means the date specified as such in the relevant Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of Condition 18 (b) which shall apply as if such Knock-in Period Ending Date were a Valuation Date;

**"Knock-in Price"** means the price per Security specified as such or otherwise determined in the relevant Pricing Supplement;

**"Knock-out Amount"** means the cash settlement amount or other amount as specified as such in the relevant Pricing Supplement;

**"Knock-out Amount Payment Date"** means such date as specified in the relevant Pricing Supplement;

**"Knock-out Determination Day"** means each Scheduled Trading Day specified as such in the relevant Pricing Supplement or if Knock-out Determination Period is specified in the relevant pricing Supplement as applicable, each Scheduled Trading Day during the Knock-out Determination Period, in each case subject to the provisions of Condition 18(b)(i) which shall apply as is such Knock-out Determination Day were a Valuation Date;

**"Knock-out Determination Period"** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date;

**"Knock-out Event"** means (unless otherwise specified in the relevant Pricing Supplement) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Valuation Time or, if specified in the relevant Pricing Supplement, observed by the Calculation Agent continuously on any Knock-out Determination Day is, as specified in the

relevant Pricing Supplement, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Price or, as the case may be, Knock-out Level;

**"Knock-out Level"** means the level of the Index specified as such or otherwise determined in the relevant Pricing Supplement;

**"Knock-out Period Beginning Date"** means the date specified as such in the relevant Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of Condition 18 (b) which shall apply as if such Knock-out Period Beginning Date were a Valuation Date;

**"Knock-out Period Ending Date"** means the date specified as such in the relevant Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of Condition 18 (b) which shall apply as if such Knock-out Period Ending Date were a Valuation Date;

**"Knock-out Price"** means the price per Security specified as such or otherwise determined in the relevant Pricing Supplement;

**"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:

- (A) the occurrence or existence, in respect of any Component Security, of (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded, OR (cc) an Early Closure; AND (2) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR
- (B) the occurrence or existence, in respect of futures or options contracts relating to the Index of: (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Related Exchange; or (cc) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Multiple Exchange Index at any time, if a Market Disruption Event occurs in respect of a Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data";

**"Merger Event"** means in respect of any relevant Securities, any (i) reclassification or change of such Securities that results in a transfer of or an irrevocable commitment to transfer all of such Securities outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Underlying Company with or into another entity or person (other than a consolidation, amalgamation or merger in which such Underlying Company is the

continuing entity and which does not result in a reclassification or change of all of such Securities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Securities of the Underlying Company that results in a transfer of or an irrevocable commitment to transfer all such Securities (other than such Securities owned or controlled by such other entity or person) or (iv) consolidation, amalgamation, merger or binding share exchange of the Underlying Company or its subsidiaries with or into another entity in which the Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding but results in the outstanding Securities (other than Securities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Securities immediately following such event, in each case if the closing date of a Merger Event (or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent) is on or before, in the case of any Warrants which as specified in the relevant Pricing Supplement as being Physical Settlement Warrants, the Settlement Date or, in any other case, the final Valuation Date.

If the Warrants are DR Linked Warrants, "Merger Event" shall include the occurrence of any of the events described in (i) to (iv) (inclusive) above in relation to the relevant Underlying Securities;

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

**"Multiple Exchange Index-Linked Warrants"** means Warrants which relate to a Multiple Exchange Index;

**"Nationalisation"** means that all the Securities (or, if the Warrants are DR Linked Warrants, the relevant Underlying Securities) or all or substantially all the assets of an Underlying Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity;

**"Potential Adjustment Event"** means (i) a subdivision, consolidation or reclassification of relevant Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Securities to existing holders whether by way of bonus, capitalisation or similar issue; or (ii) a distribution, issue or dividend to existing holders of the relevant Securities of (A) such Securities or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Company equally or proportionately with such payments to holders of such Securities or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent in its sole and absolute discretion; or (iii) an Extraordinary Dividend; or (iv) a call by the Underlying Company in respect of relevant Securities that are not fully paid; or (v) a repurchase by the Underlying Company or any of its subsidiaries of relevant Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vi) in respect of the Underlying Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Underlying Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, **provided that** any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Securities; or (viii) any other event specified as such in the relevant Pricing Supplement;

With respect to Depositary Receipts, "Potential Adjustment Event" shall also include (x) the occurrence of any of the events described in (i) to (viii) (inclusive) above in respect of the relevant Underlying Securities and (y) the making of any amendment or supplement to the terms of the Deposit Agreement;

**"Reference Level"** means, unless otherwise specified in the relevant Pricing Supplement (a) in respect of an Index and an Averaging Date, the level of such Index as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date and (b) in respect of a Multiple Exchange Index and an Averaging Date, the official closing level of such

Multiple Exchange Index on such Averaging Date as calculated and published by the Index Sponsor;

"**Reference Price**" means, unless otherwise specified in the relevant Pricing Supplement, in respect of a Security and an Averaging Date, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date;

"**Related Exchange**" means, subject to the proviso below, in respect of a Security or Index, each exchange or quotation system specified as such for such Security or Index in the relevant Pricing Supplement, 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 Pricing Supplement, "**Related Exchange**" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Security or Index, as the case may be;

"**Scheduled Averaging Date**" has the meaning given in Condition 18(b)(iv)(B)(3)(bb);

"**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 in Condition 18(b)(iv)(B)(3)(aa);

"**Scheduled Trading Day**" means (a) any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading for their respective regular trading sessions; or (b) with respect to a Multiple Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session or (c) any day on which the Index Sponsor is scheduled to publish the level of the Index;

"**Scheduled Valuation Date**" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

"**Securities**" means, in relation to a Series of Warrants or in relation to an Index, the equity securities, debt securities (including without limitation Government Bonds), depositary receipts or other securities or property, as adjusted pursuant to this Condition 17, to which such Warrants or Index, as the case may be, relate, as specified in the relevant Pricing Supplement and "**Security**" shall be construed accordingly;

"**Securities Transfer Amount**" means the number of Securities per Warrant as specified in the relevant Pricing Supplement or if no such number is so specified, the number of Securities per Warrant calculated by the Calculation Agent and equal to the fraction of which the numerator is the Denomination and denominator and is the Strike Price;

"**Security Basket Warrants**" means a Series of Warrants relating to a basket of Securities, as specified in the relevant Pricing Supplement and "**Security Basket Warrant**" shall be construed accordingly;

"**Security Warrants**" means a Series of Warrants relating to a single Security, as specified in the relevant Pricing Supplement and "**Security Warrant**" shall be construed accordingly;

"**Settlement Date**" means, in relation to Securities to be delivered in respect of an Exercise Date and unless otherwise specified in the relevant Pricing Supplement, the first day on which settlement of a sale of such Securities executed on that Exercise Date customarily would take place through the relevant Clearing System **provided that** if a Settlement Disruption Event prevents delivery of such Securities on that day, then the Settlement Date shall be determined in accordance with Condition 18(e);

**"Settlement Disruption Event"** in relation to a Security or Component Security means an event which the Calculation Agent, in its sole and absolute discretion, determines to be beyond the control of the Issuer or relevant obligor and to be an event as a result of which the relevant Clearing System cannot clear the transfer of such Security or Component Security;

**"Strike Date"** means the date specified as such in the relevant Pricing Supplement (or if such day is not a Scheduled Trading Day, the next following Scheduled Trading Day, subject to the provisions of Condition 18(b));

**"Strike Price"** has the meaning ascribed thereto in the relevant Pricing Supplement;

**"Substitute Index"** has the meaning given in Condition 18(c)(iii);

**"Successor Index"** has the meaning given in Condition 18(c) or Condition 18(i)(c)(i) (as applicable);

**"Tender Offer"** means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Underlying Company, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant;

**"Trading Disruption"** means (a) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (1) relating to the Securities on the Exchange (in the case of a Security Warrant or a Security Basket Warrant) or on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index Warrants or Index Basket Warrants); or (2) in futures or options contracts relating to the Securities or the relevant Index on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (1) relating to any Component Security on the Exchange in respect of such Component Security, or (2) in futures or options contracts relating to the Index on any relevant Related Exchange;

**"Underlying Company"** means the issuer of the Security as specified in the relevant Pricing Supplement (or, if the Warrants are DR Linked Warrants, each of the Depositary and the issuer of the relevant Underlying Security), subject to adjustment in accordance with this Condition;

**"Underlying Index"**, in relation to a Fund, has the meaning given to it in the relevant Pricing Supplement;

**"Underlying Security"** means, with respect to DR Linked Warrants and a Depositary Receipt, the security and any other property to which such Depositary Receipt relates;

**"Unit"**, in relation to a Fund, has the meaning given to it in the relevant Pricing Supplement;

**"Valid Date"** means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur;

**"Valuation Date"** means each date specified or otherwise determined as provided in the relevant Pricing Supplement (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), in each case subject to Condition 18; and

**"Valuation Time"** means, (a) in relation to each Security to be valued or each Index the level of which falls to be determined on any date, the time on such date specified as such in the relevant Pricing Supplement 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 (c) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

18. **Valuation, Adjustments and Extraordinary Events affecting Securities**

(a) ***Knock-in and Knock-out Provisions***

This Condition 18(a) is applicable only if "Knock-in Event" or "Knock-out Event" is specified as applicable in the relevant Pricing Supplement. If on a Knock-in Determination Day or Knock-out Determination Day, a Knock-in Event or Knock-out Event (respectively) occurs, then a Knock-in Amount or Knock-out Amount (respectively) becomes payable on the relevant Knock-in Amount Payment Date or Knock-out Amount Payment Date (respectively), all as specified as such in the relevant Pricing Supplement.

(b) ***Consequences of Disrupted Days***

For the purposes of this Condition 18(b) "**Limit Valuation Date**" shall mean, if any Valuation Date in respect of a Warrant is a Disrupted Day, the eighth Scheduled Trading Day following such Valuation Date, notwithstanding the Market Disruption Event, **provided that:**

- (i) if, as a result of the foregoing, the Valuation Date would be deemed to fall less than five local banking days prior to the Cash Settlement Payment Date, a relevant Settlement Date or (as the case may be) any due date for payment of any amount due in respect of such Warrant, the Limit Valuation Date shall be deemed to fall on the day which is five local banking days prior to the Cash Settlement Payment Date, such Settlement Date or (as the case may be) due date for payment of any amount due in respect of such Warrant or, if such local banking day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day; and
- (ii) if the Scheduled Valuation Date falls on a day which is five local banking days or less prior to the relevant Cash Settlement Payment Date, a relevant Settlement Date or (as the case may be) any due date for payment of any amount due in respect of such Warrant, the Limit Valuation Date shall be deemed to be such Scheduled Valuation Date,

in each case notwithstanding the fact that such day is a Disrupted Day.

(iii) If any Valuation Date is a Disrupted Day, then:

- (A) in the case of an Equity-Linked Warrant or an Index-Linked Warrant, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, **provided that** the Valuation Date shall not fall after the Limit Valuation Date. In that case:

- (1) in respect of an Index Warrant, the Calculation Agent shall determine in its absolute discretion that either:

- (aa) the Valuation Date shall be the Limit Valuation Date; or
- (bb) the Valuation Date shall be the first succeeding Exchange Business Day on which there is no Market Disruption Event,

and, in the case of (aa) above, the Calculation Agent shall determine the level of the Index as of the Valuation Time on that Limit Valuation Date determined in accordance with the formula



for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that Limit Valuation Date of each security or other property comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other property on that Limit Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on that Limit Valuation Date); and

(2) in respect of a Equity-Linked Warrant, that Limit Valuation Date shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and the Calculation Agent shall determine its good faith estimate of the value for the relevant Security as of the Valuation Time on that Limit Valuation Date;

(B) in the case of an Index Basket Warrant, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, **provided that** the Valuation Date shall not fall after the Limit Valuation Date. In that case, the Calculation Agent shall determine in its absolute discretion that either:

(1) the Limit Valuation Date shall be deemed to be the Valuation Date for the relevant Index notwithstanding the fact that such day is Disrupted Day relating to that Index; or

(2) the Valuation Date shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index,

and, in each case, the Calculation Agent shall determine, in its sole and absolute discretion, the level of that Index, as of the Valuation Time on that eighth in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that Limit Valuation Date of each security or other property comprised in the relevant Index (or, if an event giving rise to a Disrupted Day has occurred in respect to the relevant security or other property on that Limit Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on that Limit Valuation Date); and

(C) in the case of a Security Basket Warrant, the Valuation Date for each Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Security affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Security, **provided that** the Valuation Date shall not fall after the Limit Valuation Date. In that case, (1) that Limit Valuation Date shall be deemed to be the Valuation Date for the relevant Security, notwithstanding the fact that such day is a Disrupted Day, and (2) the Calculation Agent shall determine, in its sole and absolute discretion, its good faith estimate of the value for that Security as of the Valuation Time on that Limit Valuation Date.

- (iv) If Averaging Dates are specified in the relevant Pricing Supplement, then notwithstanding any other provisions of these Conditions, the following provisions will apply to the valuation of the relevant Index or Securities:
- (A) The Final Price or the Final Index Level will be, in relation to any Valuation Date:
- (1) in respect of an Index-Linked Warrant or Cash Settlement Equity-Linked Warrant, the arithmetic mean of the Reference Price of the Securities or (as the case may be) of the Reference Level of the Index on each Averaging Date;
  - (2) in respect of an Index Basket Warrant, the arithmetic mean of the amounts for the Basket determined by the Calculation Agent in its sole and absolute discretion as provided in the relevant Pricing Supplement as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Index Level is so provided, the arithmetic mean of the amounts for such basket calculated on each Averaging Date as the sum of the Reference Levels of each Index comprised in the Basket (weighted or adjusted in relation to each Index as provided in the relevant Pricing Supplement); and
  - (3) in respect of a Cash Settlement Security Basket Warrant, the arithmetic mean of the prices for the Basket determined by the Calculation Agent in its sole and absolute discretion as provided in the relevant Pricing Supplement as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Price is so provided, the arithmetic mean of the prices for the Basket calculated on each Averaging Date as the sum of the values calculated for the Securities of each Underlying Company as the product of (aa) the Reference Price of such Security and (bb) the number of such Securities comprised in such basket (weighted or adjusted in relation to each Security as provided in the relevant Pricing Supplement).
- (B) If any Averaging Date is a Disrupted Day, then, if the consequence specified in the relevant Pricing Supplement in relation to "**Averaging Date Market Disruption**" is:
- (1) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Final Price **provided that**, if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Condition 18(b)(i) will apply for purposes of determining the relevant level, price or amount on the final Averaging Date in respect of that Valuation Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date;
  - (2) "**Postponement**", then Condition 18(b)(i) will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a

day that already is or is deemed to be an Averaging Date for the Warrant. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date; or

(3) "**Modified Postponement**", then:

(aa) in the case of an Index-Linked Warrant or Equity-Linked Warrant, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the Limit Valuation Date immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date (the "**Scheduled Final Averaging Date**") in relation to the relevant Scheduled Valuation Date, then:

(i) in respect of an Index Warrant, the Calculation Agent shall determine in its absolute discretion that either:

(a) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date); or

(b) the Averaging Date shall be the first succeeding Valid Date,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 18(b)(iii)(A)(1); and

(ii) in respect of a Equity-Linked Warrant, the Limit Valuation Date shall be deemed to be the Averaging Date (irrespective of whether that Limit Valuation Date is already an Averaging Date), and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant price for that Averaging Date in accordance with Condition 18(b)(iii)(A)(2); and

(bb) in the case of an Index Basket Warrant or a Security Basket Warrant, the Averaging Date for each Index or Security not affected by the occurrence of a Disrupted Day shall be the day specified in the relevant Pricing Supplement as an Averaging Date in relation to the relevant Valuation Date (the "**Scheduled Averaging Date**") and the Averaging Date for an Index or Security affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index or Security. If the first succeeding Valid Date in relation to such Index or Security has not occurred as of the Valuation Time on the Limit Valuation Date

immediately following the Scheduled Final Averaging Date, then:

- (i) in respect of an Index Basket Warrant, the Calculation Agent shall determine in its absolute discretion that either:
  - (a) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Index; or
  - (b) the Averaging Date shall be the first succeeding Valid Date,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 18(b)(iii)(B); and

- (ii) in respect of a Security Basket Warrant, that Limit Valuation Date shall be deemed the Averaging Date (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Security, and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant amount for that Averaging Date in accordance with Condition 18(b)(iii)(C).

If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

(c) *Adjustments to Indices*

This Condition 18(c) is applicable only in relation to Index-Linked Warrants and Index Basket Warrants other than Inflation Rate-Linked Warrants in relation to which Condition 18 (i) shall apply.

(i) *Successor Index*

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Sponsor acceptable to the Calculation Agent, or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that Index (the "**Successor Index**") will be deemed to be the Index.

(ii) *Index Modification*

If on or prior to any Valuation Date 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 Warrants, and if so, shall make such adjustment(s) (if any) as it determines appropriate to account for the economic effect of the Index Modification and determine the effective date of any such modification or adjustment.

(iii) *Index Cancellation*

If on or prior to the Valuation Date 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:

- (1) the Issuer shall as soon as is reasonably practicable after determining the same give notice (an "**Index Cancellation Notice**") of such Index Cancellation to the Warrantheolders (with a copy to the Calculation Agent) in accordance with Condition 11 (*Notices*);
- (2) if Index Substitution is specified as being applicable in the relevant Pricing Supplement, 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 Warrantheolders (with a copy to the Calculation Agent) in accordance with Condition 11 (*Notices*) and, with effect from the date so determined, the Substitute Index shall be deemed to be the Index; and
- (3) if no Substitute Index has been identified within ten Business Days of the giving of such Index Cancellation Notice or if Index Substitution has not been specified as being applicable in the relevant Pricing Supplement, the Issuer shall, in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), determine whether or not the relevant Warrants shall continue and:
  - (A) if it determines that the Warrants shall continue, then the Calculation Agent shall determine, in its sole and absolute discretion, the Final Index Level for such Valuation Date or the Reference Level for such Averaging Date, as the case may be using, in lieu of a published level of that Index, the level for that Index as at that Valuation Date or Averaging Date (as applicable) as determined by the Calculation Agent in its sole and absolute discretion in accordance with the formula for and method of calculating that Index last in effect prior to the Index Cancellation, but using only those components that comprised that Index immediately prior to that Index Cancellation; and
  - (B) if it determines that the Warrants shall not continue, the Issuer shall terminate the relevant Warrants as of the date selected by the Issuer and give notice thereof to the Warrantheolders (with a copy to the Calculation Agent) in accordance with Condition 11 (*Notices*), specifying the early redemption amount and early redemption date, and the entitlements of the relevant Warrantheolders to receive the Cash Settlement Amount (or any other payment to be made by the Issuer, as the case may be) shall cease and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of such amount as is determined by the Calculation Agent to be the fair market value

of the Warrants immediately prior (and ignoring the circumstances leading) to such early redemption, adjusted to account fully for any reasonable expenses, costs or proceeds, as the case may be, to the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and funding arrangements.

For these purposes:

**"Index Substitution Notice"** means a notice specifying a Substitute Index to be substituted for the Index and the date as of which such substitution is to take effect; and

**"Substitute Index"** means a successor index identified by the Calculation Agent using commercially reasonable efforts, with characteristics, objectives and rules similar to the Index in effect immediate prior to the occurrence of the Index Cancellation.

(iv) *Correction of Index Levels*

If, in respect of an Index Warrant or an Index Basket Warrant, the level of an Index published by the Index Sponsor at any time and used or to be used by the Calculation Agent for any calculation or determination under the Warrants is subsequently corrected and the correction is published by the Index Sponsor after the original publication, the Calculation Agent will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the settlement or payment terms of the Warrants to account for such correction **provided that** if any amount has been paid or delivered in an amount or value which exceeds the amount that would have been payable or deliverable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable or deliverable in respect of the Warrants and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement (or, in the case of a delivery, payment of the value) of, the relevant excess payment or delivery (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Warrantholder, together with interest on that amount for the period from and including the day on which payment or delivery was originally made to (but excluding) the day of payment of reimbursement (or value) by the Warrantholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(d) *Delivery Disruption of Physical Settlement Warrants*

This Condition 18(d) is applicable only in relation to Warrants specified in the relevant Pricing Supplement as being Physical Settlement Warrants and to Warrants in relation to which the Issuer has elected for optional Physical Settlement in accordance with Condition 4(f).

If the Calculation Agent determines, in its sole and absolute discretion, that a Delivery Disruption Event has occurred, it shall notify the Issuer who shall promptly notify the relevant Warrantholder(s) and the Issuer may then:

- (A) determine, in its sole and absolute discretion, that the obligation to deliver the relevant Securities Transfer Amount will be terminated and the Issuer will pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the Securities Transfer Amount, in which event the entitlements of the respective Warrantholder(s) to receive the relevant

Securities Transfer Amount shall cease and the Issuer's obligations under the Warrants shall be satisfied in full upon payment of such amount; or

- (B) deliver on the Settlement Date such amount of the Securities Transfer Amount (if any) as it can deliver on that date and pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the remainder of the Securities Transfer Amount, in which event the entitlements of the respective Warrantholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Warrants shall be satisfied in full upon payment of such amount.

Where this Condition 18(d) fails to be applied, insofar as the Calculation Agent determines in its sole and absolute discretion to be practical, the same shall be applied as between the Warrantholders on a *pro rata* basis, but subject to such rounding down (whether of the amount of a payment or of a number of Securities to be delivered) and also to such other adjustments as the Calculation Agent determines, in its sole and absolute discretion, to be appropriate to give practical effect to such provisions.

(e) ***Settlement Disruption of Physical Settlement Warrants***

This Condition 18(e) is applicable only in relation to Warrants specified in the relevant Pricing Supplement as being Physical Settlement Warrants.

The Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Settlement Disruption Event has occurred and where it determines such an event has occurred and so has prevented delivery of Securities on the original day that but for such Settlement Disruption Event would have been the Settlement Date, then the Settlement Date will be the first succeeding day on which delivery of such Securities can take place through the relevant Clearing System unless a Settlement Disruption Event prevents settlement on each of the eighth relevant Clearing System Business Days immediately following the original date (or during such other period (the "**Disruption Period**") specified in the relevant Pricing Supplement) that, but for the Settlement Disruption Event, would have been the Settlement Date. In that case, if the Securities are debt securities, the Issuer shall use reasonable efforts to deliver such Securities promptly thereafter in a commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) outside the Clearing System and in all other cases (a) if such Securities can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be the first Business Day on which settlement of a sale of Securities executed on the eighth relevant Clearing System Business Day, or during such other period specified in the relevant Pricing Supplement, customarily would take place using such other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) of delivery (which other manner of delivery will be deemed the relevant Clearing System for the purposes of delivery of the relevant Securities), and (b) if such Securities cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be postponed until delivery can be effected through the relevant Clearing System or in any other commercially reasonable manner.

For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Securities comprised in a basket, the Settlement Date for Securities not affected by the Settlement Disruption Event will be the first day on which settlement of a sale of such Securities executed on the Settlement Date customarily would take place through the relevant Clearing System.

(f) ***Adjustments and Events affecting Securities***

This Condition 18(f) is applicable only in relation to Security Warrants and Security Basket Warrants.

(i) *Potential Adjustment Events*

The Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Potential Adjustment Event has occurred and where it determines such an event has occurred, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Securities and, if so, will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the Strike Price, the number of Securities to which each Warrant relates and to any other exercise, settlement, payment or other term of the relevant Warrants, including without limitation the amount, number or type of cash, Securities, other securities or other property which may be transferred under such Warrants and determine the effective date(s) of such adjustment(s).

(ii) *Extraordinary Events*

Following the occurrence of any Extraordinary Event, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Warrants shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Warrants shall continue, it may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate, if any, to the amount, number or type of Securities, other property or securities which may be transferred under the Warrants, including, without limitation, the Strike Price, the formula for the Cash Settlement Amount set out in the relevant Pricing Supplement and, in any case, any other variable relevant to the settlement or payment terms of the relevant Warrants and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion determine. If the Calculation Agent determines in its sole and absolute discretion that the relevant Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive Securities or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

(iii) *Conversion*

In respect of a Security Warrant or a Security Basket Warrant which relates to debt securities, following the occurrence of any Conversion, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Warrants will continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the Warrants shall continue, it may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate to the amount, number or type of Securities (including the number of Securities comprised in the Basket), other property or securities which may be transferred under the Warrants, including without limitation the Strike Price, the formula for the Cash Settlement Amount set out in the relevant Pricing Supplement and, in any case, any other variable relevant to the settlement or payment terms of the relevant Warrants and/or any other adjustment and determine, in its sole and absolute discretion, the effective date(s) of such adjustment. If the Calculation Agent determines, in its sole and absolute discretion, that the Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of any Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive Securities or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) as of the date selected by the Calculation Agent in its sole and absolute discretion and the Issuer's obligations under the Warrants shall be



satisfied in full upon payment of such amount as, in the opinion of the Calculation Agent (such opinion to be made by the Calculation Agent in its sole discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

(iv) *Correction of Prices*

In the event that any price published or announced on a given day and utilised or to be utilised for the purpose of any calculation or determination under the Warrants is subsequently corrected and the correction is published or announced by the Exchange within one Settlement Cycle after the original publication, the Calculation Agent will make such adjustment(s) as it in its sole and absolute discretion determines to be appropriate, if any, to the settlement or payment terms of the Warrants to account for such correction and the Calculation Agent shall determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s) **provided that** if any amount has been paid or delivered in an amount or value which exceeds the amount that would have been payable or deliverable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable or deliverable in respect of the Warrants and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement (or, in the case of a delivery, payment of the value) of, the relevant excess payment or delivery (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Warrantholder, together with interest on that amount for the period from and including the day on which payment or delivery was originally made to (but excluding) the day of payment of reimbursement (or value) by the Warrantholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(g) *Additional Disruption Events*

Following the occurrence of any Additional Disruption Event, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Warrants shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Warrants shall continue, the Calculation Agent may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate, if any, to the amount, number or type of Securities (including the number of Securities comprised in the Basket), other property or securities which may be transferred under the Warrants, including, without limitation, the Strike Price, the formula for the Cash Settlement Amount set out in the relevant Pricing Supplement and, in any case, any other variable relevant to the settlement or payment terms of the relevant Warrants, and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion determine. If the Calculation Agent determines in its sole and absolute discretion that the relevant Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive Securities or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

For the purposes of each Series of Warrants, "**Additional Disruption Event**" means any event specified as such in the relevant Pricing Supplement, and for such purpose the following terms if so specified shall be deemed to have the following meanings unless otherwise provided in the relevant Pricing Supplement:

- (i) "**Change in Law**" means, in relation to any Warrants, 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 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, Securities, Component Securities or other components comprised in the Index relating to such Warrants 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 Warrants (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 Warrants, or in relation to the Issuer's hedging activities in connection with the Warrants or in relation to the hedging activities of the Issuer or any of its designated affiliates in connection with the Warrants, (ii) stock loan transactions in relation to such Warrants or (iii) other instruments or arrangements (howsoever described) held by the Issuer or any of its designated affiliates in order to hedge, individually or on a portfolio basis, such Warrants or (z) the Issuer or any of its designated affiliates will incur a materially increased cost in performing its obligations under the Warrants (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (ii) "**Failure to Deliver**" means the failure of a party to deliver, when due, the relevant Securities in respect of the Warrants, where such failure is due to illiquidity in the market for such Securities;
- (iii) "**Insolvency Filing**" means that the issuer of the Securities institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such petition, **provided that** proceedings instituted or petitions presented by creditors and not consented to by the issuer of the Securities shall not be deemed an Insolvency Filing;
- (iv) "**Hedging Disruption**" means that the Issuer or any of its designated affiliates is unable or it is or has become not reasonably practicable, or it has otherwise become undesirable, for any reason, for the Issuer wholly or any of its designated affiliates or partially after using commercially reasonable efforts and acting in good faith, to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary or desirable to hedge the equity or any other price risk (including but not limited to, any currency risk) of entering into and performing the Issuer's obligations in respect of the Warrants or (B) realise, recover, receive, transfer or remit the proceeds of any such transaction(s) or asset(s) or (C) without prejudice to (B) above, transfer amounts denominated in the Settlement Currency (1) from accounts inside the Settlement Currency Jurisdiction to accounts outside the Settlement Currency Jurisdiction (2) between accounts inside the Settlement Currency Jurisdiction or

(3) to a party that is a non-resident of the Settlement Currency Jurisdiction or (D) without prejudice to (B) and (C) above, convert the Settlement Currency into an Alternative Payment Currency); and

- (v) "**Increased Cost of Hedging**" means that the Issuer or any of its designated affiliates would incur materially increased costs (as compared with circumstances existing on the Issue Date), including, without limitation, amount of tax (including any potential tax which the Calculation Agent considers may arise), duty, expense or fee (other than brokerage commissions) to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge equity or any other price risk (including but not limited to, any currency risk) of entering into and performing the Issuer's obligations in respect of the Warrants or (B) realise, recover, receive, transfer 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 or its designated affiliates, as applicable, shall not be deemed an Increased Cost of Hedging.

(h) ***Adjustments where the Securities are Units in a Fund***

Where the Securities are specified in the relevant Pricing Supplement as being Units in a Fund, in the case of the occurrence at any time on or prior to the Valuation Date of any Extraordinary Event affecting the Fund or the value of the Units, the Calculation Agent may make any adjustment as provided in the preceding provisions of this Condition 18 or:

- (i) if the Calculation Agent determines that no adjustment that it could make under the preceding provision of this Condition 18 would produce a commercially reasonable result:
- (a) the Calculation Agent will use commercially reasonable efforts to identify a new underlying asset with characteristics, investment objectives and policies similar to those in effect for the Affected Units immediately prior to the occurrence of the relevant Extraordinary Event and any substitution of the new underlying asset for the Affected Units shall be effected at such time and in such manner as determined by the Calculation Agent in its sole and absolute discretion; and
- (b) if necessary, the Calculation Agent will adjust any relevant terms, including, but not limited to, adjustments to account for changes in volatility, investment strategy or liquidity relevant to the Units or the Warrants; or
- (ii) if the Calculation Agent determines in its sole and absolute discretion that the relevant Warrants shall be terminated, then the Warrants shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Warrantholders to receive the relevant Securities Transfer Amount or Cash Settlement Amount, as the case may be, shall cease and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of an amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

In this Condition 18(i) "**Affected Unit(s)**" means each Unit subject to an applicable Extraordinary Event.

(i) ***Adjustments to Indices for Inflation Rate-Linked Warrants***

With respect to Inflation Rate-Linked Warrants, the following provisions shall apply in lieu of Condition 18(c) (*Adjustments to Indices*).

(A) **Definitions**

In this Condition:

"**Affected Payment Date**" has the meaning given in (B) below;

"**Fallback Bond**" means a bond selected by the Calculation Agent and issued by the government or one of the governments (but not any government agency) of the country (or countries) to whose level of inflation the relevant Index relates and which pays a coupon and/or redemption amount which is calculated by reference to the level of inflation in such country (or countries), with a maturity date which falls on the same day as the Cash Settlement Payment Date or such other date as the Calculation Agent shall select if there is no such bond maturing on the Cash Settlement Payment Date. If any bond so selected is redeemed, the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond is redeemed (including any bond for which the redeemed bond is exchanged);

"**Reference Month**" means the calendar month for which the level of the Index was reported, regardless of when this information is published or announced. If the period for which level of the Index was reported is a period other than a month, the Reference Month is the period for which the level of the Index was reported;

"**Related Bond**" means, if specified as applicable in the relevant Pricing Supplement, means the bond specified as such in the relevant Pricing Supplement or, if specified as applicable in the relevant Pricing Supplement and no bond is specified therein, the Fallback Bond, and the Calculation Agent shall use the Fallback Bond for any Related Bond determination;

"**Substitute Index Level**" means the level of the Index, determined by the Calculation Agent pursuant to (C) below, in respect of an Affected Payment Date; and

(B) **Delay of Publication**

If any level of the Index for a Reference Month relevant to the calculation of a payment of interest has not been published or announced by the day that is five Business Days prior to the relevant Cash Settlement Payment Date (the "**Affected Payment Date**"), the Calculation Agent shall determine the relevant level of the Index using the following methodology:

- (i) If Related Bond is specified as applicable in the relevant Pricing Supplement, the Calculation Agent will take the same action to determine the Substitute Index Level for the Affected Payment Date as that taken by the calculation agent pursuant to the terms and conditions of the Related Bond;
- (ii) If (A) Related Bond is specified as not applicable in the relevant Pricing Supplement; or (B) the Calculation Agent is unable to determine the Substitute Index Level under (i) above for any reason, then the Calculation Agent shall determine the Substitute Index Level as follows:

$$\text{Substitute Index Level} = \text{Base Level} \times (\text{Latest Level} / \text{Reference Level})$$

where:

"**Base Level**" means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined;

**"Latest Level"** means the latest level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor prior to the month in respect of which the Substitute Index Level is being calculated; and

**"Reference Level"** means the level of the Index (excluding any "flash" estimates) published or announced by the Index Sponsor in respect of the month that is 12 calendar months prior to the month referred to in "Latest Level" above. For the avoidance of doubt, any Reference Level published or announced at any time after the day that is five Business Days prior to the next Cash Settlement Payment Date, will not be used in any calculations and the Substitute Index Level so determined pursuant to this sub-paragraph (B) will be the definitive level.

(C) **Cessation of Publication**

If a level for the Index has not been published or announced for two consecutive months or the Index Sponsor announces that it will no longer continue to publish or announce the Index, then the Calculation Agent shall determine a Successor Index (in lieu of any previously applicable Index) for the purposes of the Warrants by using the following methodology:

- (i) If at any time a successor index has been designated by the calculation agent pursuant to the terms and conditions of the Related Bond, such successor index shall be designated a "**Successor Index**" for the purposes of the determination of the Cash Settlement Amount or any other adjustment in respect of the Warrants, notwithstanding that any other Successor Index may previously have been determined.
- (ii) If a Successor Index has not been determined under (i) above, and a notice has been given or an announcement has been made by the Index Sponsor, specifying that the Index will be superseded by a replacement index specified by the Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be the Successor Index from the date that such replacement Index comes into effect.
- (iii) If a Successor Index has not been determined under (i) or (ii) above, the Calculation Agent (acting in its sole and absolute discretion) will determine an appropriate alternative index for such Affected Payment Date, and such index will be deemed a "Successor Index".
- (iv) If the Calculation Agent determines that there is no appropriate alternative index, then the Warrants shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Warrantholders to receive the relevant Cash Settlement Amount (or any other payment to be made by the Issuer), as the case may be, shall cease and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the early termination of the Warrants.

(D) **Rebasing of the Index**

If the Calculation Agent determines that the Index has been or will be rebased at any time, the Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the level of an Index from the date of such rebasing; **provided, however, that** the Calculation Agent shall make such adjustments as

are made by the calculation agent pursuant to the terms and conditions of the Related Bond, if any, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. If there is no Related Bond, the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Index before it was rebased. Any such rebasing shall not affect any prior payments made under the Warrants.

**(E) Material Modification**

If, on or prior to the day that is five Business Days before the next date which is a Cash Settlement Payment Date (as the case may be), an Index Sponsor announces that it will make a material change to an Index, then the Calculation Agent shall make any such adjustments to the Index consistent with adjustments made to the Related Bond, or, if there is no Related Bond, only those adjustments necessary for the modified Index to continue as the Index.

**(F) Manifest Error in Publication**

If, within thirty days of publication and prior to the Cash Settlement Payment Date, the Calculation Agent determines that the Index Sponsor has corrected the level of the Index to remedy a manifest error in its original publication, the Calculation Agent will take such action as it may deem necessary and practicable to give effect to such correction.

## PRO FORMA PRICING SUPPLEMENT FOR EQUITY-LINKED WARRANTS AND INDEX-LINKED WARRANTS

*[When completing any pricing supplement, or adding any other terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether supplemental listing particulars would be required in respect of such terms or information.]*

### PRICING SUPPLEMENT

Pricing Supplement dated [•]

**HSBC Bank plc**

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

**[Further] Issue of**

**[Number of Warrants]**

**[Title of Warrants]**

**[(to be consolidated and form a single series with the existing *[Insert details of existing Tranche(s)]*) issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

### PART A – CONTRACTUAL TERMS

This document constitutes the pricing supplement ("**Pricing Supplement**") relating to the issue of the Tranche of Warrants described herein [for the purposes of listing on the Official List of the Irish Stock Exchange] and must be read in conjunction with the Offering Memorandum dated 18 June 2013 as supplemented from time to time (the "**Offering Memorandum**") [which, together with this Pricing Supplement, constitute listing particulars for the purposes of listing on the Global Exchange Market]. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Warrants (the "**Conditions**") set forth in such Offering Memorandum.

Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. The Offering Memorandum is available for viewing 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

**The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the "Prospectus Directive"). The Offering Memorandum has been prepared solely with regard to Warrants that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2004/39/EC and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).**

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an offering document with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions (the "**[2005/2006/2007/2008/2009/2010/2011/2012] Conditions**"), which are defined in, and incorporated by reference into, the Offering Memorandum and which are applicable to the Warrants. Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of this Pricing Supplement, the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions are 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

*(For Warrants offered and sold in the United States of America include:*

[IMPORTANT NOTICES

THE WARRANTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE WARRANTS ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF WARRANTS PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

**NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

**AVAILABLE INFORMATION**

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Warrants, the Issuer will promptly furnish, upon request of a holder of a Warrant, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

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

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.)*

1. Issuer: HSBC Bank plc
2. [Tranche number: [ ]

*(If fungible with an existing Series, details of that Series, including the date on which the Warrants become fungible).]*



**Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – Pro Forma Pricing Supplement for Equity-Linked Warrants and Index-Linked Warrants**

3. Settlement Currency: [ ]
4. Aggregate Number of Warrants in the:
- [(i) Series:] [ ]
- [(ii) Tranche:] [ ]
5. Face Value: [ ]
6. Issue Date: [ ]
7. Issue Price: [currency] [amount] per Warrant
8. Strike Price: [currency] [amount]
9. Type of Warrants: [Security Warrant / Security Basket Warrant / Index Warrant / Index Basket Warrant]
10. Series represented by: [Global Warrant <sup>21</sup>]/[Global Registered Warrant]/[N/A]. Warrants in definitive form [will/will not] be issued. [other (specify)]
11. Form of Warrant: [Book-Entry Form Warrants/Registered Warrants/Uncertificated Registered Warrants]
12. Style of Warrants: The Warrants are [American/European/Bermudan/ other (specify)] Style [Call/Put] Warrants. Condition [4(a)/4(b)/4(c)] is applicable.
13. (i) Expiry Date: [ ] [or if such day is not an Underlying Currency Pair Fixing Date the immediately following day that is an Underlying Currency Pair Fixing Date, subject in each case to disruption provisions set out in Condition 18(b)]
- (ii) Automatic Exercise: [Applicable/Not applicable]<sup>22</sup>
- (iii) Exercise Period: [American Style Warrants only]. [The period beginning from (and including) [ ] and ending on (and including) the Expiry Date].
- (iv) Potential Exercise Date(s): [Bermudan Style Warrants only] [insert date] [or if such day is not an Underlying Currency Pair Fixing Date the immediately following day that is an Underlying Currency Pair Fixing Date, subject in each case to disruption provisions set out in Condition 18(b)]
- (v) Knock-in Event: [Applicable] [Specify event or occurrence] [If the [Final Price] [Reference Price] [Final Index Level] [Reference Level] [ ] as observed by the Calculation Agent [as of the

<sup>21</sup> Warrants will generally be in book-entry form represented by a Global Warrant. If, and only if Warrants are being sold in reliance on Rule 144A, will they be in registered form and represented by a Global Registered Warrant.

<sup>22</sup> Refer to Listing Rule 19.2.6. If the Warrants are Retail Securitised Derivatives as defined in Listing Rule 19, then automatic exercise is required.

- Valuation Time] [continuously] [ ] [on a Knock-In Determination Day] is [greater than] [greater than or equal to] [less than] [less than or equal to] the relevant Knock-in [Price] [Level]] [Not applicable]
- Knock-in Determination Day: [ ] [Condition 17 applies]
  - Knock-in Determination Period: [Applicable] [Not applicable]
  - Knock-in Period Beginning Date: [ ] [Not applicable]
  - Knock-in Period Ending Date: [ ] [Not applicable]
  - Knock-in Price/ Knock-in Level: [ ]
  - Knock-in Amount: [ ]
  - Knock-in Amount Payment Date: [ ] [ Maturity Date]
- (vi) Knock-out Event: [Applicable] [(specify event or occurrence)] [If the [Final Price] [Reference Price] [Final Index Level] [Reference Level] as observed by the Calculation Agent [as of the Valuation Time] [continuously] [ ] [on a Knock-out Determination Day] is [greater than] [greater than or equal to] [less than] [less than or equal to] the relevant knock-out [Price] [Level]] [Not applicable]
- Knock-out Determination Day: [ ] [Condition 17 applies]
  - Knock-out Determination Period: [Applicable] [Not applicable]
  - Knock-out Period Beginning Date: [ ] [Not applicable]
  - Knock-out Period Ending Date: [ ] [Not applicable]
  - Knock-out Price/ Knock-out Level: [ ]
  - Knock-out Amount: [ ]
  - Knock-out Amount Payment Date: [ ] [Maturity Date]
14. (i) Minimum Exercise/Minimum Trading Size: [ ] Warrants
- (ii) Permitted Multiple: [ ] Warrants
15. Cash Settlement: [Applicable. The Warrants are Cash Settlement Warrants. Condition 4(d) (*Cash Settlement*) [and Condition 4(f) (*Optional Physical Settlement*)] [applies/apply]]/[Not applicable].
- (i) Cash Settlement Amount: [ ]
  - (ii) Cash Settlement Payment Date: [ ] [or, if later, the [fifth/specify Business Day following the [Underlying Currency Pair Fixing Date] [Expiry Date [or] [Potential

- Exercise Date]]]
16. Physical Settlement: [Applicable. The Warrants are Physical Settlement Warrants. Condition 4(e) (*Physical Settlement*) [and Condition 4(g) (*Optional Cash Settlement*)] [applies/apply]]/[Not applicable].
- (i) Strike Price Payment Date: [ ]
- (ii) Settlement Date: [ ]
- (Consider treatment of dividends).
- Stamp duty [is / is not] currently payable by the Warranholder on Security delivery. There [are / are no] restrictions on the transferability of the Securities.
17. Index Warrant or Index Basket Warrant: [Applicable. The Warrants are [Index Warrants / Index Basket Warrants]]/[Not applicable].
- (i) Index/Indices: [ ] [The Exchanges/[ ] [ ] [is / are] Multiple Index Exchange(s)]
- (ii) Basket: [(specify each Index in the Basket and indicate the relative proportions)/Not applicable]
- (iii) Index Sponsor(s): [ ] [The definition in Condition 17 applies]
- (iv) Index Rules: [ ] [Not applicable]
- (v) Exchange(s): [ ]
- (vi) Related Exchange(s): [ ] [All Exchanges]
- (vii) Valuation Time: [ ]
- (viii) Valuation Date: [ ]
- (ix) Averaging Dates: [Applicable / Not applicable] [If applicable, specify dates]
- (x) Reference Level: [ ] [The definition in Condition 17 applies] [Not applicable]
- (xi) Additional Disruption Event: [The following Additional Disruption Events apply: [Change in Law, Hedging Disruption, Increased Cost of Hedging] [other (specify)] [Not applicable]]
- (xii) Initial Index Level: [ ] [The definition in Condition 17 applies]
- (xiii) Final Index Level: [ ] [Not applicable][The definition in Condition 17 applies]
- (xiv) Adjustments to Indices: [Condition 18(c)] / [[Condition 18(i)] [applies/does not apply]]
- (xv) Strike Date: [ ]

**Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – Pro Forma Pricing Supplement for Equity-Linked Warrants and Index-Linked Warrants**

- (xvi) Index Substitution: [Applicable][Not applicable]
18. Security Warrant or Security Basket Warrant: [Applicable. The Warrants are [Security Warrants / Security Basket Warrants]/[Not applicable].
- (i) Securities: [ ] [The Securities are Depositary Receipts]
- [Units in the Fund, where "**Fund**" means [ ], "**Unit**" means a share or notional unit of the Fund (as defined in the Fund Documents), the price of which is denominated in [ ]. [The Units represent undivided ownership interests in the portfolio of investments held by the Fund][*delete if not applicable*], "**Underlying Index**" means [ ] Condition 18 shall apply to the Notes as if references therein to "**Underlying Company**" were references to the "**Fund**" and as if references therein to "**Security**" were references to "**Unit**".
- (ii) Basket: [*specify each Security in the Basket and indicate the relative proportions/Not applicable*]
- (iii) Underlying Company: [ ] [and with respect to the Underlying Securities [ ]] [The Fund]
- (iv) Exchange(s): [*specify exchange on which the Securities are listed*]
- (v) Related Exchange: [*specify/Not applicable*]
- (vi) Valuation Time: [ ]
- (vii) Valuation Date: [ ]
- (viii) Averaging Dates: [Applicable / Not applicable] [*If applicable, specify dates*]
- (ix) Initial Price: [ ] [The definition in Condition 17 applies]
- (x) Strike Date: [ ]
- (xi) Final Price: [ ] [The definition in Condition 17 applies]
- (xii) Reference Price: [ ] [The definition in Condition 17 applies]
- (xiii) Potential Adjustment Event: Condition 18(f)(i) [applies/does not apply]
- Extraordinary Dividend (if other than as specified in the definition in Condition 17) [ ]
- additional Potential Adjustment Event (for purposes of paragraph (viii) of the definition thereof) [ ]
- (xiv) Extraordinary Event: Condition 18(f)(ii) [applies/does not apply]
- (xv) Conversion: Condition 18(f)(iii) [applies/does not apply]  
(for Warrants relating to Government)

**Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – Pro Forma Pricing Supplement for Equity-Linked Warrants and Index-Linked Warrants**

	Bonds and debt securities only)	
(xvi)	Correction of Prices:	Condition 18(f)(iv) [applies/does not apply]
(xvii)	Additional Disruption Event	[The following Additional Disruption Events apply: [Change in Law, Failure to Deliver, Insolvency Filing, Hedging Disruption, Increased Cost of Hedging] <i>[other - give details]</i> ] [Not applicable]
19.	Averaging Date Market Disruption:	[Omission / Postponement / Modified Postponement / Not applicable / <i>other (specify)</i> ]
20.	Business Day:	[As in the Conditions / <i>other (specify)</i> ]
21.	(i) Payment of Alternative Payment Currency Equivalent:	[Applicable] [Not Applicable]
	- Settlement Currency Jurisdiction:	[ ]
	- Alternative Payment Currency:	[ ]
	- Alternative Payment Currency Jurisdiction:	[ ]
	- Alternative Payment Currency Fixing Page:	[ ]
	- Alternative Payment Currency Fixing Time:	[ ]
	- Alternative Payment Currency Exchange Rate Fall-Back Provisions:	[ ] [Condition 1 applies]
	Offshore RMB Centre:	[Hong Kong] [ Taiwan] [ Singapore] [ ] [Not applicable]
	(ii) Underlying Currency Pair provisions:	[Applicable] [Not applicable]
	- Reference Currenc(y)(ies):	[ ]
	- Reference Currency Jurisdiction(s):	[ ]
	- Specified Currenc(y)(ies):	[ ]
	- Underlying Currency Pair Business Days:	[ ] [Condition 1 applies]
	- Underlying Currency Pair Fixing Date:	[ ]
	- Underlying Currency Pair Fixing Page:	[ ] [Condition 1 applies]
	- Underlying Currency Pair Fixing Time:	[ ]
	- Underlying Currency Pair Exchange Rate Fall-Back	[ ] [Condition 1 applies]

provisions:

- (iii) FX Disruption: [Applicable][Not applicable]
22. Business Centre: [ ]
23. Selling Restrictions: In addition to selling restrictions listed in "Purchase and Sale of the Warrants" contained in the Offering Memorandum:  
  
*(Specify any selling restrictions applicable to the Warrants which are additional to, or in substitution for, those contained in the Offering Memorandum)*
24. Other Terms: [ ]<sup>23</sup>

**[PROVISIONS APPLICABLE TO INFLATION RATE-LINKED WARRANTS ONLY]**

25. (i) Related Bond: [Applicable/Not applicable] *(if applicable and nothing further is specified, then it will be the Fallback Bond)*
- (ii) Issuer of Related Bond: [Applicable/Not applicable] *[if applicable specify]*

**DISTRIBUTION**

26. (i) If syndicated, names of Relevant Manager(s)/Lead Manager(s): [Not applicable][HSBC Bank plc][*other - give name*]
27. (ii) If syndicated, names [, addresses and underwriting commitments] of other Managers (if any): [Not applicable][*other - give name*]  
[*Give addresses and underwriting commitments*]  
  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
28. Exemption(s) from requirements under Directive 2003/71/EC (as amended) (the "Prospectus Directive"): [Not applicable. This offer is made exclusively to investors outside the European Economic Area] [The offer is addressed solely to qualified investors (as such term is defined in the Prospectus Directive)]/[The offer is addressed to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive)]/[The offer is addressed to investors who will acquire Warrants for a consideration of at least EUR100,000 (or equivalent amount in another currency) per investor for each separate offer]

<sup>23</sup> *If new term constitutes a "significant new factor", consider whether a drawdown prospectus or a new base prospectus is required.*

[In offer of Warrants pursuant to Rule 144A insert:

### TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Warrants offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Warrants.

Each prospective purchaser of Warrants offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of this Pricing Supplement and the accompanying Offering Memorandum, will be deemed to have represented and agreed with respect to such Warrants as follows:

- (a) such 144A Offeree acknowledges that this Pricing Supplement and the accompanying Offering Memorandum is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Warrants other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Pricing Supplement and the accompanying Offering Memorandum, 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 this Pricing Supplement and the accompanying Offering Memorandum or any documents referred to herein.

Each purchaser of Warrants sold in reliance on Rule 144A ("**Restricted Warrants**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Warrants for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Warrants to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Warrants are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Warrants offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Warrants will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS WARRANT [AND THE SECURITIES TO BE DELIVERED UPON EXERCISE HEREOF]<sup>24</sup> HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS WARRANT IS HEREBY NOTIFIED THAT THE SELLER OF THIS WARRANT MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS WARRANT, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS WARRANT MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION

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<sup>24</sup> To be included if the underlying securities have not been registered under the Securities Act.

S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS WARRANT FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN ANY SUPPLEMENTAL LISTING PARTICULARS OR APPLICABLE PRICING SUPPLEMENT, EACH PURCHASER OR TRANSFEREE OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS WARRANT TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "**PLAN**" AS DESCRIBED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS WARRANT THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

[ANY EXERCISE OF THIS WARRANT WILL BE CONDITIONED ON (1) THE DELIVERY OF A DULY EXECUTED EXERCISE NOTICE BY THE HOLDER HEREOF AND (2) WITH RESPECT TO EXERCISE BY ANY US PERSON, THE UNDERLYING SECURITIES BEING (A) REGISTERED UNDER THE SECURITIES ACT OR (B) SUBJECT TO AN EXEMPTION FROM REGISTRATION THEREUNDER AT THE TIME OF SUCH EXERCISE.]<sup>25</sup>

- (4) Each purchaser of Restricted Warrants acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Warrants for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Warrant represented by a Restricted Global Registered Warrant may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Warrant, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Warrants While in Global Form*" in the accompanying Offering Memorandum.

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<sup>25</sup> Only include this language in respect of physically settled warrants.



**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

## PART B - OTHER INFORMATION

### 21. LISTING

- (i) Listing: [Application [will be/has been] made to admit the Warrants to listing on the Official List of the Irish Stock Exchange. No assurance can be given as to whether or not, or when, such application will be granted/Not applicable]
- (ii) Admission to trading: [Application has been made for the Warrants to be admitted to trading on the Global Exchange Market with effect from [the Issue Date][ ]. No assurance can be given as to whether or not, or when, such application will be granted.] [Not applicable] [Application has been made to have the Warrants admitted to trading on the PORTAL system of the US National Association of Securities Dealers]
- (Where documenting a fungible issue need to indicate that original warrants are already admitted to trading.)<sup>26</sup>*
- (iii) Estimated total expenses of admission to trading: [(Specify amount)] [Not applicable]

### 22. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER

[Save for any fees payable to the Manager(s), so far as the Issuer is aware, no person involved in the issue of the Warrants has an interest material to the issue. The 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]

### 23. REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: [ ] (Specify reason only if reason is different from making profit or hedging activities, otherwise: Not applicable)]
- (ii) Estimated net proceeds: (Specify if reasons for the offer are specified above under (i), otherwise: Not applicable.) (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)
- (iii) Estimated total expenses: (Specify if reasons for the offer are specified above under (i), otherwise; Not applicable] [Include breakdown of expenses]<sup>27</sup>

### 24. [Index-Linked, Equity-Linked or other variable-linked Interest Warrants only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING<sup>28</sup>

*(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained (and a clear and comprehensive explanation of*

<sup>26</sup> Not required for derivative securities which can only be acquired for at least EUR 100,000 per security.

<sup>27</sup> Not required for debt securities with a denomination per unit of at least EUR 100,000.

<sup>28</sup> Refer to Prospectus Rules, Annex XII, paragraph 4.2.2 for disclosure requirements.

*how the value of the investment is affected by the underlying and the circumstances when the risks are most evident*<sup>29</sup>. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Also include appropriate index disclaimers. Where the underlying is not an index, need to include equivalent information.)

#### OPERATIONAL INFORMATION

25. ISIN Code:  /Not applicable
26. Common Code:  /Not applicable
27. CUSIP:  /Not applicable
28. Valoren Number:  /Not applicable
29. SEDOL:  /Not applicable
30. WKN:  /Not applicable
31. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [CREST][None]/[specify]
32. Delivery: Delivery [against/free of] payment
33. Additional Paying Agent(s) (if any): [None/specify]
34. Common Depositary: [HSBC Bank plc]/[Not applicable]
35. Calculation Agent: [HSBC Bank plc] [ HSBC France] [specify]
36. City in which specified office of Warrant Registrar to be maintained: [Not applicable] [London] [specify]
37. ERISA Considerations: [The Warrants may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Offering Memorandum for further information./give details] [Not applicable]

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<sup>29</sup> Not required for derivative securities which can only be acquired for at least EUR 100,000 per security.

**ANNEX 1 TO PART D - HSBC MANAGED INDICES RULES**

# HSBC Global Markets Indices

## Base Terms Module

Version 1.0  
30 March 2011

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## 1. Introduction

### (a) Overview

This document constitutes the Base Terms Module, which applies to certain indices (each an "Index") which are sponsored, developed and promoted by the Index Sponsor. The provisions set out in the Base Terms Module apply to each Index irrespective of the asset class (or assets classes) to which such Index relates. The Index Description for any Index consists of this Base Terms Module and the Asset Terms Module(s) and the Index Terms Module applicable to such Index.

### (b) Structure of the Index Description

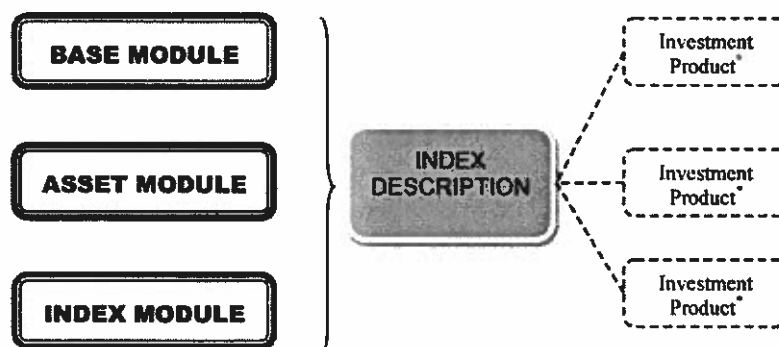
The Index Description of any Index is composed of three constituent parts, as follows:

- (i) **Base Terms Module:** this document, setting out the rules and other details which apply to all Indices;
- (ii) **Asset Terms Module:** setting out the rules and other provisions which apply to the asset class or asset classes (such as equities or foreign exchange) referenced by a specific Index (each, an "Asset Terms Module"); and
- (iii) **Index Terms Module:** setting out the rules and other provisions which apply to a particular Index (each, an "Index Terms Module").

The Index Rules for any Index are contained in the Index Description for that Index. Each of the three Modules that make up an Index Description should be read together to provide a full description of the Index Rules for that Index. Each Module contains important information about each Index. None of the Modules should be read or interpreted separately from the other Modules that form part of the Index Description.

The Index Description of any Index may be amended, modified or supplemented from time to time pursuant to Section 4 (*Index maintenance*), Section 5 (*Correction of manifest error*) and Section 6 (*Amendments to the Base Terms Module*) below and otherwise as permitted by the Index Rules of that Index. The latest version of the Index Description of any Index will be made available by the Index Sponsor upon request. Users of any Index are responsible for obtaining the latest version of the Index Description.

The modular structure of each Index Description is illustrated in the following diagram:



\* Multiple Investment Products may reference the performance of a single Index

## 2. Management Responsibilities

### (a) Index Committee

The Index Sponsor has established the Index Committee to oversee the HSBC Global Markets Indices. Among other things, the Index Committee will be responsible for approving new Indices, approving certain amendments and modifications to existing Indices, determining the effects on the Indices of certain exceptional events and periodically reviewing each Index.

The Index Committee is not responsible for assessing the suitability of Indices for Investment Products or for investors in those Investment Products.

The Index Committee comprises core representatives from various functions within HSBC Group. Additional representatives will be appointed in respect of each asset class represented by one or more Indices. Such representatives shall be entitled to vote only in respect of the Indices in the relevant asset class.

The Index Committee meets annually to periodically review the Indices. The Index Committee is also available to meet more frequently to consider new Indices or amendments and modifications to existing Indices. The Index Committee may meet to consider exceptional events that may have an effect on one or more Indices.

### (b) Index Sponsor

Each Index is sponsored, developed and promoted by the Index Sponsor and is a proprietary Index of the Index Sponsor.

In certain circumstances, the Index Sponsor may be entitled to make certain amendments or modifications to an Index or the terms of any Module. In making any such amendments or modifications, the Index Sponsor will, acting in good faith and a commercially reasonable manner, ensure that such



amendments or modifications will result in a methodology that, in the Index Sponsor's determination, is consistent in its intended commercial purpose with the methodology described in the relevant Index Description. Following the amendment or modification of the Index Rules, the Index Sponsor will make available on request a revised version of the Index Description for the related Index. Unless otherwise provided, all calculations and determinations made by the Index Sponsor and/or the Index Calculation Agent will be made by it by reference to such factors as the Index Sponsor and/or the Index Calculation Agent deem appropriate.

To the extent permitted by applicable law, the Index Sponsor shall not be liable (whether in negligence or otherwise) to any person for any direct, indirect, special, punitive, consequential or any other losses or damages incurred by such person that arise out of or in connection with error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein.

The Index Sponsor owns intellectual property rights in each Index and in any Index Description, or any part of an Index Description, which has been supplied by the Index Sponsor. No use or publication may be made of any Index or any related provision without the prior written approval of the Index Sponsor. None of the Index Sponsor, the Index Calculation Agent and any HSBC Group entity will have any responsibility for use of any Index without the express written consent of the Index Sponsor.

(c) **Index Calculation Agent**

The role of the Index Calculation Agent is to provide independent calculation of the periodic value of each Index and make various determinations and adjustments, in each case in accordance with the Index Rules, as set out in the relevant Index Description.

The Index Calculation Agent is responsible for obtaining information for inclusion or use in the calculation of the indices. The Index Calculation Agent will not independently verify such information and does not guarantee the accuracy or completeness of any Index or any data included therein.

To the extent permitted by applicable law, the Index Calculation Agent shall not be liable (whether in negligence or otherwise) to any person for any direct, indirect, special, punitive, consequential or any other losses or damages incurred by such person that arise out of or in connection with error in the Index and the Index Calculation Agent is under no obligation to advise any person of any error therein.

The Index Calculation Agent in respect of an Index will be the entity specified in the relevant Index Terms Module. If the Index Calculation Agent is not specified in the relevant Index Terms Module for an Index, then the Index Calculation Agent for that Index will be the Quantitative Techniques business of HSBC, which is part of HSBC Global Research. HSBC Global Research provides independent services offering separate indices and data products to customers, including users of HSBC indices. The HSBC Global Markets Indices are not independent research products of HSBC Global Research and are separate and distinct from those offered by HSBC Global Research.

### 3. Index calculations and data sources

#### (a) Calculations and determinations

The level of each Index will be calculated by the Index Calculation Agent in accordance with the terms of the relevant Index Terms Module and will be published on the sources specified in the relevant Index Terms Module if any such sources are specified. Unless otherwise provided, all calculations and determinations made by the Index Sponsor and/or the Index Calculation Agent will be made by it in good faith and a commercially reasonable manner by reference to such factors as the Index Sponsor and/or the Index Calculation Agent deem appropriate. The Index Sponsor and the Index Calculation Agent will, as far as practicable, exercise any discretion with the aim of preserving the intended commercial purpose of the index. Neither the Index Sponsor nor the Index Calculation Agent is required to consider the interest of any investor in Investment Products in exercising such discretion.

In addition, in exercising its discretion, the Index Sponsor may take into account the effects of any positions, contracts, transactions or other instruments or arrangements (howsoever described) that the Index Sponsor reasonably believes a provider of any Investment Product referencing the relevant Index may reasonably hold in order to hedge its obligations in respect of the performance of the relevant Index in respect of that Investment Product ("Investment Product Hedging"). In exercising its discretion, the Index Calculation Agent may also take into account the effects of any such Investment Product Hedging as notified to it by the Index Sponsor, which may have a positive or negative impact on the level of the relevant Index.

The calculations and determinations of each of the Index Sponsor and the Index Calculation Agent in relation to each Index and/or any Index Constituent shall be final and binding on all parties in the absence of manifest error.

The term "manifest error" as used in this document shall mean an error that is plain and obvious and can be identified from the results of the calculation or determination itself without: (i) recourse to any underlying data; or (ii) any application or re-application of any formulae.

#### (b) Index calculation and maintenance of data sources

As necessary, the Index Calculation Agent may obtain prices or quotes used for both calculation and maintenance of the level of an Index on any day from the sources and at the times specified in the relevant Index Terms Module. The Index Calculation Agent may supplement data from such sources with other sources as it determines appropriate. The Index Calculation Agent does not guarantee the accuracy of the data from its data vendors nor independently verify such data.

#### (c) Data error

If, in respect of any information which is used by the Index Calculation Agent to make any determination or calculation relevant to an Index, the Index Calculation Agent determines at any time subsequent to such determination or calculation that the source of such information has issued a correction, or has otherwise amended or modified the relevant information in a way that would have materially affected the relevant determination or calculation, the

Index Calculation Agent may in its discretion make such redetermination or recalculation in respect of the relevant Index and retrospectively adjust the level of such Index in respect of the period from the original determination or calculation to the time of such redetermination or recalculation to take account of such redetermination or recalculation.

(d) **Data disruption**

In the event of a Data Disruption, the Index Calculation Agent shall use reasonable endeavours to source data from alternative sources with the aim of publishing the level of an Index as soon as reasonably practicable. The Index Calculation Agent will not publish the level of an Index until the relevant Data Disruption is over or until it acquires the required data from an alternative source.

(e) **Construction**

The provisions of each Index Description (including any non-contractual obligations arising in connection therewith) shall be governed by and construed in accordance with English law.

#### 4. Index maintenance

Each Index Description specifies various disruption, modification and termination events relating to the relevant Index, as well as the consequences of the occurrence of such events. Such provisions may be set out in the Asset Terms Module or the Index Terms Module of the relevant Index and are supplemental to the provisions set out below. The provisions set out below may also be amended, modified or supplemented for any Index by the provisions of the applicable Asset Terms Module or Index Terms Module.

(a) **Amendments and modifications to the Index Rules**

Subject to Section 2(b) above, the Index Sponsor may make such amendments or modifications to the Index Rules of any Index for any reason, including without limitation:

- (i) to preserve the intended commercial purpose of any Index, where such amendment or modification is of a formal, minor or technical nature;
- (ii) to ensure the continuation of an Index following the Index Calculation Agent ceasing, or advising that it will cease, for any reason, to calculate the relevant Index; or
- (iii) if:
  - A. market, regulatory, juridical, financial or fiscal circumstances arise,
  - B. such circumstances have not been deliberately caused by the Index Sponsor, and
  - C. in the determination of the Index Sponsor, such amendments or modifications would assist in maintaining the intended

commercial purpose of the Index or would ensure that that Index can continue to be calculated and determined by the Index Sponsor and the Index Calculation Agent.

Following the amendment or modification of the Index Rules, the Index Sponsor will prepare a revised version of the Index Description for the related Index and such revised version will be made available by the Index Sponsor upon request.

**(b) Suspension and termination of an Index**

The publication and maintenance of each Index is discretionary. The Index Sponsor may suspend or terminate the publication of an Index at any time including, without limitation, in accordance with the terms of the relevant Asset Terms Module or Index Terms Module. In the event that an Index is suspended or terminated, the Index Sponsor accepts no responsibility for any losses incurred by any party whether incidental or consequential which arise out of any reliance on the continued existence and publication of that Index.

**(c) Index Restrictions**

If either HSBC and/or any of HSBC Group entities in respect of an Index Constituent (whether or not as a holder of such Index Constituent) or an Index, either:

- (i) is or becomes or would become, as the case may be, subject to any legal and/or regulatory reporting and/or disclosure requirements and/or any legal and/or regulatory restrictions; or
- (ii) is or becomes or would become, as the case may be, subject to the imposition of any taxes, duty, withholding, deduction or other charge; or
- (iii) is or becomes or would become, as the case may be, at any time and in the absence of any available exemptions, restricted from dealing in such Index Constituent pursuant to regulatory or legal obligations or internal policies which policies are designed to comply with regulatory or legal obligations applicable to HSBC and/or any of HSBC Group entities,

then, if the Index Sponsor determines at any time that the circumstance described in (i), (ii) or (iii) is material, such Index Constituent shall be a "Restricted Index Constituent" and no Restricted Index Constituent shall be an Index Constituent. The Index Sponsor may make such amendments or modifications to the Index Rules for an Index in its discretion as it deems appropriate as a result, including excluding the Restricted Index Constituent from the relevant Index. The Index Sponsor shall also be entitled to make such other consequential amendments or modifications to the Index Rules for an Index as it deems appropriate.

In determining what is "material", the Index Sponsor may have regard to such circumstances as it deems appropriate including, but not limited to, how the relevant circumstance described in (i), (ii) or (iii) above which has occurred would impair or have an impact on the ability of HSBC and/or any of HSBC

Group entities to enter into hedging transactions in relation to any Investment Product, if any such entity were to do so.

In the event that the Index Sponsor determines at any time that the circumstance described in (i), (ii) or (iii) above has ceased to be material in relation to any Restricted Index Constituent, then the Index Sponsor will determine that such Index Constituent shall cease to be a Restricted Index Constituent.

The Index Sponsor shall be entitled to make its determinations in respect of an Index Constituent by reference to the relevant circumstances at that time and the Index Sponsor shall not be bound by any previous determination.

#### 5. Correction of Manifest Error

Subject to Section 2(b) above, the Index Sponsor may make such amendments or modifications to the Index Rules of any Index to correct any manifest error or proven error or to cure, correct or supplement any ambiguity or defective provision contained in the relevant Index Description. Following the amendment or modification of the Index Rules, the Index Sponsor will prepare a revised version of the Index Description for the related Index and such revised version will be made available by the Index Sponsor upon request.

#### 6. Amendments to the Base Terms Module

In addition to the provisions of Section 4 (*Index maintenance*) above and any additional provisions set out in the Index Terms Module for a particular Index, the Index Sponsor anticipates that this Base Terms Module may be amended or modified from time to time to, among other things:

- (a) reflect amendments or modifications to the methodology by which determinations and publications may be made in respect of the Indices;
- (b) clarify the role of the Index Committee to ensure that the Index Rules comply with policies and procedures of the Index Sponsor and appropriately manage conflicts of interests within the HSBC Group; and
- (c) clarify the mode of publication and communication of the Index Rules and any amendment of and communication in relation to the Index Rules.

Following any amendment or modification of the Base Terms Module, the Index Sponsor will prepare a revised version of the Base Terms Module and such revised version will be made available by the Index Sponsor upon request.

Any amendments or modifications to the Base Terms Module that have been approved by the Index Sponsor shall be deemed to be incorporated into the Index Rules for each of the Indices and Investment Products which reference one or more Index shall continue to reference such Index subject to such amendments or modifications to the Base Terms Module.

#### 7. Further information about the Indices

Further information about the Indices can be obtained from HSBC upon request. HSBC will make available upon request the following information for each Index:

- (a) the Index Rules;
- (b) amendments or modifications to the Index Rules;
- (c) the level of each Index;
- (d) announcements related to an Index; and
- (e) the relevant Index Constituents, solely to the extent that it is reasonably practicable for HSBC to make such information available;
- (f) relevant additional information about an Index, solely to the extent that it is reasonably practicable for HSBC to make such information available.

Such information can be obtained from HSBC Bank plc at 8 Canada Square, London E14 5HQ, United Kingdom through one of the following contacts:

Adam White  
Investments Access and Solutions Group  
Email: [adam.j.white@hsbcib.com](mailto:adam.j.white@hsbcib.com)  
Tel: +44 20 7991 5123

Tamas Korchmaros  
FX Indices Group  
Email: [fx.indices@hsbcib.com](mailto:fx.indices@hsbcib.com)  
Tel: +44 20 7991 1375

Swaminathan Ravichandran  
Options and Structured Interest Rates Group  
Email: [swaminathan.ravichandran@hsbcib.com](mailto:swaminathan.ravichandran@hsbcib.com)  
Tel: +44 20 7991 5931

## Appendix 1: Definitions

Except where the context otherwise requires, the following terms used in this Base Terms Module and in each other Module have the following meanings:

"Asset Terms Module" has the meaning set out in Section 1(b)(ii) (*Structure of the Index Description*) of this Base Terms Module.

"Base Terms Module" means this document, setting out the rules and other details which apply to all Indices.

"Data Disruption" means any disruption relating to the manner that the Index Calculation Agent receives or otherwise acquires information which is necessary to make any determination or calculation relevant to an Index, including, without limitation, a failure of electronic data delivery by data providers which normally send such data to the Index Calculation Agent, unavailability of electronic or internet access to data obtained from an online source, or a disruption of any of the Index Calculation Agent's data systems rendering data inaccessible to processes which are required to calculate the level of any Index or otherwise make any relevant determinations.

"Default Index Calculation Agent" means the Quantitative Techniques business of HSBC Global Research.

"FSA" means the Financial Services Authority and any successor thereto.

"HSBC" means HSBC Bank plc.

"HSBC Group" means HSBC Holdings plc and any entity (i) in which HSBC Holdings plc, or one of HSBC Holdings plc's direct or indirect subsidiaries, owns directly or indirectly at least 50% or more of the shares; or (ii) over which HSBC Holdings plc, or one of HSBC Holdings plc's direct or indirect subsidiaries, exercises management control even though it owns less than 50% of the shares; or (iii) in respect of which HSBC Holdings plc, or one of HSBC Holdings plc's direct or indirect subsidiaries has entered into a strategic alliance.

"HSBC Global Markets" means the HSBC Global Markets businesses of HSBC.

"HSBC Global Research" means the Global Research division of the HSBC Global Banking and Markets businesses of HSBC.

"Index" means any index to which this Base Terms Module relates.

"Index Calculation Agent" means, in respect of an Index, the Index Calculation Agent specified in the relevant Index Terms Module or, if no such Index Calculation Agent is so specified, the Default Index Calculation Agent.

"Index Committee" means the HSBC Global Markets Indices and Strategies Governance Committee, a committee established by HSBC Global Markets.

"Index Constituent" means any constituent of an Index specified or described in the relevant Asset Terms Module or Index Terms Module for such Index, which may include, without limitation, any relevant share, security, index, rate, commodity, currency or any other asset, price, value, reference or indicator that may be used to determine the level of the relevant Index.

"Index Description" means, in respect of an Index, the Base Terms Module, the Asset Terms Module and the Index Terms Module relevant to such Index.

"Index Rules" means, in respect of an Index, the rules defining calculation maintenance, governance and publication of such Index, as set out in the relevant Index Description.

"Index Sponsor" means HSBC Global Markets, which shall be deemed to act independently of HSBC Global Research and the Default Index Calculation Agent.

"Index Terms Module" has the meaning set out in Section 1(b)(iii) (*Structure of the Index Description*) of this Base Terms Module.

"Investment Products" means financial products, including derivatives, notes, other instruments or funds, the return on which is linked in whole or in part to the performance of an Index.

"Module" means each of the Base Terms Module, any Asset Terms Module and any Index Terms Module.

"Restricted Index Constituent" has the meaning set out in Section 4(c) (*Index Maintenance*) of this Base Terms Module.



## Appendix 2: Risk factors

Prior to making an investment decision in respect of any Investment Product, prospective investors should carefully consider all of the information set out in this Base Terms Module, including these risk factors. This Appendix 2 is intended to describe various risk factors associated with an Investment Product which the Index Sponsor believes represent the principal risks relating to an Index. There may be other risks that a prospective investor should consider that are relevant to its particular circumstances, the terms of the Investment Product itself or generally whether arising from market factors or otherwise. Additional risk factors relating to an Index may be set out in the relevant Asset Terms Module(s) or Index Terms Module for that Index and should be carefully considered in conjunction with the risk factors set out below.

(a) **General**

When considering any Investment Product, prospective investors should be aware that the level of an Index (as determined pursuant to the provisions of the relevant Asset Terms Module(s) and Index Terms Module) can go down as well as up and that the performance of an Index in any future period may not track its past performance. Investment Products may include financial products which take a short position in the relevant Index, in which case the return and/or value of such Investment Products may be adversely affected by increases in the level of the relevant Index. In making any determination in respect of an Index, neither the Index Sponsor nor the Index Calculation Agent are required to take into account the long or short exposure that investors in Investment Products may have to such Index.

Without limiting any of the foregoing and without prejudice to their respective obligations under applicable law and/or under the regulatory system to which they are subject, in no event shall the Index Committee, Index Sponsor or Index Calculation Agent be liable (whether directly or indirectly, in contract, in tort, or otherwise) to any person for any direct, indirect, special, punitive, consequential or any other losses or damages incurred by such person that arise out of or in connection with an Index, including in relation to the performance by the Index Sponsor or the Index Calculation Agent of any part of their respective roles as Index Sponsor or the Index Calculation Agent under the Index Rules even if notified of the possibility of such damages. Notwithstanding the foregoing, nothing shall relieve the Index Sponsor or the Index Calculation Agent from any liability arising by reason of acts or omissions constituting fraudulent misrepresentation.

(b) **Research**

Research teams within HSBC may issue research reports on any Index Constituent. These reports are entirely independent of the Index Sponsor's or the Index Calculation Agent's obligations hereunder and are issued without regard to the potential impact on the level of an Index or on any Investment Product.

(c) **Discretions**

The terms of each Index as set out in the relevant Index Description confer on each of the Index Sponsor and the Index Calculation Agent a degree of discretion in making determinations and, in the case of the Index Sponsor, in changing the methodology of calculations. Whilst the Index Sponsor and the Index Calculation Agent are required to act in good faith and a commercially reasonable manner by reference to such factors as they deem appropriate in exercising their respective discretions with the aim of preserving the intended commercial purpose of the index,

there can be no assurance that the exercise (or the absence of exercise, as the case may be) of any such discretion will not have an impact on the level of any Index. Neither the Index Sponsor nor the Index Calculation Agent is required to consider the interest of any investor in Investment Products in exercising its discretion.

In addition, in exercising its discretion, the Index Sponsor may take into account the effects of any Investment Product Hedging. In exercising its discretion, the Index Calculation Agent may also take into account the effects of any such Investment Product Hedging as notified to it by the Index Sponsor, which may have a positive or negative impact on the level of the relevant Index.

The discretions conferred on the Index Sponsor include permitting it to make amendments to and/or to modify the methodology for calculating the level of each Index, as described in Section 4 (*Index maintenance*) of this Base Terms Module and in the relevant Asset Terms Module(s) and Index Terms Module for an Index.

As a consequence, save as expressly provided in the relevant Index Description, there can be no assurance as to what the Index Constituents will be or the composition of an Index in respect of any future period or their suitability for the investment requirements of any prospective investor in an Investment Product. Changes to the Index Constituents may operate to reduce or increase the level of an Index in respect of any period, which may have an adverse effect on the value or return on an Investment Product.

(d) **Reliance on information and data sources**

Although the Index Calculation Agent will obtain information and data for inclusion in or for use in the calculation of each Index from sources which the Index Calculation Agent considers reliable, the Index Calculation Agent will not independently verify such information and data and does not guarantee the accuracy or the completeness of an Index or any data included therein.

While any inaccuracy in such sources may have an adverse effect on the level of any Index, neither the Index Sponsor nor the Index Calculation Agent accepts any liability for loss or damage of any kind arising from the use of such information in any such calculation or determination.

(e) **Adjustments and cancellation of an Index**

Prospective investors should note carefully the provisions of Section 4 (*Index maintenance*) of this Base Terms Module and the provisions of the relevant Asset Terms Module or Index Terms Module of an Index. Pursuant to these provisions, amongst others, an Index Constituent may be affected or replaced and/or other determinations and/or adjustments may be made as the Index Sponsor considers appropriate and the method of determining the level of an Index may be amended or modified as a result. In addition, pursuant to Section 4 (*Index maintenance*) of this Base Terms Module or any relevant provisions of the relevant Asset Terms Module(s) or Index Terms Module, the Index Sponsor or the Index Calculation Agent may determine that a disruption event has occurred and, in such circumstances, the Index Sponsor or the Index Calculation Agent may determine that the level of an Index shall not be determined and published on such day, or that an Index shall be cancelled altogether. If either HSBC and/or any of HSBC Group entities becomes subject to legal or regulatory restrictions, the imposition of tax or any restrictions on dealing in respect of any Index Constituent then the Index Sponsor may determine that that Index Constituent is a Restricted Index Constituent and may no longer be an

Index Constituent for the purposes of the relevant Index and the Index Sponsor may make such amendments or modifications to the Index Rules for an Index as it deems appropriate. Adjustments to the provisions of an Index may operate to reduce or increase the level of an Index in respect of any period, which may have an adverse effect on the value or return on an Investment Product.

**(f) Change in methodology of an Index**

If any market, regulatory, judicial, financial, fiscal or other circumstances arise that would, in the view of the Index Sponsor necessitate or make desirable an amendment or modification of the calculation methodology, the Index Sponsor shall, in accordance with the terms of the Index Rules, be entitled to make such amendment or modification. The Index Sponsor may also make amendments or modifications to the terms of an Index and/or the method of calculating the level of an Index in any manner that it may deem necessary or desirable to correct any manifest error or proven error or to cure, correct or supplement any ambiguity or defective provision contained in the relevant Index Description. The Index Sponsor may also from time to time amend or modify the Base Terms Module to reflect amendments and modifications to the methodology by which determinations may be made in respect of all of the Indices. In particular, the role of the Index Committee shall be reviewed periodically to ensure that the Index Rules comply with policies and procedures of the Index Sponsor and appropriately manage conflicts of interests within the HSBC Group.

The Index Sponsor will, acting in good faith and a commercially reasonable manner, ensure that such amendments and modifications will result in a methodology that, in the Index Sponsor's sole determination, is consistent in its intended commercial purpose with the methodology described in the relevant Index Description. However, no assurance is given that such amendments and modifications will not have an effect on the level of the relevant Index.

**(g) Conflicts of interest**

Conflicts of interest may exist or arise between the Index Sponsor and HSBC Group entities acting in other capacities, including as issuer, obligor, dealer, sponsor or calculation agent of Investment Products linked to an Index and/or one or more of any of the Index Constituents, or performing research roles including roles similar to that described in any Index Description. Each relevant HSBC Group entity will pursue actions and take steps that it deems appropriate to protect its interests without regard to the consequences for investors in any Investment Products or otherwise. HSBC Group entities may be in possession at any time of information in relation to one or more Index Constituents which may not be available to investors in any Investment Products. There is no obligation on any HSBC Group entity to disclose to any investor in any Investment Products any such information except as provided by law or regulation.

HSBC Group entities shall be entitled to receive fees or other payments pursuant to Investment Products or otherwise and to exercise all rights, including rights of termination or resignation, which they may have, even though so doing may have a detrimental effect on investors in any Investment Products.

Any research carried out by the Index Sponsor or the Index Calculation Agent for the purposes of developing an Index and calculating its levels may or may not be considered by HSBC when HSBC is deciding to buy or sell proprietary positions. These, or other transactions in which HSBC engages for its account, may be

conducted in a manner inconsistent with the research and the administration of an Index and/or any Index Constituent.

The Index Sponsor and/or any member of the HSBC Group may, as an issuer of, or counterparty to, Investment Products or otherwise, engage in hedging activities that may impact, directly or indirectly, the level of an Index Constituent (and consequently the terms of an Index) on any day meaning such level may be different from the level which it would otherwise have been. While the Index Sponsor believes that such activity will not have a material impact on the level of an Index Constituent or an Index on any day, no assurance can be given that market, financial or other circumstances will not arise which result in the level of an Index Constituent or an Index being negatively impacted.

**(h) Investment Products linked to an Index**

The Index Sponsor is not obliged to enter into or promote Investment Products that are linked to an Index or any Index Constituent and the Index Sponsor makes no express or implied representations or warranties as to: (i) the advisability of purchasing or assuming any risk in connection with any such transaction; (ii) the levels at which any Index stands at any particular time on any particular date; (iii) the results to be obtained by the issuer of any security or any counterparty or any such issuer's security holders or customers or any such counterparty's counterparties or customers or any other person or entity from the use of an Index or any data used or published in connection with that Index.

**(i) Fiduciary duties**

Subject always to the regulatory obligations of any member of the HSBC Group in performing each or any of the roles of issuer, obligor, dealer, sponsor or calculation agent of Investment Products linked to an Index and/or one or more of any of the Index Constituents or performing research roles including roles similar to that described in any Index Description, members of the HSBC Group do not act on behalf of, or accept any duty of care or any fiduciary duty to any investors in any Investment Product or any other person.

**(j) Currency risks**

Each Index is calculated in the currency specified in the relevant Index Terms Module for an Index by converting where necessary the prices of the relevant Index Constituents into that currency.

Where the currency of an Index Constituent is not the same as the currency specified in the relevant Index Terms Module, the rate of exchange at which the price of an Index Constituent is converted into the relevant currency will likely change from time to time. This may affect the level of the relevant Index. Accordingly, any investment linked to an Index may involve exchange rate risks.

**(k) Past performance**

No historic performance data may be available for certain newly-created indices. Back-tested data may be available but does not represent actual performance nor is it an indication of future performance.

The methodology of each Index and the strategy for each Index were developed with the advantage of hindsight. In reality, it is not possible to invest with the advantage of

hindsight and therefore any comparison is purely theoretical. Past performance is not indicative of future returns.

### Appendix 3: Disclaimer

**This document is issued by HSBC. HSBC is authorised and regulated by the FSA and is a member of the HSBC Group.**

**Each Index is sponsored, developed and promoted by the Index Sponsor. Each Index is calculated by the Index Calculation Agent, which, in the case of the Default Index Calculation Agent, is part of HSBC Global Research. The Index Sponsor has no responsibility for the calculation of any Index and does not guarantee or represent or warrant the accuracy or completeness of any Index or the data comprised therein.**

**Although the Index Calculation Agent will obtain information and data for inclusion in or for use in the calculation of each Index from sources which the Index Calculation Agent considers reliable, the Index Calculation Agent will not independently verify such information and data and does not guarantee the accuracy or the completeness of an Index or any data included therein. While any inaccuracy in such sources may have an adverse effect on level of any Index, neither the Index Sponsor nor the Index Calculation Agent accepts any liability for loss or damage of any kind arising from the use of such information in any such calculation or determination. Except in the case of fraudulent misrepresentation and without prejudice to their respective obligations under applicable law and/or the regulatory system to which they are subject, no liability (whether directly or indirectly, in contract, in tort, or otherwise) is accepted by either the Index Sponsor or the Index Calculation Agent or any other member, division, affiliate or agent of the HSBC Group whatsoever for any direct, indirect, special, punitive, consequential or any other losses or damages incurred by such person that arise out of or in connection with an Index, including in relation to the performance by the Index Sponsor or the Index Calculation Agent of any part of their respective roles as Index Sponsor or the Index Calculation Agent under the Index Rules.**

**Neither the Index Sponsor nor the Index Calculation Agent make any representation, warranty or guarantee whatsoever as to the performance of any Index. Investment Products can fluctuate in price or value and prices, values or income may fall against an investor's interests. Changes in rates of exchange and rates of interest may have an adverse effect on the level of an Index and the value, price or income of any Investment Product linked to that Index.**

**You are solely responsible for making your own independent appraisal of and investigation into any Index referred to in this document and its components and you should not rely on any information in this document as constituting investment advice. Neither HSBC nor any of its affiliates are responsible for providing you with legal, tax or other specialist advice and you should make your own arrangements in respect of this accordingly. Neither the Index Sponsor nor the Index Calculation Agent can be held responsible for any errors, intentional or unintentional on the part of external data providers, nor for any delays in publishing any Index.**

**This document is intended solely for professional clients and eligible counterparties (as defined in the rules of the FSA) and is not intended for the use of retail clients. No opinions are expressed as to the merits or suitability of an Index or any Investment Products linked to an Index. Investments in Investment Products linked to an Index may not be suitable for all requirements and if you have any doubts, seek advice from your investment adviser.**

**Any member of the HSBC Group, together with their directors, officers and employees may have traded for their own account as principal, or together with its officers, directors and employees may have a long or short position in any related instrument mentioned in this material.**

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Registered Office: 8 Canada Square, London, E14 5HQ, United Kingdom  
Member HSBC Group**

**MAYER BROWN  
DRAFT: 6 August 2012**

# Supporting Terms Module (Equities & Multi-Asset)

Supporting Terms Module  
HSBC Global Markets Indices

Version [●]  
[●] August 2012

**RESTRICTED**



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Supporting Terms Module  
(Equities & Multi-Asset)

## Introduction

(a) **General**

This Supporting Terms Module (Equities & Multi-Asset) sets out calculation methodologies, policies and other terms which are utilised in various HSBC Global Markets Indices. This Supporting Terms Module (Equities & Multi-Asset) may be incorporated in whole or in part by reference in an Index Terms Module for an Index. Once this Supporting Terms Module (Equities & Multi-Asset) has been incorporated, whether in whole or in part, into an Index Terms Module, it is deemed to be an integral part of that Index Terms Module for all purposes.

This Supporting Terms Module (Equities & Multi-Asset) must be read, and must be interpreted, in conjunction with the Base Terms Module, the Asset Terms Module (Equities) and the Index Terms Module for the relevant Index. This is not a stand alone document and should not be read or interpreted separately from the other parts of an Index Description for an Index.

If there is any inconsistency between the terms of this Supporting Terms Module (Equities & Multi-Asset) and the Base Terms Module or Asset Terms Module (Equities), this Supporting Terms Module (Equities & Multi-Asset) shall prevail. If there is any inconsistency between the terms of this Supporting Terms Module (Equities & Multi-Asset) and any other part of the Index Terms Module into which this module has been incorporated, the terms of the main body of the Index Terms Module shall prevail for the purposes of the relevant Index.

(b) **Definitions**

Any capitalised terms not defined in this Supporting Terms Module (Equities & Multi-Asset) shall have the meaning given to such term in the Base Terms Module, the Asset Terms Module (Equities) or the relevant Index Terms Module for an Index.

(c) **Structure of this Supporting Terms Module**

This Supporting Terms Module (Equities & Multi-Asset) consists of a number of Articles. Each Article defines policies, terms or calculation methodologies that may be applied when determining the Index Level for, or any other parameter in respect of, an Index.

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Supporting Terms Module  
(Equities & Multi-Asset)  
Introduction

## Article 1: Calculation of Derived Indices

### 1. Introduction

This Article defines the methodology by which Derived Indices may be created from another Index (the "Parent Index"). Each such Derived Index and Parent Index will belong to the same family of Indices (each a "Series"), as specified in the relevant Index Terms Module.

The Index Level of a Parent Index is utilised in order to determine the Index Level of a Derived Index. The methodologies set out in this Article enable the creation of Derived Indices expressed in currencies which are different from the currency in which the Parent Index is expressed or with different funding or dividend re-investment provisions.

The Parent Index in respect of a Derived Index may be the Base Index, as specified in the relevant Index Terms Module, or it may itself be a Derived Index, enabling multiple iterations to be applied to the Index Level of the Base Index.

Derived Indices and their parameters are listed in the Appendix titled 'Derived Indices' of the relevant Index Terms Module.

### 2. Calculation Methodology

The level of each Derived Index is calculated as a two step process:

- (a) Step One: Calculation of the Index Level of the Parent Index.
- (b) Step Two: Calculation of the Index Level of the Derived Index, using the Index Level of the Parent Index as an input to the calculation.

The methodology used to calculate the Start Date and the Start Index Level of a Derived Index is contained in Section 3 (*Determination of Derived Index Levels on the Base Index Start Date*) of this Article. The term "Start Date" for a Derived Index means the date in respect of which the Index Sponsor has determined the Index Level for a Derived Index for the first time. The term "Start Index Level" means the Index Level for a Derived Index as of the Start Date.

In order to obtain the Index Level of a Derived Index (the "Derived Index Level") in respect of an Index Valuation Date (other than the Base Index Start Date), the Index Calculation Agent will first identify: (i) the Parent Index in respect of that Derived Index, and (ii) the Derived Index Type of the Derived Index.

Then, it will use the Index Level of the Parent Index as the basis, and will obtain the Derived Index Level by changing the type of the Parent Index into the Derived Index Type specified for that Derived Index in the 'Derived Indices' Annex of the relevant Index Terms Module.

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The Index Calculation Agent will change the type of the Parent Index into the Derived Index Type by using the relevant formula set out in a particular Section of this Article. The following table details which Section of this Article describes the methodology for each Derived Index Type:

Required Derived Index Type for the Derived Index	Section
Excess Return	Section 4 ( <i>Determination of Excess Return Derived Index Levels</i> )
Funded Return	Section 5 ( <i>Determination of Funded Return Derived Index Levels</i> )
Net Total Return	Section 6 ( <i>Determination of Net Total Return Derived Index Levels</i> )
Currency	Section 7 ( <i>Determination of Currency Derived Index Levels</i> )

### 3. Determination of Derived Index Levels on the Base Index Start Date

The following methodology applies to all Derived Indices:

- (a) the Start Date of each Derived Index is set to the Base Index Start Date of the Base Index in that Series; and
- (b) the Derived Index Level on the Base Index Start Date will be set to be the Base Index Initial Level of the Base Index in the same Series, as follows:

$$S_D(0) = BaseIndexLevel$$

Where:

$S_D(0)$  means the Derived Index Level in respect of the Start Date for such Derived Index; and

*BaseIndexLevel* means the Index Level of the relevant Base Index, as specified in the Base Index Parameters Table of the relevant Index Terms Module.

### 4. Determination of Excess Return Derived Index Levels

The Derived Index Level for an Index with the Derived Index Type being 'Excess Return' is calculated by extracting the borrowing costs from the Index Level of the related Parent Index.

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The Index Calculation Agent will calculate the Derived Index Level for the relevant 'Excess Return' Derived Index on each Index Valuation Date  $t$  in respect of the Parent Index in accordance with the following formula:

$$S_D(t) = S_D(t-1) \times \frac{S(t)}{S(t-1)} \times \frac{S_{FIN}(t-1)}{S_{FIN}(t)}$$

Where:

$S_D(t)$	means the Derived Index Level in respect of Index Valuation Date $t$ ;
$S_D(t-1)$	means the Derived Index Level in respect of Index Valuation Date $t-1$ ;
$S(t)$	means the level of the Parent Index in respect of Index Valuation Date $t$ ;
$S(t-1)$	means the level of the Parent Index in respect of Index Valuation Date $t-1$ ;
$S_{FIN}(t)$	means the level of the Financing Index in respect of Index Valuation Date $t$ ;
$S_{FIN}(t-1)$	means the level of the Financing Index in respect of Index Valuation Date $t-1$ ;
Parent Index	means the index specified as such in respect of the relevant Derived Index in the 'Derived Indices' Appendix in the relevant Index Terms Module; and
Financing Index	means the index specified as such in respect of the relevant Derived Index in the 'Derived Indices' Appendix in the relevant Index Terms Module.

## 5. Determination of Funded Return Derived Index Levels

The Derived Index Level for an Index with the Derived Index Type being 'Funded Return' is calculated by adding the performance of a cash deposit to the Index Level of the related Parent Index.

The Index Calculation Agent will calculate the Derived Index Level for the relevant 'Funded Return' Derived Index on each Index Valuation Date  $t$  in respect of the Parent Index in accordance with the following formula:

$$S_D(t) = S_D(t-1) \times \frac{S(t)}{S(t-1)} \times \frac{S_{DEP}(t)}{S_{DEP}(t-1)}$$

Where:

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$S_D(t)$	means the Derived Index Level in respect of Index Valuation Date $t$ ;
$S_D(t-1)$	means the Derived Index Level in respect of Index Valuation Date $t-1$ ;
$S(t)$	means the level of the Parent Index in respect of the Index Valuation Date $t$ ;
$S(t-1)$	means the level of the Parent Index in respect of Index Valuation Date $t-1$ ;
$S_{DEP}(t)$	means the level of the Deposit Index in respect of Index Valuation Date $t$ ;
$S_{DEP}(t-1)$	means the level of the Deposit Index in respect of Index Valuation Date $t-1$ ;
Parent Index	means the index specified as such in respect of the relevant Derived Index in the 'Derived Indices' Appendix in the relevant Index Terms Module; and
Deposit Index	means the index specified as such in respect of the relevant Derived Index in the 'Derived Indices' Appendix in the relevant Index Terms Module.

## 6. Determination of Net Total Return Derived Index Levels

A Derived Index with the Derived Index Type being 'Net Total Return' tracks the total return performance of an investment into the related Parent Index that is a price return index. A 'Net Total Return' Derived Index is calculated as the level of the Parent Index with the addition of dividend payments, but after the subtraction of any applicable withholding tax.

The Index Calculation Agent will calculate the Derived Index Level for the relevant 'Net Total Return' Derived Index on each Index Valuation Date  $t$  in respect of the Parent Index in accordance with the following formula:

$$S_D(t) = S_D(t-1) \times \frac{S(t) + TotalDividend(t)}{S(t-1)}$$

Where:

$S_D(t)$	means the Derived Index Level in respect of Index Valuation Date $t$ ;
$S_D(t-1)$	means the Derived Index Level in respect of Index Valuation Date $t-1$ ;
$S(t)$	means the level of the Parent Index in respect of the Index Valuation Date $t$ ;

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$S(t-1)$  means the level of the Parent Index in respect of the Index Valuation Date  $t-1$ ;

Parent Index means the index specified as such in respect of the relevant Derived Index in the 'Derived Indices' Appendix in the relevant Index Terms Module; and

$TotalDividend(t)$  means the aggregate amount of net dividend income in respect of all of the Constituents in that Index for Index Valuation Date  $t$ . The amount for each Constituent is expressed as a percentage and is applied to the relevant Constituent Amount:

$$TotalDividend(t) = \sum_j CA_j(t) \times \frac{NetDividendAmount_j(t)}{PriceLevel_j(t)}$$

Where

$CA_j(t)$	means, in respect of Constituent $j$ , the Constituent Amount for Constituent $j$ in respect of Index Valuation Date $t$ , as determined in the relevant Index Terms Module;
$PriceLevel_j(t)$	means, in respect of Constituent $j$ , the closing value of Constituent $j$ for Index Valuation Date $t$ , expressed in its Constituent Currency, as specified in the relevant Index Terms Module; and
$NetDividendAmount_j(t)$	is the Net Dividend Amount for Constituent $j$ in respect of Index Valuation Date $t$ , expressed in its Constituent Currency, as determined in accordance with Article 3 ( <i>Treatment of Dividends for Net Total Return</i> ) of this Supporting Terms Module (Equities & Multi-Asset).

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## 7. Determination of Currency Derived Index Levels

A Derived Index with the Derived Index Type being 'Currency' represents the performance of the related Parent Index when expressed in another currency. The 'Currency' Derived Index is calculated as the level of the Parent Index multiplied by the change in the Relevant Foreign Exchange Rate.

The Index Calculation Agent will calculate the Derived Index Level for the relevant 'Currency' Derived Index on each Index Valuation Date  $t$  in respect of the Parent Index in accordance with the following formula:

$$S_D(t) = S_D(t-1) \times \frac{S(t)}{S(t-1)} \times \frac{FX(t)}{FX(t-1)}$$

Where:

$S_D(t)$	means the Derived Index Level in respect of Index Valuation Date $t$ ;
$S_D(t-1)$	means the Level of the Derived Index in respect of Index Valuation Date $t-1$ ;
$S(t)$	means the level of the Parent Index in respect of the Index Valuation Date $t$ ;
$S(t-1)$	means the level of the Parent Index in respect of the Index Valuation Date $t-1$ ;
Parent Index	means the index specified as such in respect of the relevant Derived Index in the 'Derived Indices' Appendix in the relevant Index Terms Module;
$FX(t)$	means the Relevant Foreign Exchange Rate for Index Valuation Date $t$ , as determined pursuant to Article 4 ( <i>Determination of Relevant Foreign Exchange Rate</i> ) of this Supporting Terms Module (Equities & Multi-Asset); and
$FX(t-1)$	means the Relevant Foreign Exchange Rate for Index Valuation Date $t-1$ .

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## Article 2: Determination of the Constituent Level

### 1. Introduction

A Constituent specified in an Index Terms Module may have its Constituent Level determined by reference to terms defined in this Article. In order for this Article to apply, the relevant provision of an Index Description needs to make a reference to this Article or to the Constituent Level as defined in this Article.

The Constituent Level for a Constituent on an Index Valuation Date is determined by the Index Calculation Agent according to the 'Constituent Level Calculation Method' specified in the relevant Index Terms Module for such Constituent, and as set out below.

The Constituent Levels of Constituents are not published by the Index Calculation Agent. The Constituent Levels are only calculated using the methodology set out below so that the resulting values would then be used to calculate the Index Level for each Index set out in the relevant Index Terms Module.

### 2. Determination of the Constituent Level

A Constituent Level for a Constituent is calculated to [five] decimal places according to the methodology set out below.

In respect of the Index Valuation Date  $t$  that is the Rebalance Calculation Date on which the Constituent  $j$  is first introduced into the Index, the Index Calculation Agent will set the Constituent Level to be equal to 100, as below:

$$CL_j(t) = 100$$

Where:

$CL_j(t)$  means, in respect of Constituent  $j$ , the Constituent Level for Constituent  $j$  in respect of the Index Valuation Date  $t$  that is a Rebalance Calculation Date on which that Constituent is first introduced to the Index.

The Constituent Level on any subsequent Index Valuation Dates is calculated according to the Constituent Level Calculation Method specified in respect of each Constituent in the relevant Index Terms Module. Each Constituent Level Calculation Method is defined as follows:

#### (a) Equity - Price Return

If the Constituent Level Calculation Method of the Constituent specified in the relevant Index Terms Module is 'Equity - Price Return', then the Constituent Level will, in respect of each Index Valuation Date, be equal to the value of the Constituent Level on the immediately preceding Index Valuation Date, multiplied by the quotient of the prices for the corresponding Underlying Share on the current and the immediately preceding Index Valuation Dates,

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adjusted for relevant currency movements over the same period, and is calculated as follows:

$$CL_j(t) = CL_j(t-1) \times \frac{PriceLevel_j(t)}{PriceLevel_j(t-1)} \times \frac{FX_j(t)}{FX_j(t-1)}$$

Where:

- $CL_j(t)$  means, in respect of Constituent  $j$ , the Constituent Level for Constituent  $j$  in respect of Index Valuation Date  $t$ ;
- $CL_j(t-1)$  means, in respect of Constituent  $j$ , the Constituent Level for Constituent  $j$  in respect of Index Valuation Date  $t-1$ ;
- $PriceLevel_j(t)$  means, in respect of Constituent  $j$ , the closing value of Underlying Share  $j$  for Index Valuation Date  $t$ , expressed in its Constituent Currency;
- $PriceLevel_j(t-1)$  means, in respect of Constituent  $j$ , the closing value of Underlying Share  $j$  for Index Valuation Date  $t-1$ , expressed in its Constituent Currency;
- $FX_j(t)$  means, in respect of Constituent  $j$ , the Relevant Foreign Exchange Rate in respect of Index Valuation Date  $t$  for Constituent  $j$  as defined in Article 4 (*Determination of Relevant Foreign Exchange Rate*) of this Supporting Terms Module (Equities & Multi-Asset); and
- $FX_j(t-1)$  means, in respect of Constituent  $j$ , the Relevant Foreign Exchange Rate in respect of Index Valuation Date  $t-1$  for Constituent  $j$ .

(b) **Equity - Net Total Return**

If the Constituent Level Calculation Method of the Constituent specified in the Index Terms Module is 'Equity - Net Total Return', then the Constituent Level will, in respect of each Index Valuation Date, be equal to the value of the Constituent Level on the immediately preceding Index Valuation Date, multiplied by the total returns of the corresponding Underlying Share, including Net Dividend Amount from, and excluding, the immediately preceding Index Valuation Date to, and including, the current Index Valuation Date, adjusted for relevant currency movements, and is calculated as follows:

$$CL_j(t) = CL_j(t-1) \times \frac{PriceLevel_j(t) + NetDividendAmount_j(t)}{PriceLevel_j(t-1)} \times \frac{FX_j(t)}{FX_j(t-1)}$$

Where:

- $CL_j(t)$  means, in respect of Constituent  $j$ , the Constituent Level for Constituent  $j$  in respect of Index Valuation Date  $t$ ;

$CL_j(t-1)$	means, in respect of Constituent $j$ , the Constituent Level for Constituent $j$ in respect of Index Valuation Date $t-1$ ;
$PriceLevel_j(t)$	means, in respect of Constituent $j$ , the closing value of Underlying Share $j$ for Index Valuation Date $t$ , expressed in its Constituent Currency.
$PriceLevel_j(t-1)$	means, in respect of Constituent $j$ , the closing value of Underlying Share $j$ for Index Valuation Date $t-1$ , expressed in its Constituent Currency.
$NetDividendAmount_j(t)$	mean, in respect of Constituent $j$ , the Net Dividend Amount for Constituent $j$ in respect of Index Valuation Date $t$ , as determined in accordance with Article 3 ( <i>Treatment of Dividends for Net Total Return</i> ) of this Supporting Terms Module (Equities & Multi-Asset);
$FX_j(t)$	means, in respect of Constituent $j$ , the Relevant Foreign Exchange Rate in respect of Index Valuation Date $t$ for Constituent $j$ as defined in Article 4 ( <i>Determination of Relevant Foreign Exchange Rate</i> ) of this Supporting Terms Module (Equities & Multi-Asset); and
$FX_j(t-1)$	means, in respect of Constituent $j$ , the Relevant Foreign Exchange Rate in respect of Index Valuation Date $t-1$ for Constituent $j$ .

(c) Index Return

If the Constituent Level Calculation Method of the Constituent specified in the Index Terms Module is 'Index Return', then the Constituent Level will, in respect of each Index Valuation Date, be equal to the value of the Constituent Level on the immediately preceding Index Valuation Date, multiplied by the quotient of the prices for the Underlying Index  $j$  on the current and immediately preceding Index Valuation Dates, adjusted for relevant currency movements over the same period, and calculated as follows:

$$CL_j(t) = CL_j(t-1) \times \frac{IndexLevel_j(t)}{IndexLevel_j(t-1)} \times \frac{FX_j(t)}{FX_j(t-1)}$$

Where:

$CL_j(t)$	means, in respect of Constituent $j$ , the Constituent Level for Constituent $j$ in respect of Index Valuation Date $t$ ;
$CL_j(t-1)$	means, in respect of Constituent $j$ , the Constituent Level for Constituent $j$ in respect of Index Valuation Date $t-1$ ;

$IndexLevel_j(t)$	means, in respect of Constituent $j$ , the closing level of Underlying Index $j$ for Index Valuation Date $t$ , expressed in its Constituent Currency;
$IndexLevel_j(t-1)$	means, in respect of Constituent $j$ , the closing level of Underlying Index $j$ for Index Valuation Date $t-1$ , expressed in its Constituent Currency;
$FX_j(t)$	means, in respect of Constituent $j$ , the Relevant Foreign Exchange Rate for the Index Currency and Constituent Currency in respect of Index Valuation Date $t$ for Constituent $j$ as defined in Article 4 ( <i>Determination of Relevant Foreign Exchange Rate</i> ) of this Supporting Terms Module (Equities & Multi-Asset); and
$FX_j(t-1)$	means, in respect of Constituent $j$ , the Relevant Foreign Exchange Rate for the Index Currency and Constituent Currency in respect of Index Valuation Date $t-1$ for Constituent $j$ .

(d) NAV Return

If the Constituent Level Calculation Method of the Constituent specified in the relevant Index Terms Module is 'NAV Return', then the Constituent Level will, in respect of each Index Valuation Date, be equal to the value of the Constituent Level on the immediately preceding Index Valuation Date, multiplied by the quotient of the net asset value ("NAV") for the Underlying Share on the current and the immediately preceding Index Valuation Dates, adjusted for relevant currency movements over the same period. This method is reserved for fund shares and is calculated as follows:

$$CL_j(t) = CL_j(t-1) \times \frac{NAVRETURN_j(t)}{NAVRETURN_j(t-1)} \times \frac{FX_j(t)}{FX_j(t-1)}$$

Where:

$CL_j(t)$	means, in respect of Constituent $j$ , the Constituent Level for Constituent $j$ in respect of Index Valuation Date $t$ ;
$CL_j(t-1)$	means, in respect of Constituent $j$ , the Constituent Level for Constituent $j$ in respect of Index Valuation Date $t-1$ ;
$NAVRETURN_j(t)$	means, in respect of Constituent $j$ , the official NAV level of Underlying Share $j$ for Index Valuation Date $t$ , expressed in its Constituent Currency;
$NAVRETURN_j(t-1)$	means, in respect of Constituent $j$ , the official NAV level of Underlying Share $j$ for Index Valuation Date $t-1$ , expressed in its Constituent Currency;
$FX_j(t)$	means, in respect of Constituent $j$ , the Relevant Foreign Exchange Rate for the Index Currency and Constituent

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Currency in respect of Index Valuation Date  $t$  for Constituent  $j$  as defined in Article 4 (*Determination of Relevant Foreign Exchange Rate*) of this Supporting Terms Module (Equities & Multi-Asset); and

$FX_j(t-1)$  means, in respect of Constituent  $j$ , the Relevant Foreign Exchange Rate for the Index Currency and Constituent Currency in respect of Index Valuation Date  $t-1$  for Constituent  $j$ .

(e) **Cash Return**

If the Constituent Level Calculation Method of the Constituent specified in the relevant Index Terms Module is 'Cash Return', then the Constituent Level will, in respect of each Index Valuation Date, be equal to the value of the Constituent Level on the immediately preceding Index Valuation Date, multiplied by the accrued cash return over the number of calendar days between the current and the immediately preceding Index Valuation Dates, adjusted for relevant currency movements over the same period, and is calculated as follows:

$$CL_j(t) = CL_j(t-1) \times \left( 1 + \frac{CAR_j(t) \times d(t)}{\text{Daycount}} \right) \times \frac{FX_j(t)}{FX_j(t-1)}$$

$CL_j(t)$  means, in respect of Constituent  $j$ , the Constituent Level for Constituent  $j$  in respect of Index Valuation Date  $t$ ;

$CL_j(t-1)$  means, in respect of Constituent  $j$ , the Constituent Level for Constituent  $j$  in respect of Index Valuation Date  $t-1$ ;

$CAR_j(t)$  means, in respect of Constituent  $j$ , the Cash Asset Rate for Index Valuation Date  $t$  as defined in the relevant Index Terms Module;

$d(t)$  means the number of calendar days that have passed between Index Valuation Date  $t$  and Index Valuation Date  $t-1$ ;

*Daycount* means the day count convention for the Cash Asset Rate as defined in the relevant Index Terms Module;

$FX_j(t)$  means, in respect of Constituent  $j$ , the Relevant Foreign Exchange Rate in respect of Index Valuation Date  $t$  for Constituent  $j$  as defined in Article 4 (*Determination of Relevant Foreign Exchange Rate*) of this Supporting Terms Module (Equities & Multi-Asset); and

$FX_j(t-1)$  means, in respect of Constituent  $j$ , the Relevant Foreign Exchange Rate in respect of Index Valuation Date  $t-1$  for Constituent  $j$ .





## Article 3: Treatment of Dividends for Net Total Return

### 1. Introduction

In order to calculate the Index Level for an Index specified in the relevant Index Terms Module, it may be necessary to calculate various dividend amounts and timings. This Article provides the relevant methodology for the determination of such amounts and timings. In order for this Article to apply, the relevant provision of an Index Description needs to make a reference to this Article or to any terms defined herein.

### 2. Definition of Dividends

In order for a distribution to be treated according to the terms defined in this Article, the following criteria must be satisfied:

- (a) it must be a cash dividend or have a cash alternative available;
- (b) the dividend impact on the price of the relevant equity, as determined by the Index Calculation Agent on the Index Calculation Date immediately before the Dividend Inclusion Date, is less than 15%; and
- (c) it must not be declared as a special or extra dividend.

Any distribution which meets the criteria above shall be defined as "Dividend" for the purposes of this Article. Forms of dividend other than those listed above are not treated in this Article and instead may be considered in Article 8 (*Corporate Actions*) of this Supporting Terms Module (Equities & Multi-Asset).

### 3. Determination of Dividend Inclusion Date

In respect of any Dividend, the "Dividend Inclusion Date" shall be the Index Valuation Date for an Index that is the ex-dividend date in respect of such Dividend on the principal exchange of the relevant Constituent, or the date immediately following such date, as determined by the Index Calculation Agent. Section 7 (*Exceptions*) of this Article details exceptions to this approach.

### 4. Determination of the Gross Dividend Amount

The "Gross Dividend Amount" shall be the gross Dividend per share of the Constituent as declared by the relevant issuer and expressed in the Constituent Currency. Any currency conversions, if required, are effected by the Index Calculation Agent using the Relevant Foreign Exchange Rate, as determined pursuant to Article 3 (*Determination of the Relevant Foreign Exchange Rate*) of this Supporting Terms Module (Equities & Multi-Asset) as of the Dividend Inclusion Date. Section 7 (*Exceptions*) of this Article details exceptions to this approach.

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## 5. Calculation of Net Dividend Amount

The "Net Dividend Amount" in respect of Constituent *j* is the Gross Dividend Amount for Constituent *j* after the subtraction of withholding tax in accordance with the following formula:

$$\text{NetDividendAmount}_{j(t)} = \text{GrossDividendAmount}_{j(t)} \times (1 - \text{WithholdingTaxRate}_{j(t)})$$

Where:

*GrossDividendAmount<sub>j(t)</sub>* means, in respect of Constituent *j*, the total Gross Dividend Amount for Constituent *j* for all Dividends that have a Dividend Inclusion Date in the period from, and excluding, the immediately preceding Index Valuation Date *t*-1 to, and including, Index Valuation Date *t*; and

*WithholdingTaxRate<sub>j(t)</sub>* means, in respect of Constituent *j*, the Withholding Tax Rate, applicable to dividend payments for the country of the principle exchange of Constituent *j*, as determined pursuant to Article 5 (*Determination of Withholding Tax Rate*) of this Supporting Terms Module (Equities & Multi-Asset).

## 6. Corrections of Dividend Amount

In the event that the declared Dividend is different from the actual dividend paid out, the differential will be treated as if it were another Dividend (positive or negative) with a Dividend Inclusion Date of the Index Valuation Date. This additional Dividend will be applied as soon as practically possible following the date on which the Index Calculation Agent determines the actual dividend that was received by the holders of record of the relevant Constituent based in any relevant jurisdiction, as determined by the Index Calculation Agent.

## 7. Exceptions

### (a) Republic of Korea (South)

In respect of any Dividend paid to the holders of Underlying Shares of a Constituent listed on an exchange in the Republic of Korea, the Dividend Inclusion Date will be the Index Valuation Date immediately following the date on which the Index Calculation Agent determines that the Dividend is received by investors in the Constituent based in any relevant jurisdiction, as determined by the Index Calculation Agent. In order for a dividend that is paid to an Underlying Share listed in the Republic of Korea to be included in any index calculation, the Underlying Share must have been a Constituent of the relevant Index on both the declared Ex Date and the Dividend Inclusion Date.

### (b) Japan

In respect of any Dividend paid to holders of the Underlying Shares of a Constituent listed on an exchange in Japan, the Gross Dividend Amount will be the estimated Dividend as declared by the relevant issuer. If such issuer

has not declared an estimated Dividend, the Gross Dividend Amount will be estimated by the Index Calculation Agent based on previous Dividend payments made by that issuer. In the event that the estimated Dividend is different from the actual Dividend, the differential will be treated as if it were another Dividend (positive or negative) with a Dividend Inclusion Date of the Index Valuation Date as soon as practically possible following the date on which the Index Calculation Agent determines the actual Dividend that was received by investors in the Constituent based in any relevant jurisdiction, as determined by the Index Calculation Agent.

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Article 3: Treatment of Dividends for Net Total Return

## **Article 4: Determination of the Relevant Foreign Exchange Rate**

### **1. Introduction**

This Article defines methodology by which a foreign exchange rate is determined for any foreign exchange conversion required in this Supporting Terms Module (Equities & Multi-Asset). In order for this Article to apply, the relevant provision of the Index Description needs to make a reference to this Article or to the Relevant Exchange Rate as defined in this Article.

### **2. Policy for determining the Relevant Foreign Exchange Rate**

The "Relevant Foreign Exchange Rate" shall be defined as the number of units of the currency in which the relevant Index is determined and quoted (the "Index Currency"), to one unit of another currency in which any constituent or any relevant level or value in respect of such Index denominated. The source of the Relevant Foreign Exchange Rate is the official WM/Reuters Closing Spot Rate Mid in respect of the relevant Index Valuation Date and is determined by the Index Calculation Agent.

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Article 4: Determination of the Relevant Foreign Exchange Rate

## Article 5: Determination of Withholding Tax Rate

### 1. Introduction

This Article defines the methodology by which the withholding tax rate is determined for the purposes of certain calculations in respect of any relevant Index. In order for this Article to apply, the relevant provision of the Index Description needs to make a reference to this Article or to the Withholding Tax Rate as defined in this Article. This Article deems automatically incorporated into Article 3 (*Treatment of Dividends for Net Total Return*) of this Supporting Terms Module (Equities & Multi-Asset).

### 2. Policy for determining the Withholding Tax Rate

In respect of any dividend re-investment calculations (including, without limitation, as set out in Article 3 (*Treatment of Dividends for Net Total Return*) of this Supporting Terms Module (Equities & Multi-Asset)), the Index Calculation Agent shall determine the rate of withholding tax applicable as being equal to the maximum withholding tax rate faced by a foreign institutional investor without considering any applicable bilateral double tax treaties (the "Withholding Tax Rate").

## Article 6: Transaction Costs and Approved Exchanges

### 1. Introduction

An Index Terms Module or any other part of the Index Description for an Index may reference the External Transaction Costs defined in this Article in order to account for certain costs related to Investment Product Hedging (as this term is defined in the Base Terms Module). In order for this Article to apply, the relevant provision of the Index Description needs to make a reference to this Article or to the External Transaction Costs as defined in this Article. When referenced by a given Index Terms Module, the table included in this article lists the exchanges on which shares available for inclusion in HSBC Global Markets Indices may trade. It also outlines the External Transaction Costs faced by HSBC as at [June 2012].

### 2. Policy for determining External Transaction Costs

In respect of each Constituent of an Index, the "External Transaction Costs" shall represent the transaction costs that would apply to a foreign institutional investor who enters into a hypothetical transaction referencing that Constituent. The External Transaction Costs are determined by the Index Sponsor.

The "Buy External Transaction Costs" are those External Transaction Costs which would be incurred by a buyer of any Constituent, whereas the "Sell External Transaction Costs" are those which would be incurred by a seller of such Constituent.

### 3. Listing of Approved Exchanges

A table of the External Transaction Costs for the country of the principal exchange of a Constituent is below. The Index Sponsor will review the table on a regular basis, and, acting in a commercially reasonable manner, may revise the rates without notice:

Country	Available Exchange	Buy Transaction Costs	Sell Transaction Costs
Australia	Australian Stock Exchange	2 bps	2 bps
Austria	Wiener Borse	15 bps	15 bps
Belgium	Euronext	5 bps	5 bps
Denmark	Copenhagen Stock Exchange	5 bps	5 bps
Finland	Helsinki Stock Exchange	5 bps	5 bps
France	Euronext	5 bps	5 bps
Germany	Xetra	5 bps	5 bps
Hong Kong	Hong Kong Stock Exchange	13 bps	13 bps
Indonesia	Jakarta Stock Exchange	30 bps	40 bps
Italy	Borsa Italiana	5 bps	5 bps
Japan	Tokyo + Osaka Stock	2 bps	2 bps

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Supporting Terms Module  
(Equities & Multi-Asset)

Article 5: Determination of Withholding Tax Rate

**Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – HSBC  
Managed Indices Rules**

	Exchange		
Republic of Korea	Korean Stock Exchange + KOADAQ	13 bps	43 bps
Malaysia	Kuala Lumpur Stock Exchange	36 bps	36 bps
Netherlands	Euronext	5 bps	5 bps
New Zealand	New Zealand Stock Exchange	25 bps	25 bps
Norway	Oslo Bors	5 bps	5 bps
Philippines	Philippines Stock Exchange	29 bps	79 bps
Portugal	Euronext	5 bps	5 bps
Singapore	Singapore Stock Exchange	7 bps	7 bps
Spain	Bolsa de Madrid	5 bps	5 bps
Sweden	OMX - Stockholmborsen	5 bps	5 bps
Switzerland	SWX, Virt-X	5 bps	5 bps
Taiwan	Taiwan Stock Exchange	9 bps	39 bps
Thailand	Stock Exchange of Thailand	27 bps	27 bps
United Kingdom	London Stock Exchange	5 bps	5 bps
United States	NYSE, AMEX, BSE, NASDAQ & Archeipelago	0 bps	0 bps

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Supporting Terms Module  
(Equities & Multi-Asset)

Article 6: Transaction Costs and Approved Exchanges

## Article 7: Determination of Equity Criteria

### 1. Introduction

In order to calculate the Index Level for an Index specified in the relevant Index Terms Module, it may be necessary to calculate or determine various factors or terms relating to Constituents which are equities. This Article provides the relevant methodology and definitions for the determination of any such aspects factors or terms. In order for this Article to apply, the relevant provision of an Index Description needs to make a reference to this Article or to any terms defined herein.

### 2. Determination of Market Capitalisation

In respect of any Underlying Share, "Market Capitalisation" is calculated by taking the number of issued shares outstanding on the determination date and multiplying by the closing price per share on the determination date. The amount is expressed in USD and the Index Calculation Agent may convert any amount in any other currency into USD using the Relevant Foreign Exchange Rate.

### 3. Determination of Free Float Factor

In respect of any Underlying Share, the Index Calculation Agent shall determine the percentage of shares available to the public (the "Free Float Factor") by subtracting the number of shares held by insiders and those deemed to be stagnant shareholders from the number of shares outstanding.

### 4. Determination of Free Float Market Capitalisation

"Free Float Market Capitalisation" in respect of any Underlying Share is calculated by multiplying the Market Capitalisation by the Free Float Factor.

### 5. Determination of Available Foreign Investor Amount

The "Available Foreign Investor Amount" is the maximum number of shares that may be held by a foreign investor minus the number of shares actually held by foreign investors, expressed as a percentage of the number of issued shares.

### 6. Determination of Average Daily Transacted Value

The "Daily Transacted Value" for an Underlying Share in respect of any day  $t$  on which the exchange on which that Underlying Share is listed is open for business is calculated by multiplying the number of shares traded on that day by that day's closing price of the Underlying Share and converting the amount into Index Currency.

$$\text{DailyTransactedValue} = \text{DailyTradedVolume} \times \text{Closing Price} \times \text{FX}_j(t)$$

*DailyTransactedValue* means the Daily Transacted Value for the Underlying Share in respect of day  $t$ ;

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Supporting Terms Module  
(Equities & Multi-Asset)

Article 6: Transaction Costs and Approved Exchanges

<i>DailyTradedVolume</i>	means the daily traded volume for the Underlying Share in respect of day <i>t</i> , as determined by the Index Calculation Agent;
<i>Closing Price</i>	means the closing price for the Underlying Share on day <i>t</i> , as determined by the Index Calculation Agent; and
<i>FY<sub>j</sub>(t)</i>	means the Relevant Foreign Exchange Rate, as defined in Article 4 ( <i>Determination of Relevant Foreign Exchange Rate</i> ) of this Supporting Terms Module (Equities & Multi-Asset), in respect of day <i>t</i> for an amount of the Index Currency equal to one unit of the currency in which the Underlying Share is denominated on its principal exchange.

The "Average Daily Transacted Value" is determined by taking the arithmetic average of the Daily Transacted Values over the [30] days on which the Underlying Share was traded immediately prior to the relevant date of determination.



## Article 8: Corporate Actions

### 1. Introduction

In order to calculate the Index Level for an Index specified in the relevant Index Terms Module, it may be necessary to determine how various corporate actions impact the relevant Constituents of that Index in the form of Underlying Shares. This Article describes the general approach to which the Index Calculation Agent will endeavour to follow when making adjustments to the Index Level in order to properly reflect the impact of certain corporate actions undertaken by issuers of Constituents in the form of Underlying Shares.

### 2. Policy for Corporate Action adjustments

For any Index referencing one or more Underlying Shares, in the event of a corporate action occurring that triggers a Share Adjustment Event for a specific Constituent which is an Underlying Share, the Index Calculation Agent may, in accordance with Section 3 (*Share Adjustment Events*) of the Asset Terms Module (Equities), make modifications to the Index calculation by adjusting the Constituent Level of the relevant Constituent and, if necessary, adjusting the Constituent Weight.

These adjustments will be applied to the calculation of the Index Level for the Index Valuation Date on which the relevant Constituent's Share Adjustment Event is made effective (the "Ex Date"), or, if that date is not an Index Valuation Date, the immediately following Index Valuation Date.

The Index Calculation Agent will implement these adjustments in three steps:

- (1) it shall determine the Price Adjustment Factor required to reflect the change in share price attributable to a Share Adjustment Event for an affected Constituent. If no Share Adjustment Event has occurred, then the Price Adjustment Factor equals one for that Constituent;
- (2) it shall apply the Price Adjustment Factor to the Constituent Level of that Constituent for the Index Valuation Date immediately preceding the Ex Date in order to calculate a new Constituent Level (the "Adjusted Constituent Level"); and
- (3) it shall determine if the Share Adjustment Event involves a change in the share capital of the Underlying Share and, if so, calculate new Constituent Weights (the "Adjusted Constituent Weights") for the Index Valuation Date immediately preceding the Ex Date for all Constituents of the relevant Index by applying the Price Adjustment Factor to the affected Constituent and also determining and applying a Divisor Adjustment Factor to the Constituent Weights for all Constituents of the relevant Index.

The newly calculated Adjusted Constituent Level for the relevant Constituent and Adjusted Constituent Weights for all Constituents replace the unadjusted Constituent Level and Constituent Weights in respect of the Index Valuation Date immediately preceding the Ex Date for the purposes of calculating the Index Level of the relevant Index on the Ex Date. If multiple Share Adjustment Events have the same Ex Date, Price Adjustment Factors will be calculated for each Share Adjustment Event and applied in succession on that Ex Date, or, if the Ex Date is not an Index Valuation Date, the immediately following Index Valuation Date.

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(Equities & Multi-Asset)  
Article 8: Corporate Actions

The Adjusted Constituent Levels and Adjusted Constituent Weights are calculated in accordance with the following formulas:

(a) **Adjusted Constituent Level**

$$CL_j^{adjusted}(t-1) = CL_j(t-1) \times PAF_j(t)$$

Where:

**Index Valuation Date  $t$**  means the Index Valuation Date that is also the Ex Date in respect of the relevant Share Adjustment Event, or, if the Ex Date is not an Index Valuation Date, the immediately following Index Valuation Date;

$CL_j(t-1)$  represents the Constituent Level for Constituent  $j$  in respect of the Index Valuation Date immediately preceding Index Valuation Date  $t$ , calculated in accordance with the relevant Index Terms Module;

$PAF_j(t)$  means the Price Adjustment Factor for Constituent  $j$  as determined by the Index Calculation Agent in respect of Index Valuation Date  $t$ ; and

$CL_j^{adjusted}(t-1)$  means the Adjusted Constituent Level for Constituent  $j$  in respect of the Index Valuation Date immediately preceding Index Valuation Date  $t$ .

(b) **Divisor Adjustment Factor**

$$DAF(t) = \sum_j CC_j(t) \times w_j(t-1)$$

Where:

**Index Valuation Date  $t$**  means the Index Valuation Date that is also the Ex Date in respect of the relevant Share Adjustment Event, or, if the Ex Date is not an Index Valuation Date, the immediately following Index Valuation Date;

$DAF(t)$  means the Divisor Adjustment Factor in respect of the Index Valuation Date  $t$ ;

$CC_j(t)$  means the Capital Change for Constituent  $j$  in respect of Index Valuation Date  $t$  determined by the Index Calculation Agent by reference to the table set out in Section 3 (*Price Adjustment Factor Table*) below; and

$w_j(t-1)$  means the Constituent Weight for Constituent  $j$  in respect of the Index Valuation Date immediately preceding Index Valuation Date  $t$ , calculated in accordance with the relevant Index Terms Module.

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(c) **Adjusted Constituent Weights**

$$w_j^{adjusted}(t-1) = \frac{w_j(t-1) \times (1 + CC_j(t))}{1 + DAF(t)}$$

**Where:**

**Index Valuation Date  $t$**  means the Index Valuation Date that is also the Ex Date in respect of the relevant Share Adjustment Event, or, if the Ex Date is not an Index Valuation Date, the immediately following Index Valuation Date;

$w_j^{adjusted}(t-1)$  means the Adjusted Constituent Weight for Constituent  $j$  in respect of the Index Valuation Date immediately preceding Index Valuation Date  $t$ ;

$w_j(t-1)$  means the Constituent Weight for Constituent  $j$  in respect of the Index Valuation Date immediately preceding Index Valuation Date  $t$ , calculated in accordance with the relevant Index Terms Module;

$CC_j(t)$  means the Capital Change for Constituent  $j$  in respect of Index Valuation Date  $t$  determined by the Index Calculation Agent by reference to the table set out in Section 3 (*Price Adjustment Factor Table*) below; and

$DAF(t)$  means the Divisor Adjustment Factor on Index Valuation Date  $t$ .

**3. Price Adjustment Factor Table**

The following table provides examples as to how the Index Calculation Agent may determine the Price Adjustment Factors and/or Capital Change in respect of a Constituent affected by one of the following Share Adjustment Events:

Event Type	Description	Price Adjustment Factor	Capital Change
Redenomination	A conversion of nominal value and currency of the equity shares on a 1 for 1 basis	1	0
Renominalisation	A conversion of nominal value and currency of the equity shares	Ratio1 / Ratio2	0
Reverse Stock Split / Stock Consolidation	A consolidation of the existing equity shares into new shares	Ratio1 / Ratio2	0

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action			
Scrip Issue / Stock Dividend	A free distribution of additional shares in the same class of equity as already held	$\text{Ratio1} / (\text{Ratio1} + \text{Ratio2})$	0
Stock Split / Subdivision	A subdivision of the existing equity shares into new shares	$\text{Ratio1} / \text{Ratio2}$	0
Rights Issue	Right to purchase additional shares at a discount to the underlying equity share price	$\frac{\text{Ratio2} \times \text{Event Price} + \text{Ratio1} \times \text{Price}(t-1)}{(\text{Ratio2} + \text{Ratio1}) \times \text{Price}(t-1)}$	$\frac{\text{Ratio2} \times \text{Event Price}}{\text{Ratio1} \times \text{Price}(t-1)}$
Special Dividend	A cash distribution paid from the company's capital	$1 - \frac{\text{Event Price}}{\text{Price}(t-1)}$	$\frac{\text{Event Price}}{\text{Price}(t-1)}$

**Where:**

- Ratio 1** means the number of issued equity shares of the relevant type existing immediately prior to the occurrence of the relevant corporate action;
- Ratio 2** means the number of newly issued equity shares of the relevant type created upon the occurrence of the relevant corporate action. For the avoidance of doubt, stock splits and reverse stock splits are considered exchanges, not additions, of newly issued equity shares for the existing issued equity share holdings;
- Event Price** means a price per the relevant equity share in respect of the relevant corporate action (e.g., rights price, special dividend amount, scrip issue share price etc.); and
- Price** means the closing price per relevant equity share in respect of the relevant date.

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Supporting Terms Module  
(Equities & Multi-Asset)  
Article 8: Corporate Actions

## Article 9: Definitions

Except where the context otherwise requires, the following terms used in this Supporting Terms Module (Equities & Multi-Asset) have the following meanings:

**"Adjusted Constituent Level"** has the meaning set out at Section 2(2) of Article 8 (*Policy for Corporate Action adjustments*) of this Supporting Terms Module (Equities & Multi-Asset).

**"Adjusted Constituent Weight"** has the meaning set out at Section 2(3) of Article 8 (*Policy for Corporate Action adjustments*) of this Supporting Terms Module (Equities & Multi-Asset).

**"Available Foreign Investor Amount"** has the meaning set out in Article 7 (*Determination of Equity Criteria*) of this Supporting Terms Module (Equities & Multi-Asset).

**"Average Daily Transacted Value"** has the meaning set out in Article 7 (*Determination of Equity Criteria*) of this Supporting Terms Module (Equities & Multi-Asset).

**"Base Index"** is the index specified in the relevant Index Terms Module.

**"Base Index Start Date"** means the date set out in the Base Index Parameters Table of the relevant Index Terms Module.

**"Capital Change"** is as determined by the Index Calculation Agent pursuant to Section 3 of Article 8 (*Price Adjustment Factor Table*) of this Supporting Terms Module (Equities & Multi-Asset).

**"Cash Asset Rate"** means the date set out in the Base Index Parameters Table of the relevant Index Terms Module.

**"Constituent"** is as specified in the relevant Index Terms Module.

**"Constituent Amount"** has the meaning given to this term in the relevant Index Terms Module.

**"Constituent Currency"** means, in respect of each Constituent, the currency as determined pursuant to the relevant Index Terms Module.

**"Constituent Level"** means, in respect of each Constituent, the level of such Constituent, as determined pursuant to Article 2 (*Determination of Constituent Level*) of this Supporting Terms Module (Equities & Multi-Asset).

**"Constituent Level Calculation Method"** means the calculation method specified in the relevant Index Terms Module for such Constituent, and as set out in Article 2 (*Determining the Constituent Level*) of this Supporting Terms Module (Equities & Multi-Asset).

**"Constituent Weight"** means a percentage amount determined pursuant to Section 7 (*Determination of the Constituent Weights*) of the Index Calculation Module (Allocation).

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(Equities & Multi-Asset)  
Article 9: Definitions

"Daily Transacted Value" has the meaning set out in Article 7 (*Determination of Equity Criteria*) of this Supporting Terms Module (Equities & Multi-Asset).

"Derived Index" has the meaning set out in Section 1 of Article 1 (*Introduction*) of this Supporting Terms Module (Equities & Multi-Asset).

"Derived Index Level" has the meaning set out in Section 2 of Article 1 (*Calculation Methodology*) of this Supporting Terms Module (Equities & Multi-Asset).

"Derived Index Type" has the meaning set out in Section 2 of Article 1 (*Calculation Methodology*) of this Supporting Terms Module (Equities & Multi-Asset), being one of: (a) Excess Return; (b) Funded Return; (c) Net Total Return; or (d) Currency.

"Dividend" has the meaning set out in Section 2 of Article 3 (*Definition of Dividends*) of this Supporting Terms Module (Equities & Multi-Asset).

"Dividend Inclusion Date" has the meaning set out in Section 3 of Article 3 (*Determination of Dividend Inclusion Date*) of this Supporting Terms Module (Equities & Multi-Asset).

"Divisor Adjustment Factor" has the meaning set out in Section 2 of Article 8 (*Policy for Corporate Action adjustments*) of this Supporting Terms Module (Equities & Multi-Asset).

"Ex Date" has the meaning set out at Section 2 of Article 8 (*Policy for Corporate Action adjustments*) of this Supporting Terms Module (Equities & Multi-Asset).

"External Transaction Costs" has the meaning set out at Section 2 of Article 6 (*Transaction Costs and Approved Exchanges*) of this Supporting Terms Module (Equities & Multi-Asset).

"Financing Index" means the index specified as such in respect of the relevant Derived Index in the 'Derived Indices' Appendix of the relevant Index Terms Module.

"Free Float Factor" has the meaning set out in Article 7 (*Determination of Equity Criteria*) of this Supporting Terms Module (Equities & Multi-Asset).

"Free Float Market Capitalisation" has the meaning set out in Article 7 (*Determination of Equity Criteria*) of this Supporting Terms Module (Equities & Multi-Asset).

"Gross Dividend Amount" has the meaning set out in Section 4 of Article 3 (*Determination of Gross Dividend Amount*) of this Supporting Terms Module (Equities & Multi-Asset).

"Index Calculation Agent" means, in respect of an Index, the Index Calculation Agent specified in the relevant Index Terms Module or, if no such Index Calculation Agent is so specified, the Default Index Calculation Agent.

"Index Currency" has the meaning set out in Section 2 of Article 4 (*Policy for determining the Relevant Foreign Exchange Rate*) of this Supporting Terms Module (Equities & Multi-Asset).

"Index Description" has the meaning set out Appendix 1 (*Definitions*) of the Base Terms Module.

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Article 9: Definitions

"Index Level" has the meaning set out in Section 3 (*Overview of process for the calculation of the Index*) of the Index Calculation Module (Allocation).

"Index Valuation Date" has the meaning given to this term in the relevant Index Terms Module.

"Investment Product Hedging" has the meaning set out in Section 3 (*Index calculations and data sources*) of the Base Terms Module.

"Net Dividend Amount" has the meaning set out in Section 5 of Article 3 (*Determination of Net Dividend Amount*) of this Supporting Terms Module (Equities & Multi-Asset).

"Parent Index" has the meaning set out in Section 1 of Article 1 (*Introduction*) of this Supporting Terms Module (Equities & Multi-Asset), and means the index specified as such in respect of the relevant Derived Index in the 'Derived Indices' Appendix of the relevant Index Terms Module.

"Price Adjustment Factor" is as determined by the Index Calculation Agent pursuant to Section 3 of Article 8 (*Price Adjustment Factor Table*) of this Supporting Terms Module (Equities & Multi-Asset).

"Rebalance Execution Date" has the meaning determined in the relevant Index Terms Module.

"Relevant Foreign Exchange Rate" has the meaning set out in Section 2 of Article 4 (*Policy for determining the Relevant Foreign Exchange Rate*) of this Supporting Terms Module (Equities & Multi-Asset).

"Series" means the Parent and Derived Indices making up a family of related Indices.

"Share Adjustment Event" has the meaning set out in the Asset Terms Module (Equities).

"Start Date" has the meaning set out in Section 2 of Article 1 (*Calculation Methodology*) of this Supporting Terms Module (Equities & Multi-Asset).

"Start Index Level" has the meaning set out in Section 2 of Article 1 (*Calculation Methodology*) of this Supporting Terms Module (Equities & Multi-Asset).

"Underlying Share" has the meaning set out in the Asset Terms Module (Equities).

"Withholding Tax Rate" has the meaning set out in Article 5 (*Determination of Withholding Tax Rate*) of this Supporting Terms Module (Equities & Multi-Asset).

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MAYER BROWN  
DRAFT: 19 July 2012

# HSBC Global Markets Indices

## Asset Terms Module (Equities)

Version 2.0  
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## 1. Introduction

### (a) General

This Asset Terms Module (Equities) may be incorporated into the Index Description for an Index by reference in the Index Terms Module for that Index. This Asset Terms Module sets out the rules for an Index linked to one or more types of equity instruments.

Depending on the specific type and the exact nature of the asset to which the Index relates, as specified in the Index Terms Module for that Index, this Asset Terms Module shall be interpreted accordingly.

This Asset Terms Module (Equities) must be read, and must be interpreted, in conjunction with the Base Terms Module and the relevant Index Terms Module. This is not a stand alone document and should not be read or interpreted separately from the other Modules which comprise the Index Description.

### (b) Definitions

- (i) Any capitalised terms not defined in Appendix 1 (*Definitions*) of this Asset Terms Module shall have the meaning as given to those terms in the Base Terms Module.
- (ii) Any reference to an underlying share (an "Underlying Share") in an Index Description incorporating this Asset Terms Module shall have the following meaning:
  - A. if an Index references an index or a basket or baskets of indices, then an Underlying Share for that Index is each constituent of that index or each constituent of one of the relevant indices; and
  - B. if an Index references a share or basket or baskets of shares, then the Underlying Share for that Index is that share or each share within the relevant basket of shares.
- (iii) If an Index references an index or a basket or baskets of indices, any reference to an underlying index (the "Underlying Index") in an Index Description incorporating this Asset Terms Module means such index or each of the relevant indices.
- (iv) For the purposes of any Index Description incorporating this Asset Terms Module, a "share" may include a unit in an ETF.
- (v) Each reference to an Index in this Asset Terms Module is a reference to an Index the rules for which are set out in an Index Description incorporating this Asset Terms Module.

## 2. Market Disruption Events

If the Index Calculation Agent determines that a Market Disruption Event has occurred, then:

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reference to the prevailing market conditions and such other factors as the Index Calculation Agent determines appropriate to account for that dilutive or concentrative effect of the relevant Share Adjustment Event, or (B) decide that it shall not publish the level of the relevant Index on such date and shall postpone the publication of the level of the Index until the Index Sponsor makes any determinations pursuant to (ii) below; and

- (ii) the Index Sponsor may make any amendments or modifications (if any) to the Index Rules for an Index as the Index Sponsor determines appropriate to account for that dilutive or concentrative effect of the relevant Share Adjustment Event and determine the effective date of any such amendment or modification. The Index Sponsor may, without limitation, take into account the adjustment (if any) in respect of such Share Adjustment Event made by a Related Exchange to options contracts or futures contracts on the relevant Underlying Share traded on that Related Exchange when determining the appropriate adjustment;
- (b) When calculating the dilutive or concentrative effect of any Share Adjustment Event for the purposes of Section 3(a) above, the amount or value of the Share Adjustment Event shall be deemed adjusted by such amount as the Index Calculation Agent deems appropriate to take account of any tax, duty, withholding, deduction or other charge whatsoever, including but not limited to taking into account any tax, duty, withholding, deduction or other charge in respect of any Underlying Share(s) that the Index Sponsor reasonably believes a provider of any Investment Product referencing the relevant Index may reasonably hold in order to hedge its obligations in respect of the performance of the relevant Index would sustain or incur as a result of the Share Adjustment Event.

#### 4. Index Adjustment Events

- (a) **Underlying Successor Index or Underlying Successor Sponsor**
  - (i) If at any relevant time the Index Calculation Agent determines, following consultation with the Index Sponsor, that an Underlying Index is not calculated and published by the person who was the index sponsor as of the date of the relevant Index Terms Module for an Index (the "Underlying Index Sponsor"), but it is calculated and published by a successor sponsor (the "Underlying Successor Sponsor") acceptable to the Index Sponsor, the Underlying Index will be deemed to be such Underlying Index so calculated and published by that Underlying Successor Sponsor.
  - (ii) If at any relevant time the Index Calculation Agent determines, following consultation with the Index Sponsor, that an Underlying Index is replaced by a successor index using, in the determination of the Index Sponsor, the same or a substantially similar formula for and method of calculation as used in the calculation of that Underlying Index (an "Underlying Successor Index"), then the Underlying Index will be deemed to be that Underlying Successor Index.
  - (iii) For the avoidance of doubt, the provisions of this Section 4(a) shall apply to each Underlying Successor Index and each Underlying

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Successor Sponsor, *mutatis mutandis*, as if such Underlying Successor Index is the Underlying Index and such Underlying Successor Sponsor is the Underlying Index Sponsor.

(b) **Underlying Index Events**

If the Index Calculation Agent determines that an Underlying Index Event has occurred, then:

- (i) on any Index Valuation Date following such determination, the Index Calculation Agent may, in its discretion, either (A) publish the level of the Index on such day, following consultation with the Index Sponsor, by making any determinations and/or adjustments to the Index Rules for an Index as the Index Calculation Agent determines appropriate by reference to the prevailing market conditions and such other factors as the Index Calculation Agent determines appropriate to account for economic effect of the relevant Underlying Index Event, or (B) decide that it shall not publish the level of the relevant Index on such date and shall postpone the publication of the level of the Index until the Index Sponsor makes any determinations pursuant to (ii) below; and
- (ii) the Index Sponsor may make any amendments or modifications (if any) to the Index Rules for an Index as the Index Sponsor determines appropriate to account for the economic effect of the relevant Underlying Event (including substituting the Index with another index that, in the commercially reasonable determination of the Index Sponsor, preserves the intended commercial purpose of the Index) and determine the effective date of any such amendment or modification.

5. **Merger Event, Tender Offer, Delisting, Nationalisation and Insolvency**

If the Index Calculation Agent determines that a Merger Event, Tender Offer, Delisting, Nationalisation or Insolvency has occurred in relation to an Underlying Share and/or the relevant issuer of an Underlying Share, then:

- (a) on any Index Valuation Date following such determination, the Index Calculation Agent may, in its discretion, either (i) publish the level of the Index on such day, following consultation with the Index Sponsor, by making any determinations and/or adjustments to the Index Rules for an Index as the Index Calculation Agent determines appropriate by reference to the prevailing market conditions and such other factors as the Index Calculation Agent determines appropriate to account for economic effect of the relevant event, or (ii) decide that it shall not publish the level of the relevant Index on such date and shall postpone the publication of the level of the Index until the Index Sponsor makes any determinations pursuant to (b) below; and
- (b) the Index Sponsor may make any amendments or modifications (if any) to the Index Rules for an Index as the Index Sponsor determines appropriate to account for the economic effect of such Merger Event, Tender Offer, Delisting, Nationalisation or Insolvency (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Underlying Shares), which may, but need not, be determined by

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reference to the adjustments(s) made in respect of such Merger Event, Tender Offer, Delisting, Nationalisation or Insolvency by an options exchange to options contracts or futures contracts on the relevant Shares traded on such options exchange; and determine the effective date of any such amendment, or modification.

## 6. Additional provisions for ETFs

This Section 6 applies to the extent that an Underlying Share in an Index is a unit in an ETF. If the Index Calculation Agent determines that an Extraordinary Fund Event has occurred in respect of an Underlying Share which is a unit in an ETF, then:

- (a) on any Index Valuation Date following such determination, the Index Calculation Agent may, in its discretion, either (A) publish the level of the Index on such day, following consultation with the Index Sponsor, by making any determinations and/or adjustments to the Index Rules for an Index as the Index Calculation Agent determines appropriate by reference to the prevailing market conditions and such other factors as the Index Calculation Agent determines appropriate to account for economic effect of the relevant event, or (B) decide that it shall not publish the level of the relevant Index on such date and shall postpone the publication of the level of the Index until the Index Sponsor makes any determinations pursuant to (b) below; and
- (b) the Index Sponsor may make any amendments or modifications (if any) to the Index Rules for an Index as the Index Sponsor determines appropriate to account for the economic effect of the relevant Extraordinary Fund Event, and determine the effective date of any such amendment or modification.

## 7. Additional provisions for Depositary Receipts

This Section 7 applies to the extent that an Underlying Share in an Index is a depositary receipt. If the Index Calculation Agent determines that the relevant Deposit Agreement is terminated at any time, any reference to any Underlying Share which is a depositary receipt shall thereafter be construed as a reference to the DR Underlying Shares in respect of that depositary receipt, and the Index Calculation Agent will make such adjustment as it, in its discretion, determines to be appropriate and it shall also determine, in its discretion, the effective date of such adjustment.

## 8. Additional provisions for Country Specific Events

If the Index Calculation Agent determines that a Country Specific Event has occurred, then:

- (a) on any Index Valuation Date following such determination, the Index Calculation Agent may, in its discretion, either (i) publish the level of the Index on such day, following consultation with the Index Sponsor, by making any determinations and/or adjustments to the Index Rules for an Index as the Index Calculation Agent determines appropriate by reference to the prevailing market conditions and such other factors as the Index Calculation Agent determines appropriate to account for economic effect of the relevant event, or (ii) decide that it shall not publish the level of the relevant Index on such date and shall postpone the publication of the level of the Index until the Index Sponsor makes any determinations pursuant to (b) below; and

- (b) the Index Sponsor may make any amendments or modifications (if any) to the Index Rules for an Index as the Index Sponsor determines appropriate to account for the economic effect of the relevant Country Specific Event, and determine the effective date of any such amendment or modification.

## 9. Underlying Index Disclaimer

Each Index, is not sponsored, endorsed, sold, or promoted by any Underlying Index or any Underlying Index Sponsor and no Underlying Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of any of its Underlying Indices and/or the levels at which any particular Underlying Index stands at any particular time on any particular date or otherwise. No Underlying Index or Underlying Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the relevant Underlying Index and no Underlying Index Sponsor is under an obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with entering into any Investment Products linked to an Index. The Index Sponsor shall have no liability to any investor in any Investment Products relating to an Index, or to any other person, for any act or failure to act by the Underlying Index Sponsor in connection with the calculation, adjustment or maintenance of an Underlying Index. Except as disclosed in the relevant Index Description, the Index Sponsor and its Affiliates have no affiliation with or control over any Underlying Index or Underlying Index Sponsor or any control over the computation, composition or dissemination of the Underlying Indices. Although the Index Calculation Agent and/or the Index Sponsor will obtain information concerning the Underlying Indices from publicly available sources they believe reliable, they will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Index Sponsor, the Index Calculation Agent or their Affiliates as to the accuracy, completeness and timeliness of information concerning the Underlying Indices.

The foregoing disclaimer shall apply in addition to any disclaimer for a relevant Underlying Index set out in any Index Terms Module.

## Appendix 1: Definitions

Except where the context otherwise requires, the following terms used in this Asset Terms Module or in any relevant Index Terms Module have the following meanings:

**"Affiliate"** means, in relation to any entity (the **"First Entity"**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **"control"** means ownership of a majority of the voting power of an entity.

**"Country Specific Event"** means the occurrence of any of the following events:

- (a) a general moratorium is declared in respect of banking activities in the country in which any Relevant Exchange is located, the relevant instruments are traded or in which the principal financial centre of the currency of denomination of the relevant instruments is located (each a **"Relevant Jurisdiction"**);
- (b) there has occurred, with respect to any security or indebtedness for money borrowed or guaranteed by any governmental, legal, monetary or regulatory authority in a Relevant Jurisdiction (a **"Governmental Authority"**), a default, event of default or other similar condition or event (howsoever described) including, but not limited to:
  - (i) the failure of timely payment in full of principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security indebtedness for money borrowed or guarantee;
  - (ii) a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee; or
  - (iii) the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for money borrowed or guarantee without the consent of all holders of such obligation.

The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee;

- (c) any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority has occurred which deprives HSBC or its agents or Affiliates of all or substantially all of its assets in a Relevant Jurisdiction;
- (d) any restrictions, charges, duties or other deductions have been imposed by any applicable Governmental Authority on any dealing by HSBC or its agents or Affiliates in any relevant instruments listed on any exchange (or on any transactions referencing such instruments, including but not limited to foreign exchange transactions) such that HSBC or its agents or Affiliates:
  - (i) is unable to continue to purchase, sell or otherwise deal in relevant instruments (or to enter into, continue or complete such transactions);

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- (ii) is unable to perform its obligations under any hedging transaction related to any relevant Investment Products; or
  - (iii) will incur a materially increased cost in performing its obligations relating to such hedging positions;
- (e) one of the following settlement disruptions events has occurred:
- (i) an event has occurred that generally makes it impossible (or materially restricts HSBC's or any of its agents or Affiliates ability) to exchange or convert the currency in which relevant instruments are denominated ("Local Currency") into the currency in which the relevant Index is denominated (the "Index Currency") through customary legal channels for conducting such conversion;
  - (ii) an event has occurred that generally makes it impossible (or materially restricts HSBC's or any of its agents or Affiliates ability) to deliver the Index Currency to accounts outside the Relevant Jurisdiction;
  - (iii) an event has occurred that generally makes it impossible (or materially restricts HSBC's or any of its agents or Affiliates ability) to deliver the Local Currency or, where applicable, the Index Currency to accounts inside a Relevant Jurisdiction or to a party that is a non-resident of a Relevant Jurisdiction;
  - (iv) a change in applicable law or regulation or a change in the promulgation of or interpretation of such law or regulation has occurred in a Relevant Jurisdiction which may affect the ownership in and/or the transferability of the Local Currency;
  - (v) HSBC's or any of its agents or Affiliates ability to determine, or obtain a firm quote for, a rate at which Local Currency can be exchanged for the Index Currency, in an amount which HSBC reasonably considers is necessary to discharge its obligations hereunder or in respect of its hedge positions relating to any Investment Products, for any reason becomes restricted, subject to material charges or deductions, or otherwise impracticable;
  - (vi) the Index Currency is otherwise unavailable in a Relevant Jurisdiction;
  - (vii) reserve requirements or other currency control restrictions adversely affecting any hedging transactions relating to any relevant Investment Products have been introduced;
  - (viii) there occurs in the Relevant Jurisdiction a declaration of national emergency, a disaster or civil unrest that would constitute a national emergency, the imposition of martial law, a declaration of war by or against such Relevant Jurisdiction, or any other such similar event; or
- (f) the occurrence of any of the following events having an adverse effect on any Underlying Shares or an Index:
- (i) the relevant Governmental Authority has undertaken any action resulting in any of the following:

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- A. the enactment, promulgation, execution, ratification or adoption of, or any change in or amendment to, any rule, law, regulation or statute (or in the applicability or official interpretation of any rule, law, regulation or statute) by any Governmental Authority;
  - B. the issuance of any order or decree by any Governmental Authority;
  - C. any action being taken by a taxing authority in a Relevant Jurisdiction; or
  - D. the occurrence of any other act or event at any time relating to withholding or deduction for or on account of tax in relation to any hedge transaction relating to an Investment Product;
- (ii) the imposition of taxes on the transfer of any Index Currency out of any Relevant Jurisdiction; or
  - (iii) the imposition of any taxes on any conversion of Local Currency into Index Currency.

"Delisting" means, for an Underlying Share, the relevant Exchange announces that pursuant to the rules of such Exchange, such Underlying Share ceases (or will cease) to be listed, traded or publicly quoted on that Exchange for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Index Calculation Agent.

"Deposit Agreement" means, in relation to an Underlying Share which is a depository receipt, the agreements or other instruments constituting such Underlying Share, as from time to time amended or supplemented in accordance with their terms.

"DR Underlying Shares" means, in respect of a depository receipt, the relevant shares or other securities which were the subject of the Deposit Agreement for such depository receipt.

"ETF" means an exchange-traded fund.

"ETF Disruption Event" means with respect to an ETF or units in an ETF, in the determination of the Index Calculation Agent the occurrence or existence on any day of:

- (a) a postponement of the date as of which the Relevant Exchange is scheduled to determine or publish the price per unit of the ETF for the purposes of calculating the proceeds to be paid to a hypothetical investor that has submitted a timely and valid sale order;
- (b) the occurrence or continuation of a postponement of the determination by the ETF of the price per unit or net asset value of the ETF;
- (c) the occurrence or continuation of a postponement of the reporting by the ETF to its investors or, if applicable, the publishing by the ETF or the relevant publishing service, in each case of the price per unit or net asset value of the ETF;
- (d) the occurrence or continuation of a postponement in the ability of a holder to sell, convert or redeem units in the ETF (whether or not in accordance with the Fund Documents)

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- (e) the occurrence or continuation of a postponement in the payment of any or all of the redemption proceeds relating to such shares (whether or not in accordance with the Fund Documents); or
- (f) a material lack of liquidity in the market for the units in the ETF, compared with the prevailing circumstances as of the date of the Index Terms Module for the relevant Index, as determined by the Index Calculation Agent.

**"Exchange"** means, in relation to an Underlying Share or an Underlying Index, the Exchange or Exchange as specified for that Underlying Share or Underlying Index in the relevant Index Terms Module or, if no such exchange is specified, any exchange or trading system or quotation system on which such Underlying Share (or any Underlying Share of an Underlying Index) is listed or quoted, as determined by the Index Calculation Agent.

**"Extraordinary Fund Event"** means the occurrence of any of the following events in respect of an ETF or a unit or units in such ETF:

- (a) any breach or violation of the provisions of the Fund Documents including, but not limited to: the constitutive and governing documents of the ETF, the subscription agreements, any strategy or investment guidelines, and any other agreement entered into by the ETF and/or its service providers that is reasonably likely to affect the value of the ETF;
- (b) the non-execution or partial execution by the ETF for any reason of a subscription or redemption order in respect of any units in the ETF given by a HSBC (or any of its Affiliates) or any entity that acts as a market maker for the ETF (whether or not in accordance with the Fund Documents);
- (c) the ETF:
  - (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger);
  - (ii) makes a general assignment or arrangement with or for the benefit of its creditors;
  - (iii) either:
    - 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 paragraph A. above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed,

discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof;

- (iv) 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;
  - (v) 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
  - (vi) 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 (i) through (v) above;
- (d) the administration agent, the manager, the investment adviser or the custodian or the trustee, as applicable, of the ETF ceases to act in its capacity as administrator or manager of or adviser or custodian or trustee of the ETF, as the case may be;
  - (e) a material modification of the investment programme, investment objectives, investment policies, investment strategy, investment process or investment guidelines of the ETF;
  - (f) the failure by the ETF to comply with any applicable reporting obligations (including, without limitation, any periodic reporting of the estimated price per unit of the ETF, periodic statements thereof, return numbers and composition of the ETF and the allocation of capital for the ETF (where applicable));
  - (g) a material modification (other than any modifications referred to in (e) above) of the ETF (including but not limited to a modification of the prospectus of the ETF or the articles of association or other Fund Documents) or the occurrence of a change or any event materially affecting the ETF (including, but not limited to, the interruption, breakdown or suspension of the calculation of the price per unit of the ETF unless such interruption, breakdown or suspension is cured within two Index Valuation Dates);
  - (h) a material modification of the type of assets in which the ETF invests or the trading practices of the ETF (including but not limited to a material deviation from the investment policy and investment objectives set out in the Fund Documents) which, in the determination of the Index Calculation Agent, has or is likely to have a material effect on any hedging arrangements entered into by HSBC or any of its Affiliates in respect of any Investment Products;
  - (i) either:
    - (i) the suspension of redemptions of shares in the ETF;
    - (ii) the ETF repurchases or compulsorily redeems any units in the ETF; or
    - (iii) the ETF imposes any restriction, charge or fee in respect of a redemption or issue of shares in the ETF (other than any restriction, charge or fee in existence as at the date of the Index Terms Module for an Index);

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- (j) the ETF or its investment adviser or manager has its authorisation or registration cancelled by any applicable regulatory authority;
- (k) the ETF or the investment adviser, manager or the administration agent of the ETF:
  - (i) 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 ETF, investment adviser, manager or administration agent;
  - (ii) commits an act which constitutes fraud or criminal activity in the performance of its obligations in respect of the ETF;
  - (iii) makes any material misrepresentation under any document in respect of the ETF; or
  - (iv) announces its intention to cease the business of investment management;
- (l) the occurrence of any
  - (i) reclassification or change of units in an ETF that results in a transfer of or an irrevocable commitment to transfer all of such shares outstanding;
  - (ii) consolidation, amalgamation or merger of the issuer of the ETF 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
  - (iii) 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);
- (m) any ETF Disruption Event, where such Reference Fund Disruption Event continues for a period of 8 Index Valuation Dates; or
- (n) any event of default (howsoever described) in respect of a counterparty with which the ETF has a material position as determined by the Index Calculation Agent pursuant to the terms of the agreement governing that position.

**"Fund Documents"** means in respect of an ETF, the constitutional documents in the form of a prospectus, information memorandum, trust deed or any other analogous documentation setting forth the terms, conditions and rights related to each unit, each as may be amended and supplemented from time to time.

**"Index Rebalancing Date"** has the meaning set out in Section 2(a) (*Market Disruption Events*) of this Asset Terms Module.

**"Index Valuation Date"** has the meaning given to it in the relevant Index Terms Module.

**"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the issuer of an Underlying Share either:

- (a) all the relevant shares of that issuer are required to be transferred to a trustee, liquidator or other similar official; or

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- (b) holders of the Underlying Share of that issuer become legally prohibited from transferring them.

**"Market Disruption Event"** means, with respect to an Underlying Share or an Underlying Index:

- (a) the occurrence or existence on any Trading Day during the one half hour period before the Scheduled Closing Time for the Exchange in respect of such Underlying Share or such Underlying Index is listed, as determined by the Index Calculation Agent, or at any time during the regular trading session on any Exchange or Related Exchange without regard to after hours trading or any other trading outside of the regular trading session hours on such day:
  - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by any Exchange or any Related Exchange or otherwise):
    - A. on any Exchange as a whole; or
    - B. on any Related Exchange, of any options contracts or futures contracts on or relating to any Underlying Share; or
    - C. on any Exchange, of any Underlying Share; or
  - (ii) of any event that disrupts or impairs (as determined by the Index Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for any Underlying Share on any relevant Exchange or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to any Underlying Share on any relevant Related Exchange; or
- (b) the closure on any Trading Day of any Exchange or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or such 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 such Related Exchange on such Trading Day; and
  - (ii) the submission deadline (if applicable) for orders to be entered into such Exchange or such Related Exchange system for execution at the Relevant Time on such Trading Day; or
- (c) a general moratorium is declared in respect of banking activities in the country in which any Exchange is located,

in each case, if, in the determination of the Index Calculation Agent, any of the foregoing is material.

**"Merger Event"** means, in respect of an Underlying Share, any:

- (a) reclassification or change of such Underlying Share that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Shares outstanding to another entity or person;

- (b) consolidation, amalgamation, merger or binding share exchange of the issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which the issuer of such Underlying Share is the continuing entity and which does not result in reclassification or change of all of such Underlying Shares outstanding);
- (c) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Shares of the issuer of such Underlying Share that results in a transfer of or an irrevocable commitment to transfer all such Underlying Shares (other than such Underlying Shares owned or controlled by such other entity or person); or
- (d) consolidation, amalgamation, merger or binding share exchange of the issuer of an Underlying Share or its Affiliates with or into another entity in which the issuer of an Underlying Share is the continuing entity and which does not result in a reclassification or change of all such Underlying Shares outstanding but results in the outstanding Underlying Shares (other than Underlying Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Shares immediately following such event.

"Nationalisation" means that all the Underlying Shares of an issuer or all or substantially all of the assets of the issuer of an Underlying Share are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

"Related Exchange" means, in respect of an Underlying Share, any exchange, trading system or quotation system on which options contracts or futures contracts on such Underlying Share are traded, as determined by the Index Calculation Agent.

"Relevant Exchange" means, in respect of an Underlying Share, such Exchange as the Index Calculation Agent shall select in its discretion.

"Restricted Share" has the meaning set out in Section 6(a) (*Index Restrictions*) this Asset Terms Module.

"Scheduled Closing Time" means, in relation to an Exchange or Related Exchange and a Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"Share Adjustment Event" means any of the following:

- (a) a subdivision, consolidation or reclassification of the relevant Underlying Shares (unless it has resulted in a Merger Event) or a free distribution or dividend of any such Underlying Share to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Underlying Share of:
  - (i) such Underlying Share; or

- (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the issuer of an Underlying Share equally or proportionately with such payments to holders of such Underlying Share; or
  - (iii) share capital or other securities of another issuer as a result of a "spin-off" or other similar transaction, or
  - (iv) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Index Calculation Agent;
- (c) any extraordinary or bonus dividend or other cash distribution where such dividend or distribution exceeds 10 per cent. of the last cum-dividend Trading Price of such Underlying Share;
  - (d) a call by the issuer of such Underlying Share in respect of such Index Underlying Share that is not fully paid;
  - (e) a repurchase by the issuer of an Underlying Share or any of its Affiliates of the relevant Underlying Share whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
  - (f) in respect of the issuer of an Underlying Share, 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 issuer of such Underlying Share 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 Index Calculation Agent;
  - (g) any redemption of shareholder rights referred to in (f) above; or
  - (h) any other event that may have, in the opinion of the Index Calculation Agent, a dilutive, concentrative or other effect on the theoretical value of the relevant Underlying Share.

"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 issuer of an Underlying Share, as the case may be, as determined by the Index Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Index Calculation Agent deems relevant.

"Trading Day" means, as determined by the Index Calculation Agent:

- (i) for the purposes of determining what should be an Index Rebalancing Day, a day which is both an Index Valuation Date and a day on which all the Relevant Exchange(s) are scheduled to be open for trading for its/their regular trading sessions; and
- (j) for all other purposes, a day which is both an Index Valuation Date and a day on which any Exchange and/or any Related Exchange is scheduled to be open for its regular trading session.



"Trading Price" means, in relation to any Trading Day and an Underlying Share, the official closing price on the Exchange where such Underlying Share is primarily listed, as determined by the Index Calculation Agent.

"Underlying Index" has the meaning set out in Section 1(b)(iii) (*Definitions*) of this Asset Terms Module.

"Underlying Index Event" means that, at any relevant time with respect to an Underlying Index and as determined by the Index Calculation Agent, the Underlying Index Sponsor or the Successor Index Sponsor:

- (a) makes or announces that it will make an Underlying Index Modification;
- (b) permanently cancels that Underlying Index; or
- (c) fails to calculate and/or publish the level of the Underlying Index on the day on which the level of such Underlying Index was scheduled to be published.

"Underlying Index Modification" means any material change in the formula for or the method of calculating the Underlying Index or in any way materially modifies the Underlying Index (other than a modification prescribed in that formula or method to maintain the Underlying Index in the event of permitted changes in its constituents and/or other routine events).

"Underlying Index Sponsor" has the meaning set out in Section 4(a)(i) (*Underlying Successor Index or Underlying Successor Sponsor*) of this Asset Terms Module.

"Underlying Share" has the meaning set out in Section 1(b)(ii) (*Definitions*) of this Asset Terms Module.

"Underlying Successor Index" has the meaning set out in Section 4(a)(ii) (*Underlying Successor Index or Underlying Successor Sponsor*) of this Asset Terms Module.

"Underlying Successor Sponsor" has the meaning set out in Section 4(a)(i) (*Underlying Successor Index or Underlying Successor Sponsor*) of this Asset Terms Module.

## Appendix 2: Disclaimer

**This document is issued by HSBC. HSBC is authorised and regulated by the FSA and is a member of the HSBC Group.**

Each Index is sponsored, developed and promoted by the Index Sponsor. Each Index is calculated by the Index Calculation Agent, which, in the case of the Default Index Calculation Agent, is part of HSBC Global Research. The Index Sponsor has no responsibility for the calculation of any Index and does not guarantee or represent or warrant the accuracy or completeness of any Index or the data comprised therein.

Although the Index Calculation Agent will obtain information and data for inclusion in or for use in the calculation of each Index from sources which the Index Calculation Agent considers reliable, the Index Calculation Agent will not independently verify such information and data and does not guarantee the accuracy or the completeness of an Index or any data included therein. While any inaccuracy in such sources may have an adverse effect on level of any Index, neither the Index Sponsor nor the Index Calculation Agent accepts any liability for loss or damage of any kind arising from the use of such information in any such calculation or determination. Except in the case of fraudulent misrepresentation and without prejudice to their respective obligations under applicable law and/or the regulatory system to which they are subject, no liability (whether directly or indirectly, in contract, in tort, or otherwise) is accepted by either the Index Sponsor or the Index Calculation Agent or any other member, division, affiliate or agent of the HSBC Group whatsoever for any direct, indirect, special, punitive, consequential or any other losses or damages incurred by such person that arise out of or in connection with an Index, including in relation to the performance by the Index Sponsor or the Index Calculation Agent of any part of their respective roles as Index Sponsor or the Index Calculation Agent under the Index Rules.

Neither the Index Sponsor nor the Index Calculation Agent make any representation, warranty or guarantee whatsoever as to the performance of any Index. Investment Products can fluctuate in price or value and prices, values or income may fall against an investor's interests. Changes in rates of exchange and rates of interest may have an adverse effect on the level of an Index and the value, price or income of any Investment Product linked to that Index.

You are solely responsible for making your own independent appraisal of and investigation into any Index referred to in this document and its components and you should not rely on any information in this document as constituting investment advice. Neither HSBC nor any of its affiliates are responsible for providing you with legal, tax or other specialist advice and you should make your own arrangements in respect of this accordingly. Neither the Index Sponsor nor the Index Calculation Agent can be held responsible for any errors, intentional or unintentional on the part of external data providers, nor for any delays in publishing any Index.

This document is intended solely for professional clients and eligible counterparties (as defined in the rules of the FSA) and is not intended for the use of retail clients (as defined in the rules of the FSA). No opinions are expressed as to the merits or suitability of an Index or any Investment Products linked to an Index. Investments in Investment Products linked to an Index may not be suitable for all requirements and if you have any doubts, seek advice from your investment adviser.

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**Any member of the HSBC Group, together with their directors, officers and employees may have traded for their own account as principal, or together with its officers, directors and employees may have a long or short position in any related instrument mentioned in this material.**

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# HSBC Europe Super Ten Index Series

Index Terms Module  
HSBC Global Markets Indices

Version [●]  
[5] September 2012

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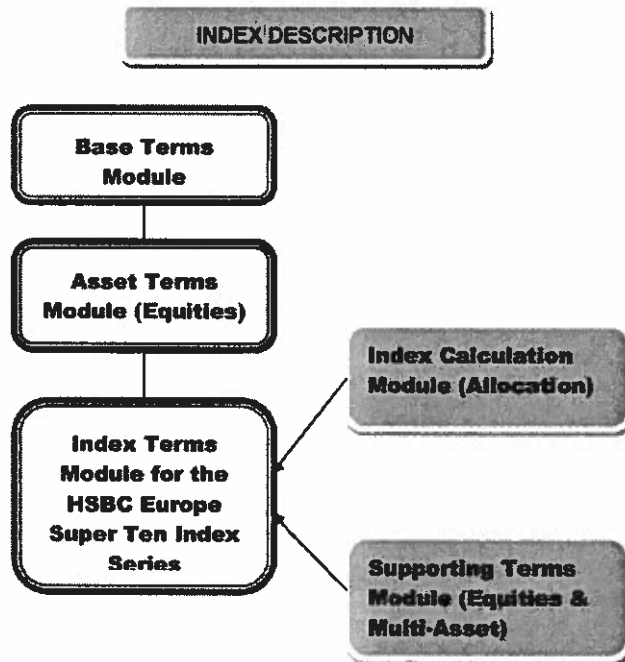
## 1. Introduction

### (a) General

This Index Terms Module (including provisions incorporated by reference herein), together with the Base Terms Module and Asset Terms Module (Equities) forms the Index Description for each of the Indices identified herein.

The Index Terms Module incorporates by reference various provisions from the Index Calculation Module (Allocation) and the Supporting Terms Module (Equities & Multi-Asset). Such referenced provisions from the Index Calculation Module (Allocation) and the Supporting Terms Module (Equities & Multi-Asset) are deemed an integral part of this Index Terms Module for all purposes.

The complete Index Description for each Index in the HSBC Europe Super Ten Index Series (the "Series") is set out in five separate documents: (1) the Base Terms Module, (2) the Asset Terms Module (Equities), (3) this Index Terms Module (HSBC Europe Super Ten Index Series), (4) the Index Calculation Module (Allocation), (5) the Supporting Terms Module (Equities & Multi-Asset). This can be presented as follows:



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(b) **Definitions**

Any capitalised term not defined in this Index Terms Module shall have the meaning given to such term in the Base Terms Module, the Asset Terms Module (Equities), the Index Calculation Module (Allocation) or the Supporting Terms Module (Equities & Multi-Asset), as applicable.

This Index Terms Module must be read, and must be interpreted, in conjunction with the Base Terms Module, the Asset Terms Module (Equities), the Index Calculation Module (Allocation) and the Supporting Terms Module (Equities & Multi-Asset). This is not a stand-alone document and should not be read or interpreted separately from the other parts of an Index Description for an Index.

If there is any inconsistency between the terms of this Index Terms Module, the Base Terms Module or the Asset Terms Module (Equities), the terms of this Index Terms Module shall prevail for the purposes of the relevant Index. If there is any inconsistency between the Index Calculation Module (Allocation), the Supporting Terms Module (Equities & Multi-Asset) and the provisions of this Index Terms Module, the terms of this Index Terms Module set out in this document shall prevail for the purposes of the relevant Index.

(c) **Index Calculation Agent**

Each Index in the Series is calculated by Standard & Poor's Financial Services LLC ("S&P"), which is the Index Calculation Agent with respect to each Index. S&P shall make all calculations and determinations which are assigned to the Index Calculation Agent under any part of the Index Description for any Index.

2. **Overview of the Index Series**

(a) **General information about the Series**

Indices within the Series track the return of a portfolio of equity shares, each representing a company selected by the Research Provider to be a member of the 'Europe Super Ten' portfolio. The portfolio of shares will be revised from time to time at the discretion of the Research Provider, as further detailed in this Index Terms Module.

(b) **Indices within the Series**

This Series comprises several separate Indices, each as set out in Appendix 3 (*Publication Sources*) to this Index Terms Module. The main body of this Index Terms Module sets out the rules for the primary Index in the Series (the "Base Index"). The additional Indices (each, a "Derived Index") are derived from the Base Index by applying further parameters to the Base Index, as detailed further herein. The list of Derived Indices is set out in Appendix 2 (*Derived Indices*) to this Index Terms Module.

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### 3. Index calculation

#### (a) Calculation of the Base Index

The Index Calculation Agent will calculate the Index Level of the Base Index on each Index Valuation Date according to the methodology described in the Index Calculation Module (Allocation) and using the parameters set out in, and determined pursuant to, this Index Terms Module. The Index Level for the Base Index is calculated by reference to, and quoted in, the Base Currency.

The Base Index Initial Level, which represents the Index Level of the Base Index as of the Base Index Start Date, is set out in the Base Index Parameters Table set out in Section 4 (*Base Index Parameters Table*) below.

#### (b) Calculation of Derived Indices

The Index Calculation Agent will calculate the Index Level of each Derived Index, as further described in Article 1 (*Calculation of Derived Indices*) of the Supporting Terms Module (Equities & Multi-Asset), by utilising the Index Level of the Base Index and the terms of Appendix 2 (*Derived Indices*) to this Index Terms Module.

#### (c) Publication

The Index Levels for each of the Indices described in this Index Terms Module are calculated on each Index Valuation Date for that Index and released by the Publication Time on that day. The Index Levels are published on the pages specified in Appendix 3 (*Publication Sources*) to this Index Terms Module. The Index Levels are calculated to two decimal places.

#### (d) Market Disruption Event

If a Market Disruption Event has occurred and is continuing, the Index Sponsor may, in its discretion, increase the amount of the External Transaction Costs as it considers appropriate in order to reflect the effect of such Market Disruption Event on any positions, contracts, transactions or other instruments or arrangements (howsoever described) that the Index Sponsor reasonably believes a provider of any Investment Product referencing the relevant Index may reasonably hold in order to hedge its obligations in respect of such Investment Product. This paragraph is supplemental to the provisions of the Asset Terms Module (Equities) relating to Market Disruption Events.

#### (e) Research Publication Disruption Event

If the Index Calculation Agent determines that any of the following events (each a "Research Publication Disruption") has occurred:

- (i) the Research Provider announces that it ceases to publish the details of the 'Europe Super Ten' portfolio or it has not issued a publication including the details of that portfolio for more than 6 months; or
- (ii) the Research Provider makes any material change, adjustment or modification to the 'Europe Super Ten' report methodology or structure

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(whether that would be a modification of the relevant methodology, change in name or a change in number of covered equity stocks),

then the Index Sponsor may amend the Index Description for this Series as it considers appropriate with the aim of preserving the intended commercial purpose of each Index, and it shall determine the date as of which any such amendments shall become effective.

If, following the occurrence of an a Research Publication Disruption, the Index Sponsor determines that no amendment to the Index Description would produce a commercially reasonable result, the Index Sponsor may terminate any Index in the Series and cease to calculate the Index Level for the affected Indices.

(f) **Cash Asset Disruption**

If the Index Calculation Agent determines that a Cash Asset Disruption Event has occurred, then either (i) the Index Sponsor shall replace the Cash Asset Rate with any other appropriate rate or (ii) the Index Calculation Agent shall determine the value of the Cash Asset Rate in its sole discretion by reference to such other similar rates or values as it considers appropriate.

4. **Base Index Parameters Table**

The Base Index Parameters Table below sets out the parameters that are utilised to calculate the Index Level of the Base Index in accordance with the Index Calculation Module (Allocation).

Index Identifier	EURO10.1
Index	HSBC Europe Super Ten Equity Price Return Index (EUR)
Base Currency	EUR
Index Adjustment Factor	0%
Buy External Transaction Cost	The arithmetic average of the Buy External Transaction Cost and Sell External Transaction Cost for each Constituent, as specified in Article 6 ( <i>Transaction Costs and Approved Exchanges</i> ) of the Supporting Terms Module (Equities & Multi-Asset), and calculated below:  (Buy External Transaction Cost + Sell External Transaction Cost) / 2
Sell External Transaction Cost	The arithmetic average of the Buy External Transaction Cost and Sell External Transaction Cost for each Constituent, as specified in Article 6 ( <i>Transaction Costs and Approved Exchanges</i> ) of the Supporting Terms Module (Equities & Multi-Asset), and calculated below:  (Buy External Transaction Cost + Sell External Transaction

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	Cost) / 2
Execution Lag	0
Base Index Initial Level	1000.00
Base Index Start Date	17 November 2011
Cash Asset Rate	1 Month Euribor (Bloomberg: EUR001M Index)
Day Count	360
Index Calculation Methodology	According to the methodology defined in the Index Calculation Module (Allocation)
Index Calculation Agent	Standard & Poor's Financial Services LLC
Corporate Action Methodology and Treatment of Dividends	<p>The Index Calculation Agent shall apply the policies in respect of any corporate actions set out in Article 8 (<i>Corporate Actions</i>) of the Supporting Terms Module (Equities &amp; Multi-Asset).</p> <p>The Index Calculation Agent shall comply with Article 3 (<i>Treatment of Dividend</i>) of the Supporting Terms Module (Equities &amp; Multi-Asset).</p>

## 5. Determination of Index Rebalancing

Each "Index Rebalancing" is triggered upon the release of a new research publication (the "Research Publication", as described below) on any relevant date (the "Research Publication Date"), as determined by the Index Calculation Agent.

Any changes in respect of Index Rebalancing are calculated on the date (the "Rebalance Calculation Date") that:

- (i) occurs at least five Index Valuation Dates following the Research Publication Date; and
- (ii) is an Index Valuation Date on which all exchanges where each incoming, outgoing or unchanged Constituent is listed are open for trading during their regular trading hours, as determined by the Index Calculation Agent.

Target Weights for new Constituents, as determined pursuant to Section 9 below (*Determination of Constituents and the Constituent Level*) will be calculated as of the Rebalance Calculation Date. The changes will be implemented as of the Rebalance Execution Date, in accordance with the terms of the Index Calculation Module (Allocation).

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## 6. Definition of the Research Publication

The Research Publication is the most recent publication which the Index Calculation Agent determines satisfies the following criteria:

- (a) it must be authored by the Research Provider; and
- (b) it must contain a list of equity shares described as the 'Europe Super Ten' portfolio.

As at the Base Index Start Date of the Base Index, the Research Publication is the 'Europe Super Ten' publication dated [17 October] 2011.

On any Index Valuation Date from, and including, each Rebalance Execution Date, the portfolio (the "Research Portfolio") of the Base Index consists of each of the equity shares ("Portfolio Members") included in the 'Europe Super Ten' portfolio, as set out in the Research Publication published on the relevant Research Publication Date immediately preceding such Rebalance Execution Date.

## 7. Determination of Underlying Shares

On each Rebalance Calculation Date, the Index Calculation Agent will determine the Underlying Share for each Portfolio Member of the Research Portfolio in the following manner with the aim of selecting the most liquid and accessible share listing:

- (a) Using the Bloomberg code for each Portfolio Member that is included in the Research Publication, the Index Calculation Agent will determine the Underlying Share for that Portfolio Member to be the share, or depository receipt of the share, that (A) has the highest 30 day average daily transacted value and (B) trades on an exchange listed in the Listing of Approved Exchanges set out in Article 6 (*Transaction Costs and Approved Exchanges*) of the Supporting Terms Module (Equities & Multi-Asset).

Additionally, only depository receipts will be considered for companies listed on exchanges in India and the People's Republic of China (excluding the Special Administrative Region of Hong Kong).

- (b) The "Constituent Currency", as used in Article 2 (*Determination of the Constituent Level*) of the Supporting Terms Module (Equities & Multi-Asset), for each Underlying Share shall be determined by the Index Calculation Agent as being the currency in which that Underlying Share is denominated.

## 8. Liquidity Constraints

Only those Underlying Shares that meet certain minimum conditions set out in this Section 8 (the "Liquidity Constraints") will become Constituents of the Base Index as of the relevant Rebalance Execution Date. The Liquidity Constraints are also used to determine the Target Weight of each Constituent as at such date.

On each Rebalance Calculation Date, the Index Calculation Agent shall test each Underlying Share against the following Liquidity Constraints to determine whether such Underlying Share qualifies as a Constituent of the Base Index:

- (a) **Minimum Available Foreign Investor Amount** – as of the relevant Research Publication Date, each issuer of an Underlying Share must have an Available Foreign Investor Amount, equal to or greater than [15%], as defined in Article 7 (*Determination of Equity Criteria*) of the Supporting Terms Module (Equities & Multi-Asset);

*The conditions set out in the following sub-paragraphs (b) and (c) below shall only apply in respect of Underlying Shares that are not already Constituents of the Base Index as at the Index Valuation Date immediately preceding the relevant Rebalance Calculation Date:*

- (b) **Minimum Free Float Market Capitalisation** - as of the relevant Research Publication Date, each issuer of an Underlying Share must have a Free Float Market Capitalisation of at least the USD equivalent of USD [1,500,000,000], as defined in Article 7 (*Determination of Equity Criteria*) of the Supporting Terms Module (Equities & Multi-Asset); and
- (c) **Minimum Average Daily Transacted Value**– as of the relevant Research Publication Date, each Underlying Share must have an Average Daily Transacted Value of at least the USD equivalent of USD [10,000,000], as defined in Article 7 (*Determination of Equity Criteria*) of the Supporting Terms Module (Equities & Multi-Asset).

## 9. Determination of Constituents and the Constituent Level

### (a) Constituents

As of the Base Index Start Date for the Base Index and, as of each Rebalance Execution Date thereafter, "Constituents" of the Base Index will consist of:

- (i) the Underlying Shares of the Research Portfolio Members that comply with the Liquidity Constraints, as defined in Section 8 (*Liquidity Constraints*); and
- (ii) cash in EUR (the "Cash Asset") as described in Section 10 (*Determination of Target Weights*). The Cash Asset grows at the Cash Asset Rate defined in the Base Index Parameters Table.

The Index Calculation Agent will review the Constituents of the Base Index at each Rebalance Calculation Date and will add Constituents to, or remove Constituents from, the Base Index pursuant to the procedures described below.

### (b) Determination of the Constituent Level

For each Constituent, the Index Calculation Agent will calculate the Constituent Level as defined in Article 2 (*Determination of the Constituent Level*) of the Supporting Terms Module (Equities & Multi-Asset) by applying the 'Equity - Price Return' Constituent Level Calculation Method for the Underlying Shares and the 'Cash Return' Constituent Level Calculation Method for the Cash Asset.

The Constituent Levels will then be used to calculate the Index Level of the Base Index, as set out in the Index Calculation Module (Allocation). For the avoidance of doubt the calculation of the Index Level of the Base Index does not incorporate ordinary dividends paid in respect of any shares.

## 10. Determination of Target Weights

The Target Weight on the Base Index Start Date, and on each Rebalance Calculation Date thereafter, for each Underlying Share that will become, or continue to be, a Constituent on the immediately following Rebalance Execution Date will be determined first by assigning a Liquidity Factor to each such Constituent other than the Cash Asset, and then by comparing the Liquidity Factor of such Constituent against the Liquidity Factors of each other Constituent, as set out below. The Target Weight for the Constituent which is the Cash Asset will depend on the sum of Target Weights allocated to the Constituents which are Underlying Shares, as set out further below.

### (a) Determination of the Liquidity Factor

The Liquidity Factor for a Constituent that complies with the Liquidity Constraints is equal to the ratio of (i) that Constituent's Average Daily Transacted Value, as calculated in Article 7 (*Determination of Equity Criteria*) of the Supporting Terms Module (Equities & Multi-Asset), and (ii) a target Average Daily Transacted Value set to USD 20,000,000, subject to a cap of 1.

The Liquidity Factor for each Constituent  $j$  in respect of Rebalance Calculation Date  $t$  shall be calculated by reference to the formula below:

$$LF_j(t) = \min\left(1, \frac{ADTV_j}{ADTV_{target}}\right)$$

Where:

$LF_j(t)$  means the Liquidity Factor for Constituent  $j$  on Rebalance Calculation Date  $t$

$ADTV_j$  means, in respect of Constituent  $j$ , the Average Daily Transacted Value as of the Research Publication Date immediately preceding Rebalance Calculation Date  $t$ ; and

$ADTV_{target}$  means the target Average Daily Transacted Value, which is set to USD 20,000,000.

### (b) Determination of the Target Weight for a Constituent which is an Underlying Share

Once the Liquidity Factor is calculated, the Target Weight for each Constituent is then determined by dividing its Liquidity Factor by the sum of the Liquidity Factors in respect of all Constituents determined in respect of that Rebalance Calculation Date, subject to a cap of 15%.

The Target Weight for each Constituent  $j$  which is an Underlying Share in respect of Rebalance Calculation Date  $t$  shall be calculated by reference to the formula below:

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$$tw_j(t) = \min \left( 15\%, \frac{LF_j(t)}{\sum_j LF_j(t)} \right)$$

Where:

$tw_j(t)$  means the Target Weight for Constituent  $j$  on Rebalance Calculation Date  $t$  and

$LF_j(t)$  means the Liquidity Factor for Constituent  $j$  on Rebalance Calculation Date  $t$ .

(c) **Determination of the Target Weight for a Constituent which is the Cash Asset**

The Target Weight of the Cash Asset will equal 100% minus the sum of the Target Weights in respect of all Constituents which are Underlying Shares.

The Target Weight for the Cash Asset in respect of Rebalance Calculation Date  $t$  shall be calculated by reference to the formula below.

$$cash(t) = 1 - \sum_j tw_j(t)$$

Where:

$cash(t)$  means the Target Weight for the Cash Asset on Rebalance Calculation Date  $t$  and

$tw_j(t)$  means the Target Weight for Constituent  $j$  which is an Underlying Share on Rebalance Calculation Date  $t$

## 11. Data Provider Disclaimer

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## Appendix 1: Definitions

Except where the context otherwise requires, the following terms used in this Index Terms Module have the following meanings:

"Available Foreign Investor Amount" has the meaning set out in Article 7 (*Determination of Equity Criteria*) of the Supporting Terms Module (Equities & Multi-Asset).

"Average Daily Transacted Value" has the meaning set out in Article 7 (*Determination of Equity Criteria*) of the Supporting Terms Module (Equities & Multi-Asset).

"Base Currency" has the meaning set out in the Base Index Parameters Table, as set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"Base Index" has the meaning set out in Section 2(b) (*Overview of the Index Series*) of this Index Terms Module.

"Base Index Initial Level" has the value set out in the Base Index Parameters Table, as set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"Base Index Parameters Table" means the table set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"Base Index Start Date" means the date set out in the Base Index Parameters Table, as set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"Buy External Transaction Cost" has the value set out in the Base Index Parameters Table, as set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"Cash Asset" has the meaning set out in Section 10 (*Determination of Target Weights*) of this Index Terms Module.

"Cash Asset Disruption Event" means, in respect of the relevant Index Valuation Date and as determined in its discretion by the Index Calculation Agent:

- (a) the Cash Asset Rate is not available for any reason;
- (b) as a result of lack of liquidity in the relevant interbank market or otherwise, the relevant Cash Asset Rate does not reflect the relevant costs of funding of the Index Sponsor; or
- (c) there is any other disruption which disrupts the ability of market participants to effect transactions or obtain quotes in respect of the Cash Asset Rate.

"Cash Asset Rate" has the meaning set out in the Base Index Parameters Table, as set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"Constituent" means each equity share identified in accordance with the procedure set out in Section 9 (*Determination of Constituents and the Constituent Level*) of this Index Terms Module.

"Constituent Currency" means, in respect of each Constituent, the currency as determined pursuant to Section 7(b) (*Determination of Constituents*) of this Index Terms Module.

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"Constituent Level" means, in respect of each Constituent, the level of such Constituent as determined pursuant to Article 2 (*Determination of Constituent Level*) of the Supporting Terms Module (Equities & Multi-Asset).

"Constituent Level Calculation Method" means the calculation method set out in Article 2 (*Determination of Constituent Level*) of the Supporting Terms Module (Equities & Multi-Asset).

"Data Providers" has the meaning set out in Section 11 (*Data Provider Disclaimer*) of this Index Terms Module.

"Derived Currency" means a currency in which any Derived Index is determined and quoted, unless such currency is the Base Currency.

"Derived Index" has the meaning set out in Section 2(b) (*Overview of the Index Series*) of this Index Terms Module.

"Execution Lag" has the meaning set out in the Base Index Parameters Table, as set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"External Transaction Costs" has the meaning set out in Article 6 (*Transaction Costs and Approved Exchanges*) of the Supporting Terms Module (Equities & Multi-Asset).

"Free Float Market Capitalisation" has the meaning set out in Article 7 (*Determination of Equity Criteria*) of the Supporting Terms Module (Equities & Multi-Asset).

"Index" means the Base Index and each of the Derived Indices.

"Index Adjustment Factor" has the value set out in the Base Index Parameters Table, as set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"Index Calculation Agent" means S&P.

"Index Description" has the meaning set out Appendix 1 (*Definitions*) of the Base Terms Module.

"Index Level" has the meaning set out in Section 3 (*Overview of process for the calculation of the Index*) of the Index Calculation Module (Allocation).

"Index Rebalancing" means a rebalancing of the Index, as determined pursuant to Section 5 (*Determination of Index Rebalancing*) of this Index Terms Module.

"Index Sponsor" has the meaning set out Appendix 1 (*Definitions*) of the Base Terms Module.

"Index Valuation Date" means in respect of an Index any day on which an exchange or exchanges for no more than two Constituents are scheduled to be closed for business, as determined by the Index Calculation Agent.

"Investment Product" has the meaning set out Appendix 1 (*Definitions*) of the Base Terms Module.

"Liquidity Constraints" has the meaning set out in Section 8 (*Determination of Liquidity Constraints*) of this Index Terms Module.

"Liquidity Factor" has the meaning set out in Section 10(a) (*Determination of the Liquidity Factor*) of this Index Terms Module.

"London Business Day" means any 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) in London.

"Market Disruption Event" has the meaning set out Appendix 1 (*Definitions*) of the Asset Terms Module (Equities).

"Portfolio Member" has the meaning set out in Section 6 (*Definition of the Research Publication*) of this Index Terms Module.

"Publication Time" means, in respect of an Index, 6 p.m. New York time on each Index Valuation Date.

"Rebalance Calculation Date" has the meaning set out in Section 5 (*Determination of Index Rebalancing*) of this Index Terms Module.

"Rebalance Execution Date" has the meaning set out in Section 5(c) (*Determination of the Rebalance Execution Date*) of the Index Calculation Module (Allocation).

"Research Portfolio" has the meaning set out in Section 6 (*Definition of the Research Publication*) of this Index Terms Module.

"Research Provider" means the research division of HSBC Bank plc.

"Research Publication" means a publication which the Index Calculation Agent determines would meet the criteria set out in Section 6 (*Definition of the Research Publication*) of this Index Terms Module.

"Research Publication Date" means has the meaning set out in Section 5 (*Determination of Index Rebalancing*) of this Index Terms Module.

"Research Publication Disruption" has the meaning set out in Section 3 (*Index Calculation*) of this Index Terms Module.

"Sell External Transaction Cost" means the value set out in the Base Index Parameters Table, as set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"Series" has the meaning set out in Section 1(a) (*Introduction*) of this Index Terms Module.

"S&P" means Standard & Poor's Financial Services LLP.

"Target Weight" has the meaning set out in Section 10 (*Determination of Target Weights*) of this Index Terms Module.

"Underlying Share" has the meaning set out in the Asset Terms Module (Equities).

**Appendix 2: Derived Indices**

The following Indices are derived directly or indirectly from the Base Index. Derived Indices are calculated in accordance with Article 1 (Calculation of Derived Indices) of the Supporting Terms Module (Equities & Multi-Asset).

Index Identifier	Index Name	Derived Index Type	Parent Index	Derived Currency	Deposit Index	Financing Index
EURO10.2	HSBC Europe Super Ten Equity Net Total Return Index (EUR)	Net Total Return	EURO10.1 HSBC Europe Super Ten Equity Price Return Index (EUR)	N/A	N/A	N/A
EURO10.3	HSBC Europe Super Ten Equity Net Total Return Index (USD)	Currency	EURO10.2 HSBC Europe Super Ten Equity Net Total Return Index (USD)	USD	N/A	N/A

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Appendix 2: Derived Indices

**Appendix 3: Publication Sources**

<b>Index Identifier</b>	<b>Index Name</b>	<b>Bloomberg Code</b>	<b>Reuters Code</b>
EURO10.2	HSBC Europe Super Ten Equity Net Total Return Index (EUR)		
EURO10.3	HSBC Europe Super Ten Equity Net Total Return Index (EUR)		

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# HSBC Asia Super Ten Index Series

Index Terms Module  
HSBC Global Markets Indices

Version 1.1  
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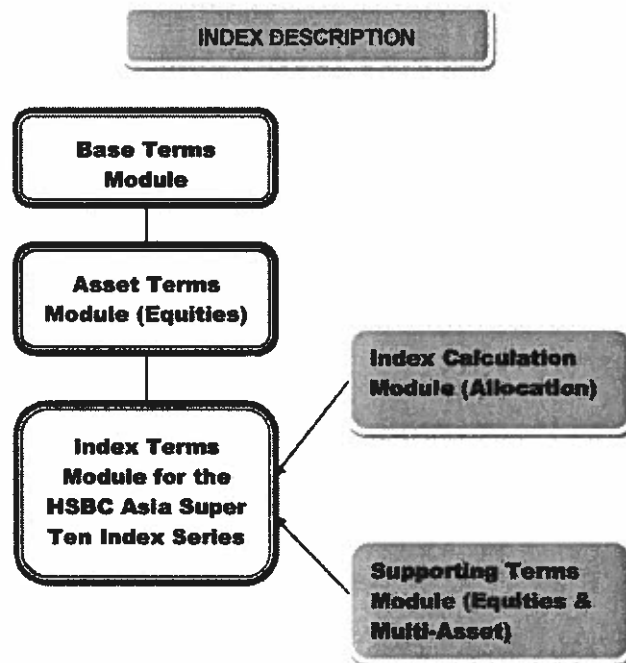
## 1. Introduction

### (a) General

This Index Terms Module (including provisions incorporated by reference herein), together with the Base Terms Module and Asset Terms Module (Equities) forms the Index Description for each of the Indices identified herein.

The Index Terms Module incorporates by reference various provisions from the Index Calculation Module (Allocation) and the Supporting Terms Module (Equities & Multi-Asset). Such referenced provisions from the Index Calculation Module (Allocation) and the Supporting Terms Module (Equities & Multi-Asset) are deemed an integral part of this Index Terms Module for all purposes.

The complete Index Description for each Index in the HSBC Asia Super Ten Index Series (the "Series") is set out in five separate documents: (1) the Base Terms Module, (2) the Asset Terms Module (Equities), (3) this Index Terms Module (HSBC Asia Super Ten Index Series), (4) the Index Calculation Module (Allocation), (5) the Supporting Terms Module (Equities & Multi-Asset). This can be presented as follows:



(b) **Definitions**

Any capitalised term not defined in this Index Terms Module shall have the meaning given to such term in the Base Terms Module, the Asset Terms Module (Equities), the Index Calculation Module (Allocation) or the Supporting Terms Module (Equities & Multi-Asset), as applicable.

This Index Terms Module must be read, and must be interpreted, in conjunction with the Base Terms Module, the Asset Terms Module (Equities), the Index Calculation Module (Allocation) and the Supporting Terms Module (Equities & Multi-Asset). This is not a stand-alone document and should not be read or interpreted separately from the other parts of an Index Description for an Index.

If there is any inconsistency between the terms of this Index Terms Module, the Base Terms Module or the Asset Terms Module (Equities), the terms of this Index Terms Module shall prevail for the purposes of the relevant Index. If there is any inconsistency between the Index Calculation Module (Allocation), the Supporting Terms Module (Equities & Multi-Asset) and the provisions of this Index Terms Module, the terms of this Index Terms Module set out in this document shall prevail for the purposes of the relevant Index.

(c) **Index Calculation Agent**

Each Index in the Series is calculated by Standard & Poor's Financial Services LLC ("S&P"), which is the Index Calculation Agent with respect to each Index. S&P shall make all calculations and determinations which are assigned to the Index Calculation Agent under any part of the Index Description for any Index.

2. **Overview of the Index Series**

(a) **General information about the Series**

Indices within the Series track the return of a portfolio of equity shares, each representing a company selected by the Research Provider to be a member of the 'Asia Super Ten' portfolio. The portfolio of shares will be revised from time to time at the discretion of the Research Provider, as further detailed in this Index Terms Module.

(b) **Indices within the Series**

This Series comprises several separate Indices, each as set out in Appendix 3 (*Publication Sources*) to this Index Terms Module. The main body of this Index Terms Module sets out the rules for the primary Index in the Series (the "Base Index"). The additional Indices (each, a "Derived Index") are derived from the Base Index by applying further parameters to the Base Index, as detailed further herein. The list of Derived Indices is set out in Appendix 2 (*Derived Indices*) to this Index Terms Module.

### 3. Index calculation

#### (a) Calculation of the Base Index

The Index Calculation Agent will calculate the Index Level of the Base Index on each Index Valuation Date according to the methodology described in the Index Calculation Module (Allocation) and using the parameters set out in, and determined pursuant to, this Index Terms Module. The Index Level for the Base Index is calculated by reference to, and quoted in, the Base Currency.

The Base Index Initial Level, which represents the Index Level of the Base Index as of the Base Index Start Date, is set out in the Base Index Parameters Table set out in Section 4 (*Base Index Parameters Table*) below.

#### (b) Calculation of Derived Indices

The Index Calculation Agent will calculate the Index Level of each Derived Index, as further described in Article 1 (*Calculation of Derived Indices*) of the Supporting Terms Module (Equities & Multi-Asset), by utilising the Index Level of the Base Index and the terms of Appendix 2 (*Derived Indices*) to this Index Terms Module.

#### (c) Publication

The Index Levels for each of the Indices described in this Index Terms Module are calculated on each Index Valuation Date for that Index and released by the Publication Time on that day. The Index Levels are published on the pages specified in Appendix 3 (*Publication Sources*) to this Index Terms Module. The Index Levels are calculated to two decimal places.

#### (d) Market Disruption Event

If a Market Disruption Event has occurred and is continuing, the Index Sponsor may, in its discretion, increase the amount of the External Transaction Costs as it considers appropriate in order to reflect the effect of such Market Disruption Event on any positions, contracts, transactions or other instruments or arrangements (howsoever described) that the Index Sponsor reasonably believes a provider of any Investment Product referencing the relevant Index may reasonably hold in order to hedge its obligations in respect of such Investment Product. This paragraph is supplemental to the provisions of the Asset Terms Module (Equities) relating to Market Disruption Events.

#### (e) Research Publication Disruption Event

If the Index Calculation Agent determines that any of the following events (each a "Research Publication Disruption") has occurred:

- (i) the Research Provider announces that it ceases to publish the details of the 'Asia Super Ten' portfolio or it has not issued a publication including the details of that portfolio for more than 6 months; or
- (ii) the Research Provider makes any material change, adjustment or modification to the 'Asia Super Ten' report methodology or structure

(whether that would be a modification of the relevant methodology, change in name or a change in number of covered equity stocks),

then the Index Sponsor may amend the Index Description for this Series as it considers appropriate with the aim of preserving the intended commercial purpose of each Index, and it shall determine the date as of which any such amendments shall become effective.

If, following the occurrence of an a Research Publication Disruption, the Index Sponsor determines that no amendment to the Index Description would produce a commercially reasonable result, the Index Sponsor may terminate any Index in the Series and cease to calculate the Index Level for the affected Indices.

(f) **Cash Asset Disruption**

If the Index Calculation Agent determines that a Cash Asset Disruption Event has occurred, then either (i) the Index Sponsor shall replace the Cash Asset Rate with any other appropriate rate or (ii) the Index Calculation Agent shall determine the value of the Cash Asset Rate in its sole discretion by reference to such other similar rates or values as it considers appropriate.

4. **Base Index Parameters Table**

The Base Index Parameters Table below sets out the parameters that are utilised to calculate the Index Level of the Base Index in accordance with the Index Calculation Module (Allocation).

Index Identifier	ASIA10.1
Index	HSBC Asia Super Ten Equity Price Return Index (USD)
Base Currency	USD
Index Adjustment Factor	0%
Buy External Transaction Cost	The arithmetic average of the Buy External Transaction Cost and Sell External Transaction Cost for each Constituent, as specified in Article 6 ( <i>Transaction Costs and Approved Exchanges</i> ) of the Supporting Terms Module (Equities & Multi-Asset), and calculated below:  (Buy External Transaction Cost + Sell External Transaction Cost) / 2
Sell External Transaction Cost	The arithmetic average of the Buy External Transaction Cost and Sell External Transaction Cost for each Constituent, as specified in Article 6 ( <i>Transaction Costs and Approved Exchanges</i> ) of the Supporting Terms Module (Equities & Multi-Asset), and calculated below:  (Buy External Transaction Cost + Sell External Transaction

	Cost) / 2
Execution Lag	0
Base Index Initial Level	1000.00
Base Index Start Date	17 November 2011
Cash Asset Rate	U.S.1 Month Constant Maturity Treasury Rate as published by the US Federal Reserve (Bloomberg: H15T1M Index)
Day Count	360
Index Calculation Methodology	According to the methodology defined in the Index Calculation Module (Allocation)
Index Calculation Agent	Standard & Poor's Financial Services LLC
Corporate Action Methodology and Treatment of Dividends	<p>The Index Calculation Agent shall apply the policies in respect of any corporate actions set out in Article 8 (<i>Corporate Actions</i>) of the Supporting Terms Module (Equities &amp; Multi-Asset).</p> <p>The Index Calculation Agent shall comply with Article 3 (<i>Treatment of Dividend</i>) of the Supporting Terms Module (Equities &amp; Multi-Asset).</p>

## 5. Determination of Index Rebalancing

Each "Index Rebalancing" is triggered upon the release of a new research publication (the "Research Publication", as described below) on any relevant date (the "Research Publication Date"), as determined by the Index Calculation Agent.

Any changes in respect of Index Rebalancing are calculated on the Index Valuation Date (the "Rebalance Calculation Date") that:

- (i) occurs at least five Index Valuation Dates following the Research Publication Date;
- and
- (ii) is the first Index Valuation Date on which all exchanges where each incoming, outgoing or unchanged Constituent is listed are open for trading during their regular trading hours, as determined by the Index Calculation Agent.

Target Weights for new Constituents, as determined pursuant to Section 9 below (*Determination of Constituents and the Constituent Level*) will be calculated as of the Rebalance Calculation Date. The changes will be implemented as of the Rebalance

Execution Date, in accordance with the terms of the Index Calculation Module (Allocation).

## 6. Definition of the Research Publication

The Research Publication is the most recent publication which the Index Calculation Agent determines satisfies the following criteria:

- (a) it must be authored by the Research Provider; and
- (b) it must contain a list of equity shares described as the 'Asia Super Ten' portfolio.

As at the Base Index Start Date of the Base Index, the Research Publication is the 'Asia Super Ten' publication dated 10 November 2011.

On any Index Valuation Date from, and including, each Rebalance Execution Date, the portfolio (the "Research Portfolio") of the Base Index consists of each of the equity shares ("Portfolio Members") included in the 'Asia Super Ten' portfolio, as set out in the Research Publication published on the relevant Research Publication Date immediately preceding such Rebalance Execution Date.

## 7. Determination of Underlying Shares

On each Rebalance Calculation Date, the Index Calculation Agent will determine the Underlying Share for each Portfolio Member of the Research Portfolio in the following manner with the aim of selecting the most liquid and accessible share listing:

- (a) Using the Bloomberg code for each Portfolio Member that is included in the Research Publication, the Index Calculation Agent will determine the Underlying Share for that Portfolio Member to be the share, or depository receipt of the share, that (A) has the highest 30 day average daily transacted value and (B) trades on an exchange listed in the Listing of Approved Exchanges set out in Article 6 (*Transaction Costs and Approved Exchanges*) of the Supporting Terms Module (Equities & Multi-Asset).

Additionally, only depository receipts will be considered for companies listed on exchanges in India and the People's Republic of China (excluding the Special Administrative Region of Hong Kong).

- (b) The "Constituent Currency", as used in Article 2 (*Determination of the Constituent Level*) of the Supporting Terms Module (Equities & Multi-Asset), for each Underlying Share shall be determined by the Index Calculation Agent as being the currency in which that Underlying Share is denominated.

## 8. Liquidity Constraints

Only those Underlying Shares that meet certain minimum conditions set out in this Section 8 (the "Liquidity Constraints") will become Constituents of the Base Index as of the relevant Rebalance Execution Date. The Liquidity Constraints are also used to determine the Target Weight of each Constituent as at such date.

On each Rebalance Calculation Date, the Index Calculation Agent shall test each Underlying Share against the following Liquidity Constraints to determine whether such Underlying Share qualifies as a Constituent of the Base Index:

- (a) **Minimum Available Foreign Investor Amount** – as of the relevant Research Publication Date, each issuer of an Underlying Share must have an Available Foreign Investor Amount, equal to or greater than [15%], as defined in Article 7 (*Determination of Equity Criteria*) of the Supporting Terms Module (Equities & Multi-Asset);

*The conditions set out in the following sub-paragraphs (b) and (c) below shall only apply in respect of Underlying Shares that are not already Constituents of the Base Index as at the Index Valuation Date immediately preceding the relevant Rebalance Calculation Date:*

- (b) **Minimum Free Float Market Capitalisation** - as of the relevant Research Publication Date, each issuer of an Underlying Share must have a Free Float Market Capitalisation of at least USD 1,500,000,000, as defined in Article 7 (*Determination of Equity Criteria*) of the Supporting Terms Module (Equities & Multi-Asset); and
- (c) **Minimum Average Daily Transacted Value**– as of the relevant Research Publication Date, each Underlying Share must have an Average Daily Transacted Value of at least USD 10,000,000, as defined in Article 7 (*Determination of Equity Criteria*) of the Supporting Terms Module (Equities & Multi-Asset).

## 9. Determination of Constituents and the Constituent Level

### (a) Constituents

As of the Base Index Start Date for the Base Index and, as of each Rebalance Execution Date thereafter, "Constituents" of the Base Index will consist of:

- (i) the Underlying Shares of the Research Portfolio Members that comply with the Liquidity Constraints, as defined in Section 8 (*Liquidity Constraints*); and
- (ii) cash in USD (the "Cash Asset") as described in Section 10 (*Determination of Target Weights*). The Cash Asset grows at the Cash Asset Rate defined in the Base Index Parameters Table.

The Index Calculation Agent will review the Constituents of the Base Index at each Rebalance Calculation Date and will add Constituents to, or remove Constituents from, the Base Index pursuant to the procedures described below.

### (b) Determination of the Constituent Level

For each Constituent, the Index Calculation Agent will calculate the Constituent Level as defined in Article 2 (*Determination of the Constituent Level*) of the Supporting Terms Module (Equities & Multi-Asset) by applying the 'Equity - Price Return' Constituent Level Calculation Method for the Underlying Shares and the 'Cash Return' Constituent Level Calculation Method for the Cash Asset.

The Constituent Levels will then be used to calculate the Index Level of the Base Index, as set out in the Index Calculation Module (Allocation). For the avoidance of doubt the calculation of the Index Level of the Base Index does not incorporate ordinary dividends paid in respect of any shares.

## 10. Determination of Target Weights

The Target Weight on the Base Index Start Date, and on each Rebalance Calculation Date thereafter, for each Underlying Share that will become, or continue to be, a Constituent on the immediately following Rebalance Execution Date will be determined first by assigning a Liquidity Factor to each such Constituent other than the Cash Asset, and then by comparing the Liquidity Factor of such Constituent against the Liquidity Factors of each other Constituent, as set out below. The Target Weight for the Constituent which is the Cash Asset will depend on the sum of Target Weights allocated to the Constituents which are Underlying Shares, as set out further below.

### (a) Determination of the Liquidity Factor

The Liquidity Factor for a Constituent that complies with the Liquidity Constraints is equal to the ratio of (i) that Constituent's Average Daily Transacted Value, as calculated in Article 7 (*Determination of Equity Criteria*) of the Supporting Terms Module (Equities & Multi-Asset), and (ii) a target Average Daily Transacted Value set to USD 20,000,000, subject to a cap of 1.

The Liquidity Factor for each Constituent  $j$  in respect of Rebalance Calculation Date  $t$  shall be calculated by reference to the formula below:

$$LF_j(t) = \min\left(1, \frac{ADTV_j}{ADTV_{target}}\right)$$

Where:

$LF_j(t)$  means the Liquidity Factor for Constituent  $j$  on Rebalance Calculation Date  $t$

$ADTV_j$  means, in respect of Constituent  $j$ , the Average Daily Transacted Value as of the Research Publication Date immediately preceding Rebalance Calculation Date  $t$ ; and

$ADTV_{target}$  means the target Average Daily Transacted Value, which is set to USD 20,000,000.

### (b) Determination of the Target Weight for a Constituent which is an Underlying Share

Once the Liquidity Factor is calculated, the Target Weight for each Constituent is then determined by dividing its Liquidity Factor by the sum of



the Liquidity Factors in respect of all Constituents determined in respect of that Rebalance Calculation Date, subject to a cap of 15%.

The Target Weight for each Constituent  $j$  which is an Underlying Share in respect of Rebalance Calculation Date  $t$  shall be calculated by reference to the formula below:

$$tw_j(t) = \min \left( 15\%, \frac{LF_j(t)}{\sum_j LF_j(t)} \right)$$

Where:

$tw_j(t)$  means the Target Weight for Constituent  $j$  on Rebalance Calculation Date  $t$  and

$LF_j(t)$  means the Liquidity Factor for Constituent  $j$  on Rebalance Calculation Date  $t$ .

(c) **Determination of the Target Weight for a Constituent which is the Cash Asset**

The Target Weight of the Cash Asset will equal 100% minus the sum of the Target Weights in respect of all Constituents which are Underlying Shares.

The Target Weight for the Cash Asset in respect of Rebalance Calculation Date  $t$  shall be calculated by reference to the formula below:

$$cash(t) = 1 - \sum_j tw_j(t)$$

Where:

$cash(t)$  means the Target Weight for the Cash Asset on Rebalance Calculation Date  $t$  and

$tw_j(t)$  means the Target Weight for Constituent  $j$  which is an Underlying Share on Rebalance Calculation Date  $t$ .

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#### 14. Document Version Control

Version	Effective Date	Reason for Change	Description of Change
1.0	6 Aug 2012	n/a	Initial Release
1.1	11 Feb 2013	5.Determination of Index Rebalancing	Clarification of rebalance calculation date conditions

## Appendix 1: Definitions

Except where the context otherwise requires, the following terms used in this Index Terms Module have the following meanings:

"Available Foreign Investor Amount" has the meaning set out in Article 7 (*Determination of Equity Criteria*) of the Supporting Terms Module (Equities & Multi-Asset).

"Average Daily Transacted Value" has the meaning set out in Article 7 (*Determination of Equity Criteria*) of the Supporting Terms Module (Equities & Multi-Asset).

"Base Currency" has the meaning set out in the Base Index Parameters Table, as set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"Base Index" has the meaning set out in Section 2(b) (*Overview of the Index Series*) of this Index Terms Module.

"Base Index Initial Level" has the value set out in the Base Index Parameters Table, as set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"Base Index Parameters Table" means the table set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"Base Index Start Date" means the date set out in the Base Index Parameters Table, as set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"Buy External Transaction Cost" has the value set out in the Base Index Parameters Table, as set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"Cash Asset" has the meaning set out in Section 10 (*Determination of Target Weights*) of this Index Terms Module.

"Cash Asset Disruption Event" means, in respect of the relevant Index Valuation Date and as determined in its discretion by the Index Calculation Agent:

- (a) the Cash Asset Rate is not available for any reason;
- (b) as a result of lack of liquidity in the relevant interbank market or otherwise, the relevant Cash Asset Rate does not reflect the relevant costs of funding of the Index Sponsor; or
- (c) there is any other disruption which disrupts the ability of market participants to effect transactions or obtain quotes in respect of the Cash Asset Rate.

"Cash Asset Rate" has the meaning set out in the Base Index Parameters Table, as set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"Constituent" means each equity share identified in accordance with the procedure set out in Section 9 (*Determination of Constituents and the Constituent Level*) of this Index Terms Module.

"Constituent Currency" means, in respect of each Constituent, the currency as determined pursuant to Section 7(b) (*Determination of Constituents*) of this Index Terms Module.

"Constituent Level" means, in respect of each Constituent, the level of such Constituent as determined pursuant to Article 2 (*Determination of Constituent Level*) of the Supporting Terms Module (Equities & Multi-Asset).

"Constituent Level Calculation Method" means the calculation method set out in Article 2 (*Determination of Constituent Level*) of the Supporting Terms Module (Equities & Multi-Asset).

"Data Providers" has the meaning set out in Section 11 (*Data Provider Disclaimer*) of this Index Terms Module.

"Derived Currency" means a currency in which any Derived Index is determined and quoted, unless such currency is the Base Currency.

"Derived Index" has the meaning set out in Section 2(b) (*Overview of the Index Series*) of this Index Terms Module.

"Execution Lag" has the meaning set out in the Base Index Parameters Table, as set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"External Transaction Costs" has the meaning set out in Article 6 (*Transaction Costs and Approved Exchanges*) of the Supporting Terms Module (Equities & Multi-Asset).

"Free Float Market Capitalisation" has the meaning set out in Article 7 (*Determination of Equity Criteria*) of the Supporting Terms Module (Equities & Multi-Asset).

"Index" means the Base Index and each of the Derived Indices.

"Index Adjustment Factor" has the value set out in the Base Index Parameters Table, as set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"Index Calculation Agent" means S&P.

"Index Description" has the meaning set out Appendix 1 (*Definitions*) of the Base Terms Module.

"Index Level" has the meaning set out in Section 3 (*Overview of process for the calculation of the Index*) of the Index Calculation Module (Allocation).

"Index Rebalancing" means a rebalancing of the Index, as determined pursuant to Section 5 (*Determination of Index Rebalancing*) of this Index Terms Module.

"Index Sponsor" has the meaning set out Appendix 1 (*Definitions*) of the Base Terms Module.

"Index Valuation Date" means in respect of an Index any day on which an exchange or exchanges for no more than two Constituents are scheduled to be closed for business, as determined by the Index Calculation Agent.

"Investment Product" has the meaning set out Appendix 1 (*Definitions*) of the Base Terms Module.

"Liquidity Constraints" has the meaning set out in Section 8 (*Determination of Liquidity Constraints*) of this Index Terms Module.

"Liquidity Factor" has the meaning set out in Section 10(a) (*Determination of the Liquidity Factor*) of this Index Terms Module.

"London Business Day" means any 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) in London.

"Market Disruption Event" has the meaning set out Appendix 1 (*Definitions*) of the Asset Terms Module (Equities).

"Portfolio Member" has the meaning set out in Section 6 (*Definition of the Research Publication*) of this Index Terms Module.

"Publication Time" means, in respect of an Index, 6 p.m. New York time on each index Valuation Date.

"Rebalance Calculation Date" has the meaning set out in Section 5 (*Determination of Index Rebalancing*) of this Index Terms Module.

"Rebalance Execution Date" has the meaning set out in Section 5(c) (*Determination of the Rebalance Execution Date*) of the Index Calculation Module (Allocation).

"Research Portfolio" has the meaning set out in Section 6 (*Definition of the Research Publication*) of this Index Terms Module.

"Research Provider" means the research division of HSBC Bank plc.

"Research Publication" means a publication which the Index Calculation Agent determines would meet the criteria set out in Section 6 (*Definition of the Research Publication*) of this Index Terms Module.

"Research Publication Date" means has the meaning set out in Section 5 (*Determination of Index Rebalancing*) of this Index Terms Module.

"Research Publication Disruption" has the meaning set out in Section 3 (*Index Calculation*) of this Index Terms Module.

"Sell External Transaction Cost" means the value set out in the Base Index Parameters Table, as set out in Section 4 (*Base Index Parameters Table*) of this Index Terms Module.

"Series" has the meaning set out in Section 1(a) (*Introduction*) of this Index Terms Module.

"S&P" means Standard & Poor's Financial Services LLP.

"Target Weight" has the meaning set out in Section 10 (*Determination of Target Weights*) of this Index Terms Module.

"Underlying Share" has the meaning set out in the Asset Terms Module (Equities).

**Appendix 2: Derived Indices**

The following Indices are derived directly or indirectly from the Base Index. Derived Indices are calculated in accordance with Article 1 (Calculation of Derived Indices) of the Supporting Terms Module (Equities & Multi-Asset).

Index Identifier	Index Name	Derived Index Type	Parent Index	Derived Currency	Deposit Index	Financing Index
ASIA10.2	HSBC Asia Super Ten Equity Net Total Return Index (USD)	Net Total Return	ASIA10.1 HSBC Asia Super Ten Equity Price Return Index (USD)	N/A	N/A	N/A
ASIA10.3	HSBC Asia Super Ten Equity Net Total Return Index (EUR)	Currency	ASIA10.2 HSBC Asia Super Ten Equity Net Total Return Index (USD)	EUR	N/A	N/A

**Appendix 3: Publication Sources**

<b>Index Identifier</b>	<b>Index Name</b>	<b>Bloomberg Code</b>	<b>Reuters Code</b>
<b>ASIA10.1</b>	<b>HSBC Asia Super Ten Equity Price Return Index (USD)</b>	<b>HSIEASUP Index</b>	
<b>ASIA10.2</b>	<b>HSBC Asia Super Ten Equity Net Total Return Index (USD)</b>	<b>HSIEASUN Index</b>	
<b>ASIA10.3</b>	<b>HSBC Asia Super Ten Equity Price Return Index (EUR)</b>	<b>HSIEASEP Index</b>	
<b>ASIA10.4</b>	<b>HSBC Asia Super Ten Equity Net Total Return Index (EUR)</b>	<b>HSIEASEN Index</b>	



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# HSBC Global Markets Indices

Index Terms Module  
(HSBC Uniform EUR Core Index)

Version [19]  
[23] February 2012

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## 1. Introduction

### (a) General

This Index Terms Module, together with the Base Terms Module, forms the Index Description for the HSBC Uniform EUR Core Index (the "Index").

This Index Terms Module must be read, and must be interpreted, in conjunction with the Base Terms Module. This is not a stand alone document and should not be read or interpreted separately from the other parts of the Index Description for the Index. If there is any inconsistency between the terms of this Index Terms Module and the Base Terms Module, the terms of this Index Terms Module shall prevail.

### (b) Definitions

Any capitalised term not defined in Appendix 1 (*Definitions*) of this Index Terms Module shall have the meaning given to such term in the Base Terms Module.

### (c) Index Parameters

Certain parameters for the Index, which are used to determine the Index Level for the Index as described herein, are set out in the Parameters Table in Appendix 2 (*Parameters Table*).

## 2. Overview of the Index

The HSBC Uniform EUR Core Index has been developed as an index aiming to benefit from price moves in the EURIBOR Future. The values for the Index Level of the Index are available for each Index Valuation Date from the Base Date, at which time the Index Level was set at the Initial Index Level.

## 3. Index publication

- (a) The "Index Valuation Date" means each Business Day from and including the Start Date of the Index.

Subject to the occurrence of any Data Disruption or Market Disruption Event, the Index Level for the Index is calculated on each Index Valuation Date (following the Base Date). The Index Level is normally released by 5 p.m. London time on the relevant Index Valuation Date.

- (b) The Index Level is calculated in EUR only. The calculation method for the Index does not incorporate any deductions for transaction costs, taxes or fees.

- (c) The Index Level is published on the pages specified in the Parameters Table.

- (d) The "Observation Time" is 4 p.m. London time. For the purposes of calculating the historic data in respect of the back-testing period (i.e. between the Base Date and 01.06 2011) the Index Calculation Agent may have used a different Observation Time than 4 p.m.

#### 4. Disruption Events

(a) **Market Disruption Events**

If the Index Calculation Agent determines that a Market Disruption Event has occurred in respect of any Index Valuation Date, then no level of that Index shall be determined for such Index Valuation Date and determination of the level of the Index shall be suspended until such time as the Index Calculation Agent determines that the Market Disruption Event no longer exists. If the Market Disruption Event continues for eight Index Valuation Dates, then the Index Sponsor may determine that it will terminate the publication of the Index.

(b) **Liquidity Disruption Events**

If the Index Calculation Agent determines that a Liquidity Disruption Event has occurred in respect of any Index Valuation Date, then the Index Sponsor may determine that it will terminate the publication of the Index. Any event that the Index Calculation Agent determines would constitute a Market Disruption Event and a Liquidity Disruption Event shall be considered to be a Liquidity Disruption Event and the provisions of this Section 4(b) shall apply.

(c) **Indicator Disruption Events**

(i) If a CMS Rate does not appear on the Display Page on any Index Valuation Date the rate for that Index Valuation Date will be a percentage determined by the Index Calculation Agent on the basis of the mid-market annual swap rate quotations provided by the Reference Banks at approximately 11 a.m. Frankfurt time on the relevant Index Valuation Date. For this purpose, the "mid-market annual swap rate" means the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the relevant designated maturity commencing two Business Days after that day and in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to the EUR-EURIBOR-Reuters rate with a designated maturity of six months. The Index Calculation Agent will request the principal office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the rate for that day will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If the Index Calculation Agent is unable to obtain the relevant rate, then there shall be deemed to be a Market Disruption Event and the provisions of Section 4(a) shall apply accordingly.

(ii) If the 3 Month Reference Rate does not appear on the Display Page on any Index Valuation Date, the rate for that Index Valuation Date will be a percentage determined by the Index Calculation Agent on the basis of the quarterly money market rate quotations provided by the Reference Banks at approximately 11 a.m. Frankfurt time on the relevant Index Valuation Date. For this purpose, the "quarterly money

market rate" means the offered rate for a loan, calculated on a Act/360 day count basis, with a term equal to three months commencing two Business Days after that day and in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit with a designated maturity of three months. The Index Calculation Agent will request the principal office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the rate for that day will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If the Index Calculation Agent is unable to obtain the relevant rate, then there shall be deemed to be a Market Disruption Event and the provisions of Section 4(a) shall apply accordingly.

## 5. Calculation of the Index Level

The Index Calculation Agent shall calculate the Index Level on each Index Valuation Date by reference to:

- (a) the Index Level in respect of the immediately preceding Rebalancing Date; and
- (b) the Futures Return from the preceding Rebalancing Date to the relevant Index Valuation Date (as determined pursuant to Section 6 (*Calculation of the Futures Return*) below).

The mathematical expression for calculating the Index Level in respect of Index Valuation Date  $t$  is as follows:

$$BaseUNI(t) = BaseUNI(n) \times [1 + (10 \times R(t))]$$

Where:

<b>BaseUNI(t)</b>	Means the Index Level in respect of Index Valuation Date $t$ ;
<b>BaseUNI(n)</b>	Means the Index Level in respect of the Rebalancing Date immediately preceding Index Valuation Date $t$ ; and
<b>R(t)</b>	Means the Futures Return in respect of Index Valuation Date $t$ .

## 6. Calculation of the Futures Return

The Index Calculation Agent shall calculate the Futures Return on each Index Valuation Day by reference to:

- (a) the price of the Fourth Euribor Future in respect of the Rebalancing Date immediately preceding the relevant Index Valuation Day observed by the Index Calculation Agent at the Observation Time on the Relevant Page on the relevant Index Valuation Day;

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- (b) the arithmetic average of the relevant prices of the Fourth Euribor Future in respect of the Rebalancing Date immediately preceding the relevant Index Valuation Day, observed by the Index Calculation Agent on the Relevant Page at the Relevant Observation Points on such immediately preceding Rebalancing Date, and
- (c) the relevant Indicator (as determined pursuant to Section 9 (*Determination of the Indicator*) below).

The mathematical expression for calculating the Futures Return from Rebalancing Date *n* to Index Valuation Day *t* is as follows:

$$R(t) = \frac{EF(t) - EF(n)}{100} \cdot Indicator(t)$$

**Where:**

**R(t)** means the Futures Return in respect of Index Valuation Day *t*;

**EF(t)** means the price of the Fourth Euribor Future in respect of the Rebalancing Date immediately preceding Index Valuation Day *t*, as observed by the Index Calculation Agent at the Observation Time on the Relevant Page on Index Valuation Day *t*; provided that if Index Valuation Day *t* is a Rebalancing Date, EF(t) shall be equal to EF(t\*);

**EF(t\*)** means the arithmetic average rounded to four decimal places of the prices of the Fourth Euribor Future in respect of the last Rebalancing Date prior to Index Valuation Day *t* observed by the Index Calculation Agent on the Relevant Page at the Relevant Observation Points on the Index Valuation Day *t*; and

**EF(n)** means the arithmetic average rounded to four decimal places of the prices of the Fourth Euribor Future in respect of the Rebalancing Date immediately preceding Index Valuation Day *t*, observed by the Index Calculation Agent on the Relevant Page at the Relevant Observation Points on the Rebalancing Date immediately preceding Index Valuation Day *t*; and

**Indicator(t)** means the relevant value of the Indicator in respect of the Index Valuation Day *t*

## 7. Determination of the Indicator

The Index Calculation Agent shall calculate the Indicator on each Index Valuation Date by reference to the Trading Strategy as of the immediately preceding Rebalancing Date (as determined pursuant to Section 8 (*Trading Strategy*) below).

In respect of Index Valuation Date *t*, the Indicator shall be equal to:

- (a) 1 (one), if the Trading Strategy as of the Rebalancing Date immediately preceding Index Valuation Date *t* was to buy the Fourth EURIBOR Future; or
- (b) -1 (minus one), if the Trading Strategy as of the Rebalancing Date immediately preceding Index Valuation Date *t* was to sell the Fourth EURIBOR Future.

## 8. Trading Strategy

### (a) Overview of Trading Strategy

On each Rebalancing Date, the Index Calculation Agent shall determine whether the Trading Strategy is to:

- (i) **buy** the Fourth EURIBOR Future;
- (ii) **sell** the Fourth EURIBOR Future

For the avoidance of doubt, there can only be one Trading Strategy determined in respect of each Rebalancing Date.

### (b) Determination of the Trading Strategy

In order to determine the Trading Strategy in respect of Rebalancing Date *t*, the Index Calculation Agent shall determine the answers to the following questions (as required) in the order specified below, on the relevant Indicator Determination Date:

- (i) Is the ratio of the TwosTens Spread over the TwosTens Volatility greater than 2.5?

If the answer is:

- (A) **YES:** the Trading Strategy is to **buy** the Fourth EURIBOR Future until the next following Rebalancing Date; or
- (B) **NO:** the Index Calculation Agent shall consider question 8(b)(ii) below.

- (ii) Is the ratio of the TwosTens Spread over the TwosTens Volatility less than -1.25?

If the answer is:

- (A) **YES:** the Trading Strategy is to **sell** the Fourth EURIBOR Future until the next following Rebalancing Date; or



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(B) **NO:** the Index Calculation Agent shall consider question (iii) below.

(iii) Is the Rates Trend Indicator strictly greater than the Rates Level Barrier?

If the answer is:

(A) **YES:** the Trading Strategy is to **sell** the Fourth EURIBOR Future until the next following Rebalancing Date; or

(B) **NO:** the Index Calculation Agent shall consider question (iv) below.

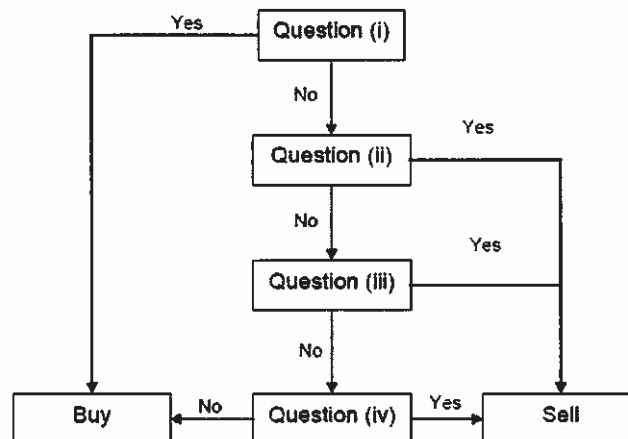
(iv) Is the Spread Trend Indicator strictly less than the Spread Level Barrier?

If the answer is:

(A) **YES:** the Trading Strategy is to **sell** the Fourth EURIBOR Future until the next following Rebalancing Date; or

(B) **NO:** the Trading Strategy is to **buy** the Fourth EURIBOR Future until the next following Rebalancing Date;

**Diagram of the Trading Strategy**



## 9. Indicators and barriers

For the purposes of the Determination of the Trading Strategy under Section 8(b) (*Trading Strategy*) above:

- (a) The "Rates Trend Indicator" takes values between 0 and 100. It aims to have a high value within this range if there is a high likelihood for an upward trend in the 3 Month Reference Rate. If the value of the Rates Trend Indicator exceeds the Rates Level Barrier it is assumed that there in fact is an upwards trend in the 3 Month Reference Rate.

The "Rates Trend Indicator" on an Indicator Determination Date  $t$  is the twenty day arithmetic average of the trend indicator relating to the 3 Month Reference Rate (expressed as "TI" in the formula below) and is determined in accordance with the following formula:

$$RTI(t) = \frac{\sum_{i=t-19}^t TI(i)}{20}$$

Where:

<b>RTI(t)</b>	Means the Rates Trend Indicator in respect of Indicator Determination Date $t$ ;
<b>TI(t)</b>	$100 - 100/(1 + \text{Ratio}(t))$ ;
<b>Ratio(t)</b>	Average Increase (t) / Average Decrease (t);
<b>Average Increase (t)</b>	$(13 \times \text{Average Increase}(t-1) + \text{Increase}(t))/14$ ; provided that the Average Increase on the Start Date shall be equal to Average Increase (SD);
<b>Average Decrease (t)</b>	$(13 \times \text{Average Decrease}(t-1) + \text{Decrease}(t))/14$ ; provided that the Average Decrease on the Start Date shall be equal to Average Decrease (SD);
<b>Average Increase (SD)</b>	$\frac{\sum_{i=\text{Start}-13}^{\text{Start}} \text{Increase}(i)}{14}$ ;
<b>Average Decrease (SD)</b>	$\frac{\sum_{i=\text{Start}-13}^{\text{Start}} \text{Decrease}(i)}{14}$ ;
<b>Increase(t)</b>	Maximum $(3M(t) - 3M(t-1), 0)$ ;
<b>Decrease(t)</b>	Maximum $(3M(t-1) - 3M(t), 0)$ ; and
<b>3M</b>	Means the 3 Month Reference Rate

- (b) The "Rates Level Barrier" is the value the Rates Trend Indicator needs to exceed in order for the trading strategy to assume an upwards trend in the 3 Month Reference Rate. It is adjusted to the current market environment by increasing if the volatility of the three month rate is high and decreasing if the volatility is low. Additionally it is limited in its value as detailed below.

The "Rates Level Barrier" is calculated each Indicator Determination Date as 75 plus 15 times 100 times the difference between the Volatility of Absolute Returns of the 3 Month Reference Rate, measured from 20 days prior to the Indicator Determination Date to the Indicator Determination Date and the average over 250 days of the Volatility of Absolute Returns of the 3 Month Reference Rate, measured over 20 days. If the calculated measure exceeds 100 the value for the Rates Level Barrier is set to 100. If the calculated measure is below 80 the value for the Rates Level Barrier is set to 80. The Rates Level Barrier on an Indicator Determination Date  $t$  is determined in accordance with the following formula:

$$b_{2,t} = \text{MAX} \left( \text{MIN} \left( 75 + 15 \cdot 100 \left( \sigma_t(ar(3M)) - \frac{1}{250} \sum_{j=t-249}^t \sigma_j(ar(3M)) \right), 100 \right), 80 \right)$$

Where:

- $b_{2,t}$  Means the Rates Level Barrier in respect of Indicator Determination Date  $t$ ;
- $\sigma_t(ar(3M))$  Means the 3 Month Reference Rate Volatility in respect of Indicator Determination Date  $t$  as defined under (e);

- (c) The "Spread Trend Indicator" takes values between 0 and 100. It aims to have a low value within this range if there is a high likelihood for a downward trend in the TwosTens Spread. If the value of the Spread Level Barrier exceeds the Spread Trend Indicator it is assumed that there in fact is a downwards trend in the TwosTens Spread.

The "Spread Trend Indicator" on an Indicator Determination Date  $t$  is the twenty day arithmetic average of the trend indicator relating to the TwosTens Spread (expressed as "TI" in the formula below) and is determined in accordance with the following formula:

$$\text{STI}(t) = \frac{\sum_{i=t-19}^t \text{TI}(i)}{20}$$

Where:

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<b>STI(t)</b>	Means the Spread Trend Indicator in respect of Indicator Determination Date t;
<b>TI(t)</b>	$100 - 100/(1+\text{Ratio}(t))$ ;
<b>Ratio (t)</b>	Average Increase (t) / Average Decrease (t);
<b>Average Increase (t)</b>	$(13 \times \text{Average Increase}(t-1) + \text{Increase}(t))/14$ ; provided that the Average Increase on the Start Date shall be equal to Average Increase (SD);
<b>Average Decrease (t)</b>	$(13 \times \text{Average Decrease}(t-1) + \text{Decrease}(t))/14$ ; provided that the Average Decrease on the Start Date shall be equal to Average Decrease (SD);
<b>Average Increase (SD)</b>	$\frac{\sum_{i=\text{Start}-13}^{\text{Start}} \text{Increase}(i)}{14}$ ;
<b>Average Decrease (SD)</b>	$\frac{\sum_{i=\text{Start}-13}^{\text{Start}} \text{Decrease}(i)}{14}$ ;
<b>Increase (t)</b>	Maximum (s(t) – s(t-1), 0);
<b>Decrease (t)</b>	Maximum (s(t-1) – s(t), 0); and
<b>S</b>	Means the TwosTens Spread.

- (d) The "Spread Level Barrier" is the value the Spread Trend Indicator needs to fall below in order for the trading strategy to assume a downwards trend in the TwosTens Spread. It is adjusted to the current market environment by decreasing if the current ratio between the TwosTens Spread and its volatility is high and increasing if this ratio is low. Additionally it is limited in its value as detailed below.

The "Spread Level Barrier" is calculated each Indicator Determination Date as 40 minus 5 times the difference between ratio of the TwosTens Spread and the Volatility of Absolute Returns of the TwosTens Spread, measured from 20 days prior to the Indicator Determination Date to the Indicator Determination Date and the average over 250 days of the ratio of the TwosTens Spread and the Volatility of Absolute Returns of the TwosTens Spread, measured over 20 days. If the calculated measure exceeds 45 the value for the Spread Level Barrier is set to 45. If the calculated measure is below 0 the value for the Spread Level Barrier is set to 0. The Spread Level Barrier on an Indicator Determination Date t is determined in accordance with the following formula

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$$b3_t = \text{MAX} \left( \text{MIN} \left( 40 - 5 \left( \frac{s_t}{\sigma_t(ar(s))} - \frac{1}{250} \sum_{j=t-20}^t \frac{s_j}{\sigma_t(ar(s))} \right), 45 \right), 0 \right)$$

**Where:**

- b3<sub>t</sub>** Means the Spread Level Barrier in respect of Indicator Determination Date *t*;
- σ<sub>t</sub>(ar(s))** Means the TwosTens Volatility in respect of Indicator Determination Date *t* as defined under (f);
- s<sub>t</sub>** Means the TwosTens Spread on day *t*

- (e) The "3 Month Reference Rate Volatility" is calculated each Indicator Determination Date as the Annualized Volatility of the Absolute Return of the 3 Month Reference Rate measured over the last 20 index valuation days. The 3 Month Reference Rate Volatility on an Indicator Determination Date *t* is determined in accordance with the following formula:

$$\sigma_t(ar(3M)) = \sqrt{\frac{250}{20} \sum_{j=t-19}^t (ar(3M)_{j-1,j})^2}$$

**Where:**

- σ<sub>t</sub>(ar(3M))** Means the 3 Month Reference Rate Volatility in respect of Indicator Determination Date *t* determined over 20 Index Valuation days;
- ar(3M)<sub>t-1,t</sub>** Means the Absolute Return on the 3 Month Reference Rate from time *t-1* to time *t*, expressed as a formula:
- $$ar(3M)_{j-1,j} = r(j) - r(j-1) \quad ; \text{ and}$$
- r(t)** Means the 3 Month Reference Rate on day *t*

- (f) The "TwosTens Volatility" is calculated each Indicator Determination Date as the Annualized Volatility of the Absolute Return of the TwosTens Spread measured over the last 20 index valuation days. The TwosTens Volatility on an Indicator Determination Date *t* is determined in accordance with the following formula:

$$\sigma_t(ar(s)) = \sqrt{\frac{250}{20} \sum_{j=t-19}^t (ar(s)_{j-1,j})^2}$$

**Where:**

$\sigma_t(ar(s))$	Means the TwoTens Volatility in respect of Indicator Determination Date $t$ determined over 20 Index Valuation days;
$ar(s)_{t-1,t}$	Means the Absolute Return on the TwoTens Spread from time $t-1$ to time $t$ , expressed as a formula:  $ar(s)_{t-1,t} = s(t) - s(t-1)$ ; and
$s(t)$	Means the TwoTens Spread on day $t$

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## Appendix 1: Definitions

Except where the context otherwise requires, the following terms used in this Index Terms Module have the following meanings:

**"2 Year CMS Rate"** means, in respect of any Indicator Determination Date, the EUR-ISDA-EURIBOR Swap Rate-11:00 with a designated maturity of 2 years, expressed as a percentage, as observed on the Display Page at 11 a.m. Frankfurt time on the relevant Indicator Determination Date. For the purposes of any calculations under this Index Terms Module, the relevant value for the 2 Year CMS Rate shall be equal to such rate multiplied by one hundred. (For example, if the relevant rate is equal to 1.5%, the relevant value used in any applicable calculations will be equal to 1.5.)

**"3 Month Reference Rate"** means, in respect of any Index Valuation Date, the EUR-EURIBOR-Reuters rate with a designated maturity of 3 months, expressed as a percentage, as observed on the Display Page at 11 a.m. Frankfurt time on the relevant Indicator Determination Date. For the purposes of any calculations under this Index Terms Module, the relevant value for the 3 Month Reference Rate shall be equal to such rate multiplied by one hundred. (For example, if the relevant rate is equal to 1.5%, the relevant value used in any applicable calculations will be equal to 1.5.)

**"3 Month Reference Rate Volatility"** has the meaning set out in Section 9 (*Indicators and barriers*) of this Index Terms Module.

**"10 Year CMS Rate"** means, in respect of any Indicator Determination Date, the EUR-ISDA-EURIBOR Swap Rate-11:00 with a designated maturity of 10 years, expressed as a percentage, as observed on the Display Page at 11 a.m. Frankfurt time on the relevant Indicator Determination Date. For the purposes of any calculations under this Index Terms Module, the relevant value for the 10 Year CMS Rate shall be equal to such rate multiplied by one hundred. (For example, if the relevant rate is equal to 1.5%, the relevant value used in any applicable calculations will be equal to 1.5.)

**"Base Date"** has the meaning set out in the Parameters Table.

**"Business Day"** means days which are London Business Days and Frankfurt Business Day.

**"CMS Rate"** means either the 2 Year CMS Rate or the 10 Year CMS Rate.

**"Display Page"** means (a) in respect of a 2y CMS Rate, the page designated as ISDAFIX2 Page; and (b) in respect of a 10y CMS Rate, the page designated as ISDAFIX2 Page; (c) in respect of the 3 Month Reference Rate, the page designated as EURIBOR3MD= Page, in each case on the Reuters Money 3000 Service (or such other page as may replace that page on that service, or any replacement service, for the purpose of displaying comparable rates, as determined by the Index Calculation Agent).

**"EUR"** means the currency of the European monetary union, the Euro, or its respective successor as determined by the European Central Bank.

**"EURIBOR Future"** means the Three Month EURIBOR Futures Contract traded on LIFFE.

**"Fourth Euribor Future"** means, in respect of an Index Valuation Day which is on or after a Rebalancing Date immediately preceding a Future Expiry Date, and on or before this Future Expiry Date, the Euribor Future on LIFFE which expires in the month of the fifth Future

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Expiry Date from that Index Valuation Day (including the current date if it is a Future Expiry date), as published by LIFFE and determined by the Index Calculation Agent.

In respect of any other Index Valuation Day, the Euribor Future on LIFFE which expires in the month of the fourth Future Expiry Date from that Index Valuation Day, as published by LIFFE and determined by the Index Calculation Agent.

**"Frankfurt Business Day"** means any 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) in Frankfurt.

**"Futures Expiry Date"** means the second Business Day prior to the third Wednesday in each of March, June, September and December in each year, which corresponds to the second Business Day prior to the last scheduled trading day of the quarterly EURIBOR Future traded on the LIFFE.

**"Futures Return"** means the value determined under Section 6 (*Calculation of the Futures Return*) of this Index Terms Module.

**"Index"** has the meaning set out in Section 1(a) (*Introduction*).

**"Index Level"** means the level of the Index as determined pursuant to Section 5 (*Calculation of the Index Level*) of this Index Terms Module.

**"Index Valuation Date"** has the meaning given to it in Section 3(a) (*Index Publication*) of this Index Terms Module.

**"Indicator"** means the value determined pursuant to Section 7 (*Determination of the Indicator*) of this Index Terms Module.

**"Indicator Determination Date"** means, in respect of a Rebalancing Date, the second Index Valuation Date prior to that Rebalancing Date.

**"Initial Index Level"** has the meaning set out in the Parameters Table for the Index.

**"LIFFE"** means the London International Financial Futures and Options Exchange.

**"Liquidity Disruption Event"** means, in respect of any Index Valuation Date and as determined in its discretion by the Index Calculation Agent, a material reduction in the liquidity of the EURIBOR Future on the LIFFE such that the prices quoted on the Relevant Page do not adequately reflect the price at which a market participant may enter into a position in respect of the EURIBOR Future. Factors which may indicate a Liquidity Disruption Event include, without limitation, a material reduction in the volume of trades in the EURIBOR Future, a material widening of the bid-offer spread in respect of the EURIBOR Future or a material increase in the volatility of the price of the EURIBOR Future, in each case when compared to historic averages.

**"London Business Day"** means any 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) in London.

**"Market Disruption Event"** means, in respect of any Index Valuation Date and as determined in its discretion by the Index Calculation Agent any rate or any other value relevant to the determination of the level of the Index is not available or does not accurately reflect the relevant market, any other disruption which disrupts the ability of market



participants to effect transactions or obtain quotes in respect of the relevant rate or value or prevents the Index Calculation Agent from calculating or disseminating the Index Level, including but not limited to:

- (a) any relevant futures exchange not opening for business or severely curtailing its hours of business; or
- (b) trading on a relevant futures exchange being conducted without timely dissemination of closing price data.

**"Parameters Table"** means the table set out in Appendix 2 (*Parameters Table*) of this Index Terms Module.

**"Rates Level Barrier"** has the meaning set out in Section 9 (*Indicators and barriers*) of this Index Terms Module.

**"Rates Trend Indicator"** has the meaning set out in Section 9 (*Indicators and barriers*) of this Index Terms Module.

**"Rebalancing Date"** has the meaning set out in the Parameters Table.

**"Reference Banks"** mean five leading swap dealers in the London interbank market, as selected by the Index Calculation Agent.

**"Relevant Observation Points"** means, in respect of an Index Valuation Date, each time [at our around] the times on such Index Valuation Date specified in the Parameters Table for the Index.

**"Relevant Page"** means, in case the Fourth Euribor Future expires on the fifth Future Expiry Date from the current Index Valuation Day Thomson Reuters Page FEIcm5 or otherwise, Thomson Reuters Page FEIcm4, or in each case their respective successors, as determined by the Index Calculation Agent.

**"Spread Level Barrier"** has the meaning set out in Section 9 (*Indicators and barriers*) of this Index Terms Module.

**"Start Date"** means 19 January 1999, which is the date on which calculations needed in the determination of the Indicators are performed for the first time.

**"Trading Strategy"** means the trading strategy set out in Section 8 (*Trading Strategy*) of this Index Terms Module.

**"TwosTens Spread"** means, in respect of an Indicator Determination Date, the difference between the 10y CMS Rate minus the 2y CMS Rate observed on such Indicator Determination Date.

**"TwosTens Volatility"** has the meaning set out in Section 9 (*Indicators and barriers*) of this Index Terms Module.

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**Appendix 2: Parameters Table**

<b>Index</b>	<b>Base Date</b>	<b>Initial Index Level</b>	<b>Rebalancing Date</b>	<b>Relevant Observation Points (London time)</b>	<b>Bloomberg page</b>
HSBC Uniform EUR Core Index	10 March 2000	100	The third Index Valuation Date prior to the third Wednesday in each calendar month	2 p.m., 2:30 p.m., 3 p.m., 3:30 p.m and 4 p.m.	HSUNE00 Index

### Appendix 3: Disclaimer

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**Although the Index Calculation Agent will obtain information and data for inclusion in or for use in the calculation of each Index from sources which the Index Calculation Agent considers reliable, the Index Calculation Agent will not independently verify such information and data and does not guarantee the accuracy or the completeness of an Index or any data included therein. While any inaccuracy in such sources may have an adverse effect on level of any Index, neither the Index Sponsor nor the Index Calculation Agent accepts any liability for loss or damage of any kind arising from the use of such information in any such calculation or determination. Except in the case of fraudulent misrepresentation and without prejudice to their respective obligations under applicable law and/or the regulatory system to which they are subject, no liability (whether directly or indirectly, in contract, in tort, or otherwise) is accepted by either the Index Sponsor or the Index Calculation Agent or any other member, division, affiliate or agent of the HSBC Group whatsoever for any direct, indirect, special, punitive, consequential or any other losses or damages incurred by such person that arise out of or in connection with an Index, including in relation to the performance by the Index Sponsor or the Index Calculation Agent of any part of their respective roles as Index Sponsor or the Index Calculation Agent under the Index Rules.**

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# HSBC Global Markets Indices

Index Terms Module  
(HSBC Uniform GBP Core Index)

Version [18]  
[28] February 2012

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## 1. Introduction

### (a) **General**

This Index Terms Module, together with the Base Terms Module, forms the Index Description for the HSBC Uniform GBP Core Index (the "Index").

This Index Terms Module must be read, and must be interpreted, in conjunction with the Base Terms Module. This is not a stand alone document and should not be read or interpreted separately from the other parts of the Index Description for the Index. If there is any inconsistency between the terms of this Index Terms Module and the Base Terms Module, the terms of this Index Terms Module shall prevail.

### (b) **Definitions**

Any capitalised term not defined in Appendix 1 (*Definitions*) of this Index Terms Module shall have the meaning given to such term in the Base Terms Module.

### (c) **Index Parameters**

Certain parameters for the Index, which are used to determine the Index Level for the Index as described herein, are set out in the Parameters Table in Appendix 2 (*Parameters Table*).

## 2. Overview of the Index

The HSBC Uniform GBP Core Index has been developed as an index aiming to benefit from price moves in the Short Sterling Future. The values for the Index Level of the Index are available for each Index Valuation Date from the Base Date, at which time the Index Level was set at the Initial Index Level.

## 3. Index publication

(a) The "Index Valuation Date" means each Business Day from and including the Start Date of the Index.

Subject to the occurrence of any Data Disruption or Market Disruption Event, the Index Level for the Index is calculated on each Index Valuation Date (following the Base Date). The Index Level is normally released by 5 p.m. London time on the relevant Index Valuation Date.

(b) The Index Level is calculated in GBP only. The calculation method for the Index does not incorporate any deductions for transaction costs, taxes or fees.

(c) The Index Level is published on the pages specified in the Parameters Table.

(d) The "Observation Time" is 4 p.m. London time. For the purposes of calculating the historic data in respect of the back-testing period (i.e. between the Base Date and 1st of June 2011), the Index Calculation Agent may have used a different Observation Time than 4 p.m.

#### 4. Disruption Events

(a) **Market Disruption Events**

If the Index Calculation Agent determines that a Market Disruption Event has occurred in respect of any Index Valuation Date, then no level of the Index shall be determined for such Index Valuation Date and determination of the level of the Index shall be suspended until such time as the Index Calculation Agent determines that the Market Disruption Event no longer exists. If the Market Disruption Event continues for eight Index Valuation Dates, then the Index Sponsor may determine that it will terminate the publication of the Index.

(b) **Liquidity Disruption Events**

If the Index Calculation Agent determines that a Liquidity Disruption Event has occurred in respect of any Index Valuation Date, then the Index Sponsor may determine that it will terminate the publication of the Index. Any event that the Index Calculation Agent determines would constitute a Market Disruption Event and a Liquidity Disruption Event shall be considered to be a Liquidity Disruption Event and the provisions of this Section 4(b) shall apply.

(c) **Indicator Disruption Events**

(i) If a CMS Rate does not appear on the Display Page on any Index Valuation Date, the rate for that Index Valuation Date will be a percentage determined by the Index Calculation Agent on the basis of the mid-market semi-annual swap rate quotations provided by the Reference Banks at approximately 11 a.m. London time on the relevant Index Valuation Date. For this purpose, the "mid-market semi-annual swap rate" means the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on a Act/365 day count basis, of a fixed-for-floating GBP interest rate swap transaction with a term equal to the relevant designated maturity commencing on that day and in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/365 day count basis, is equivalent to GBP-LIBOR-BBA with a designated maturity of six months. The Index Calculation Agent will request the principal office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the rate for that day will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If the Index Calculation Agent is unable to obtain the relevant rate, then there shall be deemed to be a Market Disruption Event and the provisions of Section 4(a) shall apply accordingly.

(ii) If the 3 Month Reference Rate does not appear on the Display Page on any Index Valuation Date, the rate for that Index Valuation Date will be a percentage determined by the Index Calculation Agent on the basis of the quarterly money market rate quotations provided by the



Reference Banks at approximately 11 a.m. London time on the relevant Index Valuation Date. For this purpose, the "quarterly money market rate" means the offered rate for a loan, calculated on a Act/365 day count basis, with a term equal to three month commencing on that day and in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit with a designated maturity of three months. The Index Calculation Agent will request the principal office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the rate for that day will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If the Index Calculation Agent is unable to obtain the relevant rate, then there shall be deemed to be a Market Disruption Event and the provisions of Section 4(a) shall apply accordingly.

## 5. Calculation of the Index Level

The Index Calculation Agent shall calculate the Index Level on each Index Valuation Date by reference to:

- (a) the Index Level in respect of the immediately preceding Rebalancing Date; and
- (b) the Futures Return from the preceding Rebalancing Date to the relevant Index Valuation Date (as determined pursuant to Section 6 (*Calculation of the Futures Return*) below).

The mathematical expression for calculating the Index Level in respect of Index Valuation Date  $t$  is as follows:

$$BaseUNI(t) = BaseUNI(n) \times [1 + (10 \times R(t))] / 100$$

Where:

<b>BaseUNI(t)</b>	Means the Index Level in respect of Index Valuation Date $t$ ;
<b>BaseUNI(n)</b>	Means the Index Level in respect of the Rebalancing Date immediately preceding Index Valuation Date $t$ ; and
<b>R(t)</b>	Means the Futures Return in respect of Index Valuation Date $t$ .

## 6. Calculation of the Futures Return

The Index Calculation Agent shall calculate the Futures Return on each Index Valuation Day by reference to:

- (a) the price of the Fourth Short Sterling Future in respect of the Rebalancing Date immediately preceding the relevant Index Valuation Day observed by

the Index Calculation Agent at the Observation Time on the Relevant Page on the relevant Index Valuation Day;

- (b) the arithmetic average of the relevant prices of the Fourth Short Sterling Future in respect of the Rebalancing Date immediately preceding the relevant Index Valuation Day, observed by the Index Calculation Agent on the Relevant Page at the Relevant Observation Points on such immediately preceding Rebalancing Date; and
- (c) the relevant Indicator (as determined pursuant to Section 7 (*Determination of the Indicator*) below).

The mathematical expression for calculating the Futures Return from Rebalancing Date *n* to Index Valuation Day *t* is as follows:

$$R(t) = \frac{SF(t) - SF(n)}{100} \cdot Indicator(t)$$

**Where:**

**R(t)** means the Futures Return in respect of Index Valuation Day *t*;

**SF(t)** means the price of the Fourth Short Sterling Future in respect of the Rebalancing Date immediately preceding Index Valuation Day *t*, as observed by the Index Calculation Agent at the Observation Time on the Relevant Page on Index Valuation Day *t*; provided that if Index Valuation Day *t* is a Rebalancing Date, SF(t) shall be equal to SF(t\*);

**SF(t\*)** means the arithmetic average rounded to four decimal places of the prices of the Fourth Short Sterling Future in respect of the last Rebalancing Date prior to Index Valuation Day *t* observed by the Index Calculation Agent on the Relevant Page at the Relevant Observation Points on the Index Valuation Day *t*; and

**SF(n)** means the arithmetic average rounded to four decimal places of the prices of the Fourth Short Sterling Future in respect of the Rebalancing Date immediately preceding Index Valuation Day *t*, observed by the Index Calculation Agent on the Relevant Page at the Relevant Observation Points on the Rebalancing Date immediately preceding Index Valuation Day *t*; and

**Indicator(t)** means the relevant value of the Indicator in

respect of the Index Valuation Day  $t$

## 7. Determination of the Indicator

The Index Calculation Agent shall calculate the Indicator on each Index Valuation Date by reference to the Trading Strategy as of the immediately preceding Rebalancing Date (as determined pursuant to Section 8 (*Trading Strategy*) below).

In respect of Index Valuation Date  $t$ , the Indicator shall be equal to:

- (a) 1 (one), if the Trading Strategy as of the Rebalancing Date immediately preceding Index Valuation Date  $t$  was to buy the Fourth Short Sterling Future; or
- (b) -1 (minus one), if the Trading Strategy as of the Rebalancing Date immediately preceding Index Valuation Date  $t$  was to sell the Fourth Short Sterling Future.

## 8. Trading Strategy

### (a) Overview of Trading Strategy

On each Rebalancing Date, the Index Calculation Agent shall determine whether the Trading Strategy is to:

- (i) **buy** the Fourth Short Sterling Future;
- (ii) **sell** the Fourth Short Sterling Future

For the avoidance of doubt, there can only be one Trading Strategy determined in respect of each Indicator Determination Date.

### (b) Determination of the Trading Strategy

In order to determine the Trading Strategy in respect of Rebalancing Date  $t$ , the Index Calculation Agent shall determine the answers to the following questions (as required) in the order specified below, on the relevant Indicator Determination Date:

- (i) Is the ratio of the TwosTens Spread over the TwosTens Volatility greater than 2.5?

If the answer is:

- (A) **YES:** the Trading Strategy is to **buy** the Fourth Short Sterling Future until the next following Rebalancing Date; or
- (B) **NO:** the Index Calculation Agent shall consider question 8(b)(ii) below.

- (ii) Is the ratio of the TwosTens Spread over the TwosTens Volatility less than -1.25?

If the answer is:

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- (A) **YES:** the Trading Strategy is to **sell** the Fourth Short Sterling Future until the next following Rebalancing Date; or
- (B) **NO:** the Index Calculation Agent shall consider question (iii) below.

(iii) Is the Rates Trend Indicator strictly greater than the Rates Level Barrier?

If the answer is:

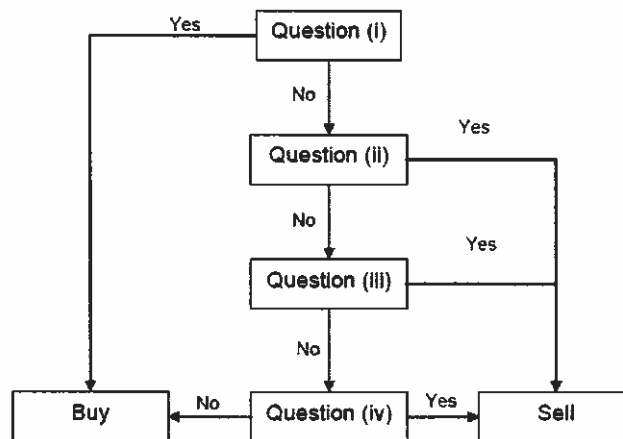
- (A) **YES:** the Trading Strategy is to **sell** the Fourth Short Sterling Future until the next following Rebalancing Date; or
- (B) **NO:** the Index Calculation Agent shall consider question (iv) below.

(iv) Is the Spread Trend Indicator strictly less than the Spread Level Barrier?

If the answer is:

- (A) **YES:** the Trading Strategy is to **sell** the Fourth Short Sterling Future until the next following Rebalancing Date; or
- (B) **NO:** the Trading Strategy is to **buy** the Fourth Short Sterling Future until the next following Rebalancing Date;

(c) **Diagram of the Trading Strategy**



## 9. Indicators and barriers

For the purposes of the Determination of the Trading Strategy under Section 8(b) (*Trading Strategy*) above:

- (a) The "Rates Trend Indicator" takes values between 0 and 100. It aims to have a high value within this range if there is a high likelihood for an upward trend in the 3 Months Reference Rate. If the value of the Rates Trend Indicator exceeds the Rates Level Barrier it is assumed that there in fact is an upwards trend in the 3 Months Reference Rate.

The "Rates Trend Indicator" on an Indicator Determination Date  $t$  is the twenty day arithmetic average of the trend indicator relating to the 3 Month Reference Rate (expressed as "TI" in the formula below) and is determined in accordance with the following formula:

$$RTI(t) = \frac{\sum_{i=t-19}^t TI(i)}{20}; \text{ where:}$$

Where:

**RTI(t)** Means the Rates Trend Indicator in respect of Indicator Determination Date  $t$ ;

**TI(t)**  $100 - 100/(1 + \text{Ratio}(t))$ ;

**Ratio(t)** Average Increase (t) / Average Decrease (t);

**Average Increase (t)**  $(13 \times \text{Average Increase}(t-1) + \text{Increase}(t))/14$ ; provided that the Average Increase on the Start Date shall be equal to Average Increase (SD);

**Average Decrease (t)**  $(13 \times \text{Average Decrease}(t-1) + \text{Decrease}(t))/14$ ; provided that the Average Decrease on the Start Date shall be equal to Average Decrease (SD);

**Average Increase (SD)**  $\frac{\sum_{i=\text{Start}-13}^{\text{Start}} \text{Increase}(i)}{14}$ ;

**Average Decrease (SD)**  $\frac{\sum_{i=\text{Start}-13}^{\text{Start}} \text{Decrease}(i)}{14}$ ;

**Increase(t)** Maximum  $(3M(t) - 3M(t-1), 0)$ ;

**Decrease(t)** Maximum  $(3M(t-1) - 3M(t), 0)$ ; and

**3M** Means the 3 Month Reference Rate

- (b) The "Rates Level Barrier" is the value the Rates Trend Indicator needs to exceed in order for the trading strategy to assume an upwards trend in the 3 Month Reference Rate. It is adjusted to the current market environment by increasing if the volatility of the 3 Month Reference Rate is high and decreasing if the volatility is low. Additionally it is limited in its value as detailed below.

The "Rates Level Barrier" is calculated each Indicator Determination Date as 75 plus 15 times 100 times the difference between the Volatility of Absolute Returns of the 3M Reference Rate, measured from 20 days prior to the Indicator Determination Date to the Indicator Determination Date and the average over 250 days of the Volatility of Absolute Returns of the 3M Reference Rate, measured over 20 days. If the calculated measure exceeds 100 the value for the Rates Level Barrier is set to 100. If the calculated measure is below 80 the value for the Rates Level Barrier is set to 80. The Rates Level Barrier on an Indicator Determination Date  $t$  is determined in accordance with the following formula:

$$b_{2,t} = \text{MAX} \left( \text{MIN} \left( 75 + 15 \cdot 100 \left( \sigma_t(\text{ar}(3M)) - \frac{1}{250} \sum_{j=t-249}^t \sigma_j(\text{ar}(3M)) \right), 100 \right), 80 \right)$$

Where:

- $b_{2,t}$  Means the Rates Level Barrier in respect of Indicator Determination Date  $t$ ,
- $\sigma_t(\text{ar}(3M))$  Means the 3 Month Reference Rate Volatility in respect of Indicator Determination Date  $t$  as defined under (e);
- $3M$  Means the 3 Month Reference Rate.

- (c) The "Spread Trend Indicator" takes values between 0 and 100. It aims to have a low value within this range if there is a high likelihood for a downward trend in the TwosTens Spread. If the value of the Spread Level Barrier exceeds the Spread Trend Indicator it is assumed that there in fact is a downwards trend in the TwosTens Spread.

The "Spread Trend Indicator" on an Indicator Determination Date  $t$  is the twenty day arithmetic average of the trend indicator relating to the TwosTens Spread (expressed as "TI" in the formula below) and is determined in accordance with the following formula:

$$\text{STI}(t) = \frac{\sum_{i=t-19}^t \text{TI}(i)}{20}$$

**Where:**

<b>STI(t)</b>	Means the Spread Trend Indicator in respect of Indicator Determination Date t;
<b>Ti(t)</b>	$100 - 100/(1 + \text{Ratio}(t))$ ;
<b>Ratio(t)</b>	Average Increase (t) / Average Decrease (t);
<b>Average Increase (t)</b>	$(13 \times \text{Average Increase}(t-1) + \text{Increase}(t))/14$ ; provided that the Average Increase on the Start Date shall be equal to Average Increase (SD);
<b>Average Decrease (t)</b>	$(13 \times \text{Average Decrease}(t-1) + \text{Decrease}(t))/14$ ; provided that the Average Decrease on the Start Date shall be equal to Average Decrease (SD);
<b>Average Increase (SD)</b>	$\frac{\sum_{i=\text{Start}-13}^{\text{Start}} \text{Increase}(i)}{14}$ ;
<b>Average Decrease (SD)</b>	$\frac{\sum_{i=\text{Start}-13}^{\text{Start}} \text{Decrease}(i)}{14}$ ;
<b>Increase(t)</b>	Maximum $(s(t) - s(t-1), 0)$ ;
<b>Decrease(t)</b>	Maximum $(s(t-1) - s(t), 0)$ , and
<b>S</b>	Means the TwosTens Spread.

- (d) The "Spread Level Barrier" is the value the Spread Trend Indicator needs to fall below in order for the trading strategy to assume a downwards trend in the TwosTens Spread. It is adjusted to the current market environment by decreasing if the current ratio between the TwosTens Spread and its volatility is high and increasing if this ratio is low. Additionally it is limited in its value as detailed below.

The "Spread Level Barrier" is calculated each Indicator Determination Date as 40 minus 5 times the difference between ratio of the TwosTens Spread and the Volatility of Absolute Returns of the TwosTens Spread, measured from 20 days prior to the Indicator Determination Date to the Indicator Determination Date and the average over 250 days of the ratio of the TwosTens Spread and the Volatility of Absolute Returns of the TwosTens Spread, measured over 20 days. If the calculated measure exceeds 45 the value for the Spread Level Barrier is set to 45. If the calculated measure is below 0 the value for the Spread Level Barrier is set to 0. The Spread Level Barrier on an Indicator Determination Date t is determined in accordance with the following formula

$$b3_t = \text{MAX} \left( \text{MIN} \left( 40 - 5 \left( \frac{s_t}{\sigma_t(ar(s))} - \frac{1}{250} \sum_{j=t-249}^t \frac{s_j}{\sigma_t(ar(s))} \right), 45 \right), 0 \right)$$

Where:

- B3<sub>t</sub>** Means the Spread Level Barrier in respect of Indicator Determination Date *t*;
- σ<sub>t</sub>(ar(s))** Means the TwosTens Volatility in respect of Indicator Determination Date *t* as defined under (f);
- s<sub>t</sub>** Means the TwosTens Spread on day *t*

- (e) The "3 Month Reference Rate Volatility" is calculated each Indicator Determination Date as the Annualized Volatility of the Absolute Return of the 3 Month Reference Rate measured over the last 20 index valuation days. The 3 Month Reference Rate Volatility on an Indicator Determination Date *t* is determined in accordance with the following formula:

$$\sigma_t(ar(3M)) = \sqrt{\frac{250}{20} \sum_{j=t-19}^t (ar(3M)_{j-1,j})^2}$$

Where:

- σ<sub>t</sub>(ar(3M))** Means the 3 Month Reference Rate Volatility in respect of Indicator Determination Date *t* determined over 20 Index Valuation days;
- ar(3M)<sub>t-1,t</sub>** Means the Absolute Return on the 3 Month Reference Rate Spread from time *t-1* to time *t*, expressed as a formula:
- $$ar(3M)_{t-1,t} = r(t) - r(t-1) \quad ; \text{ and}$$
- r(t)** Means the 3 Month Reference Rate on day *t*

- (f) The "TwosTens Volatility" is calculated each Indicator Determination Date as the Annualized Volatility of the Absolute Return of the TwosTens Spread measured over the last 20 index valuation days. The TwosTens Volatility on an Indicator Determination Date *t* is determined in accordance with the following formula:



$$\sigma_t(ar(s)) = \sqrt{\frac{250}{20} \sum_{j=t-19}^t (ar(s)_{j-1,j})^2}$$

Where:

$\sigma_t(ar(s))$  Means the TwoTens Volatility in respect of Indicator Determination Date  $t$  determined over 20 Index Valuation days;

$ar(s)_{t-1,t}$  Means the Absolute Return on the TwoTens Spread from time  $t-1$  to time  $t$ , expressed as a formula:

$$ar(s)_{t-1,t} = s(t) - s(t-1) \quad ; \text{ and}$$

$s(t)$  Means the TwoTens Spread on day  $t$

#### 10. Data Provider disclaimer

None of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates has any relationship with, is affiliated with or has received compensation from any organisations that have created or publish or provide the information that serves as a reference for the Index (collectively the "Data Providers"). None of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates assumes any responsibility for the non-availability or miscalculation of, or any error or omission in, any of the rates used to make any determination in respect of the Index. None of the Data Providers sponsor, endorse or promote the Index or any Investment Products which references the Index.

## Appendix 1: Definitions

Except where the context otherwise requires, the following terms used in this Index Terms Module have the following meanings:

**"2 Year CMS Rate"** means, in respect of any Indicator Determination Date, the swap rate GBP-ISDA-Swap Rate for GBP swaps with a designated maturity of 2 years, expressed as a percentage, as observed on the Display Page at 11 a.m. London time on the relevant Indicator Determination Date. For the purposes of any calculations under this Index Terms Module, the relevant value for the 2 Year CMS Rate shall be equal to such rate multiplied by one hundred. (For example, if the relevant rate is equal to 1.5%, the relevant value used in any applicable calculations will be equal to 1.5.)

**"3 Month Reference Rate"** means, in respect of any Index Valuation Date, the rate GBP-LIBOR-BBA with a designated maturity of 3 months, expressed as a percentage, as observed on the Display Page at 11 a.m. London time on the relevant Indicator Determination Date. For the purposes of any calculations under this Index Terms Module, the relevant value for the 3 Month Reference Rate shall be equal to such rate multiplied by one hundred. (For example, if the relevant rate is equal to 1.5%, the relevant value used in any applicable calculations will be equal to 1.5.)

**"10 Year CMS Rate"** means, in respect of any Indicator Determination Date, the swap rate GBP-ISDA-Swap Rate for GBP swaps with a designated maturity of 10 years, expressed as a percentage, as observed on the Display Page at 11 a.m. London time on the relevant Indicator Determination Date. For the purposes of any calculations under this Index Terms Module, the relevant value for the 10 Year CMS Rate shall be equal to such rate multiplied by one hundred. (For example, if the relevant rate is equal to 1.5%, the relevant value used in any applicable calculations will be equal to 1.5.)

**"Base Date"** has the meaning set out in the Parameters Table.

**"Business Day"** means London Business Day.

**"CMS Rate"** means either the 2 Year CMS Rate or the 10 Year CMS Rate.

**"Display Page"** means (a) in respect of a 2y CMS Rate, the page designated as GBPSFIX2y= Page; and (b) in respect of a 10y CMS Rate, the page designated as GBPSFIX10y= Page; (c) in respect of the 3 Month Reference Rate, the page designated as LIBOR01 Page, in each case on the Reuters Money 3000 Service (or such other page as may replace that page on that service, or any replacement service, for the purpose of displaying comparable rates, as determined by the Index Calculation Agent).

**"Fourth Short Sterling Future"** means, in respect of the first Index Valuation Day prior to a Future Expiry Date or a Future Expiry Date the Short Sterling Future on LIFFE which expires in the month of the fifth Future Expiry Date from that Index Valuation Day, as published by LIFFE and determined by the Index Calculation Agent.

In respect of any other Index Valuation Day, the Short Sterling Future on LIFFE which expires in the month of the fourth Future Expiry Date from that Index Valuation Day, as published by LIFFE and determined by the Index Calculation Agent.

**"Futures Expiry Date"** means the third Wednesday in each of March, June, September and

December in each year, which corresponds to the last scheduled trading day of the quarterly Short Sterling Future traded on the LIFFE.

**"Futures Return"** means the value determined under Section 6 (*Calculation of the Futures Return*) of this Index Terms Module.

**"GBP"** means pounds sterling or such successor official currency of the United Kingdom.

**"Index"** has the meaning set out in Section 1(a) (*Introduction*).

**"Index Level"** means the level of the Index as determined pursuant to Section 5 (*Calculation of the Index Level*) of this Index Terms Module.

**"Index Valuation Date"** has the meaning given to it in Section 3(a) (*Index Publication*) of this Index Terms Module.

**"Indicator"** means the value determined pursuant to Section 7 (*Determination of the Indicator*) of this Index Terms Module.

**"Indicator Determination Date"** means, in respect of a Rebalancing Date, the second Index Valuation Date prior to that Rebalancing Date.

**"Initial Index Level"** has the meaning set out in the Parameters Table for the Index.

**"LIFFE"** means the London International Financial Futures and Options Exchange.

**"Liquidity Disruption Event"** means, in respect of any Index Valuation Date and as determined in its discretion by the Index Calculation Agent, a material reduction in the liquidity of the Short Sterling Future on the LIFFE such that the prices quoted on the Relevant Page do not adequately reflect the price at which a market participant may enter into a position in respect of the Short Sterling Future. Factors which may indicate a Liquidity Disruption Event include, without limitation, a material reduction in the volume of trades in the Short Sterling Future, a material widening of the bid-offer spread in respect of the Short Sterling Future or a material increase in the volatility of the price of the Short Sterling Future, in each case when compared to historic averages.

**"London Business Day"** means any 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) in London.

**"Market Disruption Event"** means, in respect of any Index Valuation Date and as determined in its discretion by the Index Calculation Agent any rate or any other value relevant to the determination of the level of the Index is not available or does not accurately reflect the relevant market, any other disruption which disrupts the ability of market participants to effect transactions or obtain quotes in respect of the relevant rate or value or prevents the Index Calculation Agent from calculating or disseminating the Index Level, including but not limited to:

- (a) any relevant futures exchange not opening for business or severely curtailing its hours of business; or
- (b) trading on a relevant futures exchange being conducted without timely dissemination of closing price data.

**"Parameters Table"** means the table set out in Appendix 2 (*Parameters Table*) of this Index

Terms Module.

**"Rates Level Barrier"** has the meaning set out in Section 9 (*Indicators and barriers*) of this Index Terms Module.

**"Rates Trend Indicator"** has the meaning set out in Section 9 (*Indicators and barriers*) of this Index Terms Module.

**"Rebalancing Date"** has the meaning set out in the Parameters Table.

**"Reference Banks"** mean five leading swap dealers in the London interbank market, as selected by the Index Calculation Agent.

**"Relevant Observation Points"** means, in respect of an Index Valuation Date, each time [at our around] the times on such Index Valuation Date specified in the Parameters Table for the Index.

**"Relevant Page"** means, in case the Fourth Short Sterling Future expires on the fifth Future Expiry Date from the current Index Valuation Day Thomson Reuters Page FSScm5 or otherwise, Thomson Reuters Page FSScm4, or in each case their respective successors, as determined by the Index Calculation Agent.

**"Short Sterling Future"** means the Three Month Sterling Futures Contract traded on LIFFE.

**"Spread Level Barrier"** has the meaning set out in Section 9 (*Indicators and barriers*) of this Index Terms Module.

**"Start Date"** means 10 December 1990, which is the date on which calculations needed in the determination of the Indicators are performed for the first time.

**"Trading Strategy"** means the trading strategy set out in Section 8 (*Trading Strategy*) of this Index Terms Module.

**"TwosTens Spread"** means, in respect of an Indicator Determination Date, the difference between the 10y CMS Rate minus the 2y CMS Rate observed on such Indicator Determination Date.

**"TwosTens Volatility"** has the meaning set out in Section 9 (*Indicators and barriers*) of this Index Terms Module.

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Appendix 2: Parameters Table

Index	Base Date	Initial Index Level	Rebalancing Date	Relevant Observation Points (London time)	Bloomberg page
HSBC Uniform GBP Core Index	14 January 1992	100	The first Index Valuation Date prior to the third Wednesday in each calendar month (i.e. one day prior to the last future trading day)	2 p.m., 2:30 p.m., 3 p.m., 3:30 p.m. and 4 p.m.	HSUNBP00 Index

### Appendix 3: Disclaimer

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**Although the Index Calculation Agent will obtain information and data for inclusion in or for use in the calculation of each Index from sources which the Index Calculation Agent considers reliable, the Index Calculation Agent will not independently verify such information and data and does not guarantee the accuracy or the completeness of an Index or any data included therein. While any inaccuracy in such sources may have an adverse effect on level of any Index, neither the Index Sponsor nor the Index Calculation Agent accepts any liability for loss or damage of any kind arising from the use of such information in any such calculation or determination. Except in the case of fraudulent misrepresentation and without prejudice to their respective obligations under applicable law and/or the regulatory system to which they are subject, no liability (whether directly or indirectly, in contract, in tort, or otherwise) is accepted by either the Index Sponsor or the Index Calculation Agent or any other member, division, affiliate or agent of the HSBC Group whatsoever for any direct, indirect, special, punitive, consequential or any other losses or damages incurred by such person that arise out of or in connection with an Index, including in relation to the performance by the Index Sponsor or the Index Calculation Agent of any part of their respective roles as Index Sponsor or the Index Calculation Agent under the Index Rules.**

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# HSBC Global Markets Indices

Index Terms Module  
(HSBC Uniform USD Core Index)

Version [17]  
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## 1. Introduction

### (a) General

This Index Terms Module, together with the Base Terms Module, forms the Index Description for the HSBC Uniform USD Core Index (the "Index").

This Index Terms Module must be read, and must be interpreted, in conjunction with the Base Terms Module. This is not a stand alone document and should not be read or interpreted separately from the other parts of the Index Description for the Index. If there is any inconsistency between the terms of this Index Terms Module and the Base Terms Module, the terms of this Index Terms Module shall prevail.

### (b) Definitions

Any capitalised term not defined in Appendix 1 (*Definitions*) of this Index Terms Module shall have the meaning given to such term in the Base Terms Module.

### (c) Index Parameters

Certain parameters for the Index, which are used to determine the Index Level for the Index as described herein, are set out in the Parameters Table in Appendix 2 (*Parameters Table*).

## 2. Overview of the Index

The HSBC Uniform USD Core Index has been developed as an index aiming to benefit from price moves in the Eurodollar Future. The values for the Index Level of the Index are available for each Index Valuation Date from the Base Date, at which time the Index Level was set at the Initial Index Level.

## 3. Index publication

(a) The "Index Valuation Date" means each Business Day from and including the Start Date of the Index.

Subject to the occurrence of any Data Disruption or Market Disruption Event, the Index Level for the Index is calculated on each Index Valuation Date (following the Base Date). The Index Level is normally released by 5 p.m. London time on the relevant Index Valuation Date.

(b) The Index Level is calculated in USD only. The calculation method for the Index does not incorporate any deductions for transaction costs, taxes or fees.

(c) The Index Level is published on the pages specified in the Parameters Table.

(d) The "Observation Time" is 4 p.m. London time. For the purposes of calculating the historic data in respect of the back-testing period (i.e. between the Base Date and 01.06.2011), the Index Calculation Agent may have used a different Observation Time than 4 p.m.

#### 4. Disruption Events

(a) **Market Disruption Events**

If the Index Calculation Agent determines that a Market Disruption Event has occurred in respect of any Index Valuation Date, then no level of the Index shall be determined for such Index Valuation Date and determination of the level of the Index shall be suspended until such time as the Index Calculation Agent determines that the Market Disruption Event no longer exists. If the Market Disruption Event continues for eight Index Valuation Dates, then the Index Sponsor may determine that it will terminate the publication of the Index.

(b) **Liquidity Disruption Events**

If the Index Calculation Agent determines that a Liquidity Disruption Event has occurred in respect of any Index Valuation Date, then the Index Sponsor may determine that it will terminate the publication of the Index. Any event that the Index Calculation Agent determines would constitute a Market Disruption Event and a Liquidity Disruption Event shall be considered to be a Liquidity Disruption Event and the provisions of this Section 4(b) shall apply.

(c) **Indicator Disruption Events**

(i) If a CMS Rate does not appear on the Display Page on any Index Valuation Date, the rate for that Index Valuation Date will be a percentage determined by the Index Calculation Agent on the basis of the mid-market semi-annual swap rate quotations provided by the Reference Banks at approximately 11 a.m. New York time on the relevant Index Valuation Date. For this purpose, the "mid-market semi-annual swap rate" means the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating USD interest rate swap transaction with a term equal to the relevant designated maturity commencing two Business Days after that day and in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to the USD-LIBOR-BBA rate with a designated maturity of three months. The Index Calculation Agent will request the principal office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the rate for that day will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If the Index Calculation Agent is unable to obtain the relevant rate, then there shall be deemed to be a Market Disruption Event and the provisions of Section 4(a) shall apply accordingly.

(ii) If the 3 Month Reference Rate does not appear on the Display Page on any Index Valuation Date, the rate for that Index Valuation Date will be a percentage determined by the Index Calculation Agent on the basis of the quarterly money market rate quotations provided by the Reference Banks at approximately 11 a.m. London time on the relevant Index Valuation Date. For this purpose, the "quarterly money

market rate" means the offered rates for a loan, calculated on a Act/360 day count basis, with a term equal to three month commencing two Business Days after that day and in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit with a designated maturity of three months. The Index Calculation Agent will request the principal office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the rate for that day will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If the Index Calculation Agent is unable to obtain the relevant rate, then there shall be deemed to be a Market Disruption Event and the provisions of Section 4(a) shall apply accordingly.

## 5. Calculation of the Index Level

The Index Calculation Agent shall calculate the Index Level on each Index Valuation Date by reference to:

- (a) the Index Level in respect of the immediately preceding Rebalancing Date; and
- (b) the Futures Return from the preceding Rebalancing Date to the relevant Index Valuation Date (as determined pursuant to Section 6 (*Calculation of the Futures Return*) below).

The mathematical expression for calculating the Index Level in respect of Index Valuation Date  $t$  is as follows:

$$BaseUNI(t) = BaseUNI(n) \times [1 + (10 \times R(t))]$$

Where:

<b>BaseUNI(t)</b>	Means the Index Level in respect of Index Valuation Date $t$ ;
<b>BaseUNI(n)</b>	Means the Index Level in respect of the Rebalancing Date immediately preceding Index Valuation Date $t$ ; and
<b>R(t)</b>	Means the Futures Return in respect of Index Valuation Date $t$ .

## 6. Calculation of the Futures Return

The Index Calculation Agent shall calculate the Futures Return on each Index Valuation Day by reference to:

- (a) the price of the Fourth Eurodollar Future in respect of the Rebalancing Date immediately preceding the relevant Index Valuation Day observed by the

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Index Calculation Agent at the Observation Time on the Relevant Page on the relevant Index Valuation Day;

- (b) the arithmetic average of the relevant prices of the Fourth Eurodollar Future in respect of the Rebalancing Date immediately preceding the relevant Index Valuation Day, observed by the Index Calculation Agent on the Relevant Page at the Relevant Observation Points on such immediately preceding Rebalancing Date; and
- (c) the relevant Indicator (as determined pursuant to Section 7 (*Determination of the Indicator*) below).

The mathematical expression for calculating the Futures Return from Rebalancing Date *n* to Index Valuation Day *t* is as follows:

$$R(t) = \frac{ED(t) - ED(n)}{100} \cdot \text{Indicator}(t)$$

**Where:**

- R(t)** means the Futures Return in respect of Index Valuation Day *t*;
- ED(t)** means the price of the Fourth Eurodollar Future in respect of the Rebalancing Date immediately preceding Index Valuation Day *t*, as observed by the Index Calculation Agent at the Observation Time on the Relevant Page on Index Valuation Day *t*, provided that if Index Valuation Day *t* is a Rebalancing Date, ED(t) shall be equal to ED(*t*\*);
- ED(*t*\*)** means the arithmetic average rounded to four decimal places of the prices of the Fourth Eurodollar Future in respect of the last Rebalancing Date prior to Index Valuation Day *t* observed by the Index Calculation Agent on the Relevant Page at the Relevant Observation Points on the Index Valuation Day *t*; and
- ED(n)** means the arithmetic average rounded to four decimal places of the prices of the Fourth Eurodollar Future in respect of the Rebalancing Date immediately preceding Index Valuation Day *t*, observed by the Index Calculation Agent on the Relevant Page at the Relevant Observation Points on the Rebalancing Date immediately preceding Index Valuation Day *t*; and
- Indicator(t)** means the relevant value of the Indicator in respect of the Index Valuation Day *t*

## 7. Determination of the Indicator

The Index Calculation Agent shall calculate the Indicator on each Index Valuation Date by reference to the Trading Strategy as of the immediately preceding Rebalancing Date (as determined pursuant to Section 8 (*Trading Strategy*) below).

In respect of Index Valuation Date *t*, the Indicator shall be equal to:

- (a) 1 (one), if the Trading Strategy as of the Rebalancing Date immediately preceding Index Valuation Date *t* was to buy the Fourth Eurodollar Future; or
- (b) -1 (minus one), if the Trading Strategy as of the Rebalancing Date immediately preceding Index Valuation Date *t* was to sell the Fourth Eurodollar Future.

## 8. Trading Strategy

### (a) Overview of Trading Strategy

On each Rebalancing Date, the Index Calculation Agent shall determine whether the Trading Strategy is to:

- (i) buy the Fourth Eurodollar Future;
- (ii) sell the Fourth Eurodollar Future

For the avoidance of doubt, there can only be one Trading Strategy determined in respect of each Rebalancing Date.

### (b) Determination of the Trading Strategy

In order to determine the Trading Strategy in respect of Rebalancing Date *t*, the Index Calculation Agent shall determine the answers to the following questions (as required) in the order specified below, on the relevant Indicator Determination Date:

- (i) Is the ratio of the TwosTens Spread over the TwosTens Volatility greater than 2.5?

If the answer is:

- (A) **YES:** the Trading Strategy is to buy the Fourth Eurodollar Future until the next following Indicator Determination Date; or
- (B) **NO:** the Index Calculation Agent shall consider question 8(b)(ii) below.

- (ii) Is the ratio of the TwosTens Spread over the TwosTens Volatility less than -1.25?

If the answer is:

- (A) **YES:** the Trading Strategy is to sell the Fourth Eurodollar Future until the next following Indicator Determination Date; or

(B) **NO:** the Index Calculation Agent shall consider question (iii) below.

(iii) Is the Rates Trend Indicator strictly greater than the Rates Level Barrier?

If the answer is:

(A) **YES:** the Trading Strategy is to **sell** the Fourth Eurodollar Future until the next following Indicator Determination Date; or

(B) **NO:** the Index Calculation Agent shall consider question (iv) below.

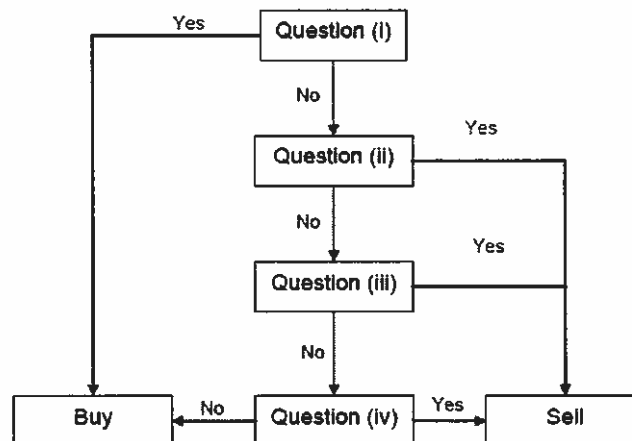
(iv) Is the Spread Trend Indicator strictly less than the Spread Level Barrier?

If the answer is:

(A) **YES:** the Trading Strategy is to **sell** the Fourth Eurodollar Future until the next following Indicator Determination Date; or

(B) **NO:** the Trading Strategy is to **buy** the Fourth Eurodollar Future until the next following Indicator Determination Date;

(c) **Diagram of the Trading Strategy**



## 9. Indicators and barriers

For the purposes of the Determination of the Trading Strategy under Section 8(b) (*Trading Strategy*) above:

- (a) The "Rates Trend Indicator" takes values between 0 and 100. It aims to have a high value within this range if there is a high likelihood for an upward trend in the 3 Month Reference Rate. If the value of the Rates Trend Indicator exceeds the Rates Level Barrier it is assumed that there in fact is an upwards trend in the 3 Month Reference Rate.

The "Rates Trend Indicator" on an Indicator Determination Date  $t$  is the twenty day arithmetic average of the trend indicator relating to the 3 Month Reference Rate (expressed as "TI" in the formula below) and is determined in accordance with the following formula:

$$RTI(t) = \frac{\sum_{i=t-19}^t TI(i)}{20}$$

Where:

<b>RTI(t)</b>	Means the Rates Trend Indicator in respect of Indicator Determination Date $t$ ;
<b>TI(t)</b>	$100 - 100/(1 + \text{Ratio}(t))$ ;
<b>Ratio(t)</b>	Average Increase (t) / Average Decrease (t);
<b>Average Increase (t)</b>	$(13 \times \text{Average Increase}(t-1) + \text{Increase}(t))/14$ ; provided that the Average Increase on the Start Date shall be equal to Average Increase (SD);
<b>Average Decrease (t)</b>	$(13 \times \text{Average Decrease}(t-1) + \text{Decrease}(t))/14$ ; provided that the Average Decrease on the Start Date shall be equal to Average Decrease (SD);
<b>Average Increase (SD)</b>	$\frac{\sum_{i=\text{Start}-13}^{\text{Start}} \text{Increase}(i)}{14}$ ;
<b>Average Decrease (SD)</b>	$\frac{\sum_{i=\text{Start}-13}^{\text{Start}} \text{Decrease}(i)}{14}$ ;
<b>Increase(t)</b>	Maximum $(3M(t) - 3M(t-1), 0)$ ;
<b>Decrease(t)</b>	Maximum $(3M(t-1) - 3M(t), 0)$ ; and
<b>3M</b>	Means the 3 Month Reference Rate

- (b) The "Rates Level Barrier" is the value the Rates Trend Indicator needs to exceed in order for the trading strategy to assume an upwards trend in the 3



Month Reference Rate. It is adjusted to the current market environment by increasing if the volatility of the 3 Month Reference Rate is high and decreasing if the volatility is low. Additionally it is limited in its values as detailed below.

The "Rates Level Barrier" is calculated each Indicator Determination Date as 75 plus 15 times 100 times the difference between the Volatility of Absolute Returns of the 3 Month Reference Rate, measured from 20 days prior to the Indicator Determination Date to the Indicator Determination Date and the average over 250 days of the Volatility of Absolute Returns of the 3 Month Reference Rate, measured over 20 days. If the calculated measure exceeds 100 the value for the Rates Level Barrier is set to 100. If the calculated measure is below 80 the value for the Rates Level Barrier is set to 80. The Rates Level Barrier on an Indicator Determination Date  $t$  is determined in accordance with the following formula:

$$b_{2,t} = \text{MAX} \left( \text{MIN} \left( 75 + 15 \cdot 100 \left( \sigma_t(\text{ar}(3M)) - \frac{1}{250} \sum_{j=t-249}^t \sigma_j(\text{ar}(3M)) \right) \cdot 100 \right), 80 \right)$$

Where:

$b_{2,t}$  Means the Rates Level Barrier in respect of Indicator Determination Date  $t$ ;

$\sigma_t(\text{ar}(3M))$  Means the 3 Month Reference Rate Volatility in respect of Indicator Determination Date  $t$  as defined under (e);

- (c) The "Spread Trend Indicator" takes values between 0 and 100. It aims to have a low value within this range if there is a high likelihood for a downward trend in the TwosTens Spread. If the value of the Spread Level Barrier exceeds the Spread Trend Indicator it is assumed that there in fact is a downwards trend in the TwosTens Spread.

The "Spread Trend Indicator" on an Indicator Determination Date  $t$  is the twenty day arithmetic average of the trend indicator relating to the TwosTens Spread (expressed as "TI" in the formula below) and is determined in accordance with the following formula:

$$\text{STI}(t) = \frac{\sum_{i=t-19}^t \text{TI}(i)}{20}$$

Where:

$\text{STI}(t)$  Means the Spread Trend Indicator in respect of Indicator Determination Date  $t$ ;

$\text{TI}(t)$   $100 - 100/(1 + \text{Ratio}(t))$ ;

<b>Ratio (t)</b>	Average Increase (t) / Average Decrease (t);
<b>Average Increase (t)</b>	(13 x Average Increase (t-1) + Increase (t))/14; provided that the Average Increase on the Start Date shall be equal to Average Increase (SD);
<b>Average Decrease (t)</b>	(13 x Average Decrease (t-1) + Decrease (t))/14; provided that the Average Decrease on the Start Date shall be equal to Average Decrease (SD);
<b>Average Increase (SD)</b>	$\frac{\sum_{i=Start-13}^{Start} Increase (i)}{14};$
<b>Average Decrease (SD)</b>	$\frac{\sum_{i=Start-13}^{Start} Decrease (i)}{14};$
<b>Increase (t)</b>	Maximum (s(t) – s(t-1), 0);
<b>Decrease (t)</b>	Maximum (s(t-1) – s(t), 0); and
<b>s</b>	Means the TwosTens Spread.

- (d) The "Spread Level Barrier" is the value the Spread Trend Indicator needs to fall below in order for the trading strategy to assume a downwards trend in the TwosTens Spread. It is adjusted to the current market environment by decreasing if the current ratio between the TwosTens Spread and its volatility is high and increasing if this ratio is low. Additionally it is limited in its value as detailed below.

The "Spread Level Barrier" is calculated each Indicator Determination Date as 40 minus 5 times the difference between ratio of the TwosTens Spread and the Volatility of Absolute Returns of the TwosTens Spread, measured from 20 days prior to the Indicator Determination Date to the Indicator Determination Date and the average over 250 days of the ratio of the TwosTens Spread and the Volatility of Absolute Returns of the TwosTens Spread, measured over 20 days. If the calculated measure exceeds 45 the value for the Spread Level Barrier is set to 45. If the calculated measure is below 0 the value for the Spread Level Barrier is set to 0. The Spread Level Barrier on an Indicator Determination Date  $t$  is determined in accordance with the following formula

$$hb_t = \text{MAX} \left( \text{MIN} \left( 40 - 5 \left( \frac{s_t}{\sigma_t(ar(s))} - \frac{1}{250} \sum_{j=t-249}^t \frac{s_j}{\sigma_j(ar(s))} \right), 45 \right), 0 \right)$$

Where:

<b>b3<sub>t</sub></b>	Means the Spread Level Barrier in respect of Indicator Determination Date <i>t</i> ;
<b><math>\sigma_t(ar(s))</math></b>	Means the TwosTens Volatility in respect of Indicator Determination Date <i>t</i> as defined under (f);
<b>s<sub>t</sub></b>	Means the TwosTens Spread on day <i>t</i>

- (d) (e) The "3 Month Reference Rate Volatility" is calculated each Indicator Determination Date as the Annualized Volatility of the Absolute Return of the 3 Month Reference Rate measured over the last 20 index valuation days. The 3 Month Reference Rate Volatility on an Indicator Determination Date *t* is determined in accordance with the following formula:

$$\sigma_t(ar(3M)) = \sqrt{\frac{250}{20} \sum_{j=t-19}^t (ar(3M)_{j-1,j})^2}$$

Where:

**$\sigma_t(ar(3M))$**  Means the TwosTens 3 Month Reference Rate Volatility in respect of Indicator Determination Date *t* determined over 20 Index Valuation days;

**$ar(3M)_{t-1,t}$**  Means the Absolute Return on the TwosTens 3 Month Reference Rate Spread from time *t-1* to time *t*, expressed as a formula:

$$ar(3M)_{t-1,t} = r(t) - r(t-1) \quad ; \text{ and}$$

**rs(t)** Means the TwosTens Spread 3 Month Reference Rate on day *t*

- (f) The "TwosTens Volatility" is calculated each Indicator Determination Date as the Annualized Volatility of the Absolute Return of the TwosTens Spread measured over the last 20 index valuation days. The TwosTens Volatility on an Indicator Determination Date *t* is determined in accordance with the following formula:

$$\sigma_t(ar(s)) = \sqrt{\frac{250}{20} \sum_{j=t-19}^t (ar(s)_{j-1,j})^2}$$

Where:

**$\sigma_t(ar(s))$**  Means the TwosTens Volatility in respect of Indicator Determination Date *t* determined over 20 Index Valuation days;

$ar(s)_{t-1,t}$  Means the Absolute Return on the TwosTens Spread from time  $t-1$  to time  $t$ , expressed as a formula:

$$ar(s)_{t-1,t} = s(t) - s(t-1) \quad ; \text{ and}$$

$s(t)$  Means the TwosTens Spread on day  $t$

#### 10. Data Provider disclaimer

None of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates has any relationship with, is affiliated with or has received compensation from any organisations that have created or publish or provide the information that serves as a reference for the Index (collectively the "Data Providers"). None of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates assumes any responsibility for the non-availability or miscalculation of, or any error or omission in, any of the rates used to make any determination in respect of the Indices. None of the Data Providers sponsors, endorses or promotes the Index or any Investment Products which reference the Indices.

## Appendix 1: Definitions

Except where the context otherwise requires, the following terms used in this Index Terms Module have the following meanings:

**"2 Year CMS Rate"** means, in respect of any Indicator Determination Date, the swap rate for USD Libor swaps with a designated maturity of 2 years, expressed as a percentage, as observed on the Display Page at 11 a.m. London time on the relevant Indicator Determination Date. For the purposes of any calculations under this Index Terms Module, the relevant value for the 2 Year CMS Rate shall be equal to such rate multiplied by one hundred. (For example, if the relevant rate is equal to 1.5%, the relevant value used in any applicable calculations will be equal to 1.5.)

**"3 Month Reference Rate"** means, in respect of any Index Valuation Date, the USD-LIBOR-BBA rate with a designated maturity of 3 months, expressed as a percentage, as observed on the Display Page at 11 a.m. London time on the relevant Indicator Determination Date. For the purposes of any calculations under this Index Terms Module, the relevant value for the 3 Month Reference Rate shall be equal to such rate multiplied by one hundred. (For example, if the relevant rate is equal to 1.5%, the relevant value used in any applicable calculations will be equal to 1.5.)

**"3 Month Reference Rate Volatility"** has the meaning set out in Section 9 (*Indicators and barriers*) of this Index Terms Module.

**"10 Year CMS Rate"** means, in respect of any Indicator Determination Date, the swap rate for USD Libor swaps with a designated maturity of 10 years, expressed as a percentage, as observed on the Display Page at 11 a.m. London time on the relevant Indicator Determination Date. For the purposes of any calculations under this Index Terms Module, the relevant value for the 10 Year CMS Rate shall be equal to such rate multiplied by one hundred. (For example, if the relevant rate is equal to 1.5%, the relevant value used in any applicable calculations will be equal to 1.5.)

**"Base Date"** has the meaning set out in the Parameters Table.

**"Business Day"** means a day that is a London Business Day and a New York Business Day.

**"CME"** means the Chicago Mercantile Exchange.

**"CMS Rate"** means either the 2 Year CMS Rate or the 10 Year CMS Rate.

**"Display Page"** means (a) in respect of a 2y CMS Rate, the page designated as ISDAFIX1 Page; and (b) in respect of a 10y CMS Rate, the page designated as ISDAFIX1 Page; (c) in respect of the USD three month Libor rate the page designated as USDLIBOR3M= Page, in each case on the Reuters Money 3000 Service (or such other page as may replace that page on that service, or any replacement service, for the purpose of displaying comparable rates, as determined by the Index Calculation Agent).

**"Eurodollar Future"** means the Three Month Eurodollar Futures Contract traded on the CME.

**"Fourth Eurodollar Future"** means, in respect of an Index Valuation Day which is on or after a Rebalancing Date immediately preceding a Future Expiry Date, and on or before this Future Expiry Date, the Eurodollar Future on CME which expires in the month of the fifth

Future Expiry Date from that Index Valuation Day, as published by CME and determined by the Index Calculation Agent.

In respect of any other Index Valuation Day, the Eurodollar Future on CME which expires in the month of the fourth Future Expiry Date from that Index Valuation Day, as published by CME and determined by the Index Calculation Agent.

**"Futures Expiry Date"** means the third Wednesday in each of March, June, September and December in each year, which corresponds to the settlement day of the quarterly Eurodollar Future traded on the CME.

**"Futures Return"** means the value determined under Section 6 (*Calculation of the Futures Return*) of this Index Terms Module.

**"Index"** has the meaning set out in Section 1(a) (*Introduction*).

**"Index Level"** means the level of the Index as determined pursuant to Section 5 (*Calculation of the Index Level*) of this Index Terms Module.

**"Index Valuation Date"** has the meaning given to it in Section 3(a) (*Index Publication*) of this Index Terms Module.

**"Indicator"** means the value determined pursuant to Section 7 (*Determination of the Indicator*) of this Index Terms Module.

**"Indicator Determination Date"** means, in respect of a Rebalancing Date, the second Index Valuation Date prior to that Rebalancing Date.

**"Initial Index Level"** has the meaning set out in the Parameters Table for the Index.

**"Liquidity Disruption Event"** means, in respect of any Index Valuation Date and as determined in its discretion by the Index Calculation Agent, a material reduction in the liquidity of the Eurodollar Future on the CME such that the prices quoted on the Relevant Page do not adequately reflect the price at which a market participant may enter into a position in respect of the Eurodollar Future. Factors which may indicate a Liquidity Disruption Event include, without limitation, a material reduction in the volume of trades in the Eurodollar Future, a material widening of the bid-offer spread in respect of the Eurodollar Future or a material increase in the volatility of the price of the Eurodollar Future, in each case when compared to historic averages.

**"London Business Day"** means any 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) in London.

**"Market Disruption Event"** means, in respect of any Index Valuation Date and as determined in its discretion by the Index Calculation Agent any rate or any other value relevant to the determination of the level of the Index is not available or does not accurately reflect the relevant market, any other disruption which disrupts the ability of market participants to effect transactions or obtain quotes in respect of the relevant rate or value or prevents the Index Calculation Agent from calculating or disseminating the Index Level including but not limited to:

- (a) any relevant futures exchange not opening for business or severely curtailing its hours of business; or

(b) trading on a relevant futures exchange being conducted without timely dissemination of closing price data.

**"New York Business Day"** means any 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) in New York, USA.

**"Parameters Table"** means the table set out in Appendix 2 (*Parameters Table*) of this Index Terms Module.

**"Rates Level Barrier"** has the meaning set out in Section 9 (*Indicators and barriers*) of this Index Terms Module.

**"Rates Trend Indicator"** has the meaning set out in Section 9 (*Indicators and barriers*) of this Index Terms Module.

**"Rebalancing Date"** has the meaning set out in the Parameters Table.

**"Reference Banks"** mean five leading swap dealers in the London interbank market, as selected by the Index Calculation Agent.

**"Relevant Observation Points"** means, in respect of an Index Valuation Date, each time [at or around] the times on such Index Valuation Date specified in the Parameters Table for the Index.

**"Relevant Page"** means, in case the Fourth Eurodollar Future expires on the fifth Future Expiry Date from the current Index Valuation Day Thomson Reuters Page GEcm5 or otherwise, Thomson Reuters Page GEcm4, or in each case their respective successors, as determined by the Index Calculation Agent.

**"Spread Level Barrier"** has the meaning set out in Section 9 (*Indicators and barriers*) of this Index Terms Module.

**"Start Date"** means 22 March 1989, which is the date on which calculations needed in the determination of the Indicators are performed for the first time.

**"Trading Strategy"** means the trading strategy set out in Section 8 (*Trading Strategy*) of this Index Terms Module.

**"TwosTens Spread"** means, in respect of an Indicator Determination Date, the difference between the 10y CMS Rate minus the 2y CMS Rate observed on such Indicator Determination Date.

**"TwosTens Volatility"** has the meaning set out in Section 9 (*Indicators and barriers*) of this Index Terms Module.

**"USD"** means the currency of the United States Dollar [or such successor official currency of the United States of America].

Appendix 2: Parameters Table

<b>Index</b>	<b>Base Date</b>	<b>Initial Index Level</b>	<b>Rebalancing Date</b>	<b>Relevant Observation Points (London time)</b>	<b>Bloomberg page</b>
HSBC Uniform USD Core Index	11 May 1990	100	The third Index Valuation Date prior to the third Wednesday in each calendar month	2 p.m., 2:30 p.m., 3 p.m., 3:30 p.m and 4 p.m.	HSUNUS00 Index



### Appendix 3: Disclaimer

**This document is issued by HSBC. HSBC is authorised and regulated by the FSA and is a member of the HSBC Group.**

**Each Index is sponsored, developed and promoted by the Index Sponsor. Each Index is calculated by the Index Calculation Agent, which, in the case of the Default Index Calculation Agent, is part of HSBC Global Research. The Index Sponsor has no responsibility for the calculation of any Index and does not guarantee or represent or warrant the accuracy or completeness of any Index or the data comprised therein.**

**Although the Index Calculation Agent will obtain information and data for inclusion in or for use in the calculation of each Index from sources which the Index Calculation Agent considers reliable, the Index Calculation Agent will not independently verify such information and data and does not guarantee the accuracy or the completeness of an Index or any data included therein. While any inaccuracy in such sources may have an adverse effect on level of any Index, neither the Index Sponsor nor the Index Calculation Agent accepts any liability for loss or damage of any kind arising from the use of such information in any such calculation or determination. Except in the case of fraudulent misrepresentation and without prejudice to their respective obligations under applicable law and/or the regulatory system to which they are subject, no liability (whether directly or indirectly, in contract, in tort, or otherwise) is accepted by either the Index Sponsor or the Index Calculation Agent or any other member, division, affiliate or agent of the HSBC Group whatsoever for any direct, indirect, special, punitive, consequential or any other losses or damages incurred by such person that arise out of or in connection with an Index, including in relation to the performance by the Index Sponsor or the Index Calculation Agent of any part of their respective roles as Index Sponsor or the Index Calculation Agent under the Index Rules.**

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**This document is intended solely for professional clients and eligible counterparties (as defined in the rules of the FSA) and is not intended for the use of retail clients. No opinions are expressed as to the merits or suitability of an Index or any Investment Products linked to an Index. Investments in Investment Products linked to an Index may not be suitable for all requirements and if you have any doubts, seek advice from your investment adviser.**

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# HSBC Global Markets Indices

Index Terms Module  
(HSBC Uniform EUR Basket Core Index)

Version [2]  
[6] June 2012

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## 1. Introduction

### (a) General

This Index Terms Module, together with the Base Terms Module, and the Index Terms Module of the HSBC Uniform EUR Core Index and the Index Terms Module of the HSBC Uniform USD Core Index and the HSBC Uniform GBP Core Index, forms the Index Description for the HSBC Uniform EUR Basket Core Index (the "Index").

The HSBC Uniform EUR Core Index, the HSBC Uniform USD Core Index and the HSBC Uniform GBP Core Index are each referred to as an "Underlying Core Index" and together, the "Underlying Core Indices"..

This Index Terms Module must be read, and must be interpreted, in conjunction with the Base Terms Module and the Index Terms Modules for the Underlying Core Indices. This is not a stand alone document and should not be read or interpreted separately from the other parts of the Index Description for the Index. If there is any inconsistency between the terms of this Index Terms Module, the Base Terms Module or any other part of the Index Description, the terms of this Index Terms Module shall prevail.

### (b) Definitions

Any capitalised term not defined in Appendix 1 (*Definitions*) of this Index Terms Module shall have the meaning given to such term in the Base Terms Module or the other Index Terms Modules which are part of the Index Description, as applicable.

### (c) Index Parameters

Certain parameters for the Index, which are used to determine the Index Level for the Index as described herein, are set out in the Parameters Table in Appendix 2 (*Parameters Table*).

## 2. Overview of the Index

The Index has been developed as an index aiming to benefit from moves in the Underlying Core Indices which form part of it. The Index aims to provide the generated returns in EUR but retains some exposure to the changes in the exchange rate between EUR and USD, as well as between EUR and GBP. The values for the Index Level of the Index are available for each Index Valuation Date from the Base Date, at which time the Index Level was set at the Initial Index Level.

## 3. Index publication

- (a) The "Index Valuation Date" means each day which is an Index Valuation Date in each of the Underlying Core Indices and which is a business day in accordance with the Target Calendar.

Subject to the occurrence of any disruption in respect of any of the Underlying Core Indices (as further described in Section 4(a) below), the Index Level for the Index is calculated on each Index Valuation Date (following the Base

Date). The Index Level is normally released by 5 p.m. London time on the relevant Index Valuation Date.

- (b) The Index Level is calculated in EUR only. The calculation method for the Index does not incorporate any deductions for transaction costs, taxes or fees.
- (c) The Index Level is published on the pages specified in the Parameters Table.
- (d) The "Observation Time" is 4 p.m. London time. For the purposes of calculating the historic data in respect of the back-testing period (i.e. between the Base Date and 17th of February 2012), the Index Calculation Agent may have used a different Observation Time than 4 p.m.

#### 4. Disruption Events

(a) **Underlying Core Index Disruption**

If, in respect of any Index Valuation Date, no level of one or multiple of the Underlying Core Indices is determined for such Index Valuation Date then the level of the Index will not be determined for such Index Valuation Date and determination of the level of the Index shall be suspended until such time as the level of all Underlying Core Indices is determined. If the Index Sponsor determines that it will terminate the publication of any of the Underlying Core Indices, publication of the Index may also be terminated.

(b) **FX Price Source Disruption**

If the Index Calculation Agent determines that a FX Price Source Disruption has occurred in respect of the exchange rate from USD to EUR or the exchange rate from GBP to EUR then the Index Calculation Agent may determine the relevant value in respect of any relevant currency pair which becomes unavailable as a result of such disruption by seeking quotes from three Reference Banks selected by the Index Calculation Agent for such currency pair. If three such quotations are provided, the relevant value for that Index Valuation Date will be the arithmetic mean of such quotations. If fewer than three such quotations are provided then the FX Price Source Disruption shall be deemed to be a Disruption Event and Section (c) (*FX Disruption*) shall apply accordingly.

(c) **FX Disruption**

If the Index Sponsor determines that an FX Disruption Event has occurred or is likely to occur in the exchange rate of USD to EUR or in the exchange rate of GBP to EUR, then the Index Sponsor may, in its discretion, either:

- (i) Suspend the calculation and publication of the Index Level for the index, or
- (ii) cease to calculate and publish the Index Level and cancel the Index,

in which event the Index Level on any Business Day following the occurrence of an FX Disruption Event shall remain static and shall be equal to the Index Level determined by the Index Calculation Agent immediately prior to the occurrence of such FX Disruption Event.

## 5. Calculation of the Index Level

The Index Calculation Agent shall calculate the Index Level on each Index Valuation Date by reference to:

- (a) the Index Level in respect of the immediately preceding Index Valuation Date;
- (b) the Return of the Underlying Core Indices from the preceding Index Valuation Date to the relevant Index Valuation Date (as determined pursuant to Section 6 (*Calculation of the Underlying Core Index Return*) below); and
- (c) the Foreign Currency Return from the preceding Index Valuation Date to the relevant Index Valuation Date (as determined pursuant to Section 7 (*Calculation of Foreign Currency Return*) below) for the Foreign Currencies USD and GBP.

The mathematical expression for calculating the Index Level in respect of Index Valuation Date  $t$  is as follows:

$$\text{EURBasket}(t) = \text{EURBasket}(t-1) \times [1 + 1/3 * \text{RUSD}(t-1, t) * (1 + \text{FXUSD}(t-1, t) + 1/3 * \text{REUR}(t-1, t) + 1/3 * \text{RGBP}(t-1, t) * (1 + \text{FXGBP}(t-1, t)))]$$

Where:

<b>EURBasket(t)</b>	means the Index Level in respect of Index Valuation Date $t$ ;
<b>EURBasket(t-1)</b>	means the Index Level in respect of the Index Valuation Date immediately preceding Index Valuation Date $t$ ;
<b>FXUSD(t-1, t)</b>	means the Foreign Currency Return from Index Valuation Date $t-1$ to $t$ of USD (the Foreign Currency)
<b>FXGBP(t-1, t)</b>	means the Foreign Currency Return from Index Valuation Date $t-1$ to $t$ of GBP (the Foreign Currency)
<b>RGBP(t-1, t)</b>	means the Underlying Core Index Return from Index Valuation Date $t-1$ to $t$ where the Underlying Core Index is the HSBC Uniform GBP Core Index
<b>REUR(t-1, t)</b>	means the Underlying Core Index Return from Index Valuation Date $t-1$ to $t$ where the Underlying Core Index is the HSBC Uniform EUR Core Index
<b>RUSD(t-1, t)</b>	means the Underlying Core Index Return from Index Valuation Date $t-1$ to $t$ where the Underlying Core Index is the HSBC Uniform USD Core Index.

## 6. Calculation of the Underlying Core Index Return

The Index Calculation Agent shall calculate the Underlying Core Index Return in respect of an Underlying Core Index from Index Valuation Date  $t-1$  to Index Valuation Date  $t$  by reference to:

- (a) The relevant Underlying Core Index Level in respect of the immediately preceding Index Valuation Date  $t-1$ ; and
- (b) the relevant Underlying Core Index Level in respect of the relevant Index Valuation Date  $t$ .

The mathematical expression for calculating the Underlying Core Index Return from Index Valuation Date  $t-1$  to Index Valuation Date  $t$  is as follows:

$$R(t) = \frac{BI(t) - BI(t-1)}{BI(t-1)}$$

**Where:**

**$R(t-1,t)$**  means the Underlying Core Index Return from Index Valuation Date  $t-1$  to  $t$ ;

**$BI(t)$**  means the Underlying Core Index Level in respect of Index Valuation Date  $t$ ; and

**$BI(t-1)$**  means the Underlying Core Index Level in respect of the Index Valuation Date immediately preceding Index Valuation Date  $t$ , which is the Index Valuation Date  $t-1$ .

## 7. Calculation of the Foreign Currency Return

The Index Calculation Agent shall calculate the "Foreign Currency Return" in respect of a Foreign Currency from Index Valuation Date  $t-1$  to Index Valuation Date  $t$  on each Index Valuation Date  $t$  by reference to:

- (a) The exchange rate for the relevant Foreign Currency into EUR on the immediately preceding Index Valuation Date, which is Index Valuation Date  $(t-1)$ ; and
- (b) the exchange rate for the relevant Foreign Currency into EUR on the relevant Index Valuation Date  $t$ .

The mathematical expression for calculating the Foreign Currency Return from Index Valuation Date  $t-1$  to Index Valuation Date  $t$  is as follows:

$$FXR(t) = \frac{FX(t)}{FX(t-1)} - 1$$

**Where:**

**$FXR(t-1,t)$**  means the Foreign Currency's Return from Index Valuation Date  $t-1$  to Index



	Valuation Date $t$ ;
<b>FX(<math>t</math>)</b>	means the Foreign Currency Exchange Rate in respect of Index Valuation Date $t$
<b>FX(<math>t-1</math>)</b>	means the Foreign Currency Exchange Rate on the immediately preceding Index Valuation Date $t-1$

**8. Data Provider disclaimer**

None of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates has any relationship with, is affiliated with or has received compensation from any organisations that have created or publish or provide the information that serves as a reference for the Index (collectively the "Data Providers"). None of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates assumes any responsibility for the non-availability or miscalculation of, or any error or omission in, any of the rates used to make any determination in respect of the Indices. None of the Data Providers sponsors, endorses or promotes the Index or any Investment Products which reference the Indices.

## Appendix 1: Definitions

Except where the context otherwise requires, the following terms used in this Index Terms Module have the following meanings:

**"Base Date"** has the meaning set out in the Parameters Table.

**"Business Day"** means each day which is a Business Day in each of the Underlying Core Indices.

**"EUR"** means Euro, the currency of the European Monetary union or such successor official currency as determined by the European Central Bank.

**"Foreign Currency"** means the either a) the currency of the United States of America, i.e. US Dollar or its successor currency as determined by the United States Federal Reserve Bank or b) the currency of the United Kingdom British Pound Sterling (GBP) or its successor currency as determined by the Bank of England

**"Foreign Currency Display Page"** means the page specified in the Parameters Table.

**"Foreign Currency Exchange Rate"** means the average of the ask price and the bid price displayed on the Foreign Currency Display Page for: a) where the Foreign Currency is USD, one USD in EUR (i.e. one divided by the average of bid and ask price displayed on the Foreign Currency Display Page); or b) where the Foreign Currency is GBP, one GBP in EUR.

**"Foreign Currency Return"** means the return of the Foreign Currency as determined pursuant Section 7 (*Calculation of the Foreign Currency Return*) of this Index Terms Module.

**"FXDisruption Event"** means the occurrence of any of the following:

- (a) an event having an adverse direct effect on the availability of any price or rate relating to the Foreign Currency, including, without limitation:
  - (i) *illiquidity*: the Index Sponsor's or the Index Calculation Agent's (or any of their relevant affiliates') ability to determine or obtain a firm quote of the relevant settlement rate or any other rate for the Foreign Currency which is relevant for the calculation of the Index Level in an amount which HSBC reasonably considers is necessary to discharge its obligations hereunder or in respect of its hedge positions relating to any Investment Products, for any reason becomes restricted, subject to material charges or deductions, or otherwise impracticable; and
  - (ii) *dual exchange rate*: any exchange rate for the Foreign Currency, or any other rate relating to the Foreign Currency and relevant to the calculation of the Index Level splits into dual or multiple rates;
- (b) an event having an adverse direct effect on the convertibility, availability or transferability of the Foreign Currency including, without limitation:
  - (i) *inconvertibility*: the occurrence of any event that generally makes it impossible (or materially restricts the Index Sponsor's or the Index Calculation Agent's (or any of their relevant affiliates') ability) to exchange or convert the Foreign Currency into another currency in the relevant jurisdiction through customary legal channels for conducting such conversion;

- (ii) *non-transferability*: the occurrence of any event that generally makes it impossible (or materially restricts the Index Sponsor's or the Index Calculation Agent's (or any of their relevant affiliates') ability) to deliver:
  - A. the Foreign Currency from accounts inside any relevant jurisdiction to accounts outside that jurisdiction;
  - B. the Foreign Currency between accounts inside the any relevant jurisdiction or to a party that is a non-resident of that jurisdiction;
- (c) an event related to a government or issuer action having a direct adverse effect on the Foreign Currency including, without limitation:
  - (i) *governmental authority default*: to the extent that such event has an impact on the Foreign Currency and in respect of any security or indebtedness for borrowed money of, or guaranteed by, any Governmental Authority, the occurrence of a default, event of default or other similar condition or event (however described) including, but not limited to:
    - A. the failure of timely payment in full of any principal, interest or other amounts due (without giving effect to any applicable grace periods) in respect of any such security, indebtedness for borrowed money or guarantee;
    - B. a declared moratorium, standstill, waiver, deferral, repudiation or rescheduling of any principal, interest or other amounts due in respect of any such security, indebtedness for borrowed money or guarantee; or
    - C. the amendment or modification of the terms and conditions of payment of any principal, interest or other amounts due in respect of any such security, indebtedness for borrowed money or guarantee without the consent of all holders of such obligation.

The determination of the existence or occurrence of any default, event of default or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for money borrowed or guarantee;

- (ii) *nationalization*: to the extent that such event has an impact on the Foreign Currency, any expropriation, confiscation, requisition, nationalisation or other action by any Governmental Authority which deprives the Index Sponsor or the Index Calculation Agent (or any of their relevant affiliates), of all or substantially all of its assets in the affected jurisdiction;
- (iii) *moratorium*: a general moratorium is declared in respect of banking activities;
- (iv) *restrictions on dealings*: any restrictions, charges, duties or other deductions have been imposed by any applicable Governmental Authority on any dealing by the Index Sponsor or the Index Calculation Agent (or any of their relevant affiliates) on any transactions referencing the Foreign Currency (including but not limited to foreign exchange transactions) such that the Index Sponsor or the Index Calculation Agent (or any of their relevant affiliates):

- A. is unable to continue to enter into, continue or complete such transactions;
  - B. is unable to perform its obligations under any hedging transaction related to any relevant Investment Products; or
  - C. will incur a materially increased cost in performing its obligations relating to such hedging positions;
- (v) *change in law*: a change in applicable law or regulation or a change in the promulgation of or interpretation of such law or regulation has occurred which may affect the ownership in and/or the availability or transferability of the Foreign Currency;
- (vi) *reserve requirements*: the introduction of reserve requirements or other currency control restrictions adversely affecting any hedging transactions relating to any relevant Investment Products;
- (vii) *national emergency*: there occurs a declaration of national emergency, a disaster or civil unrest that would constitute a national emergency, the imposition of martial law, a declaration of war by or against such the relevant jurisdiction, or any other such similar event;
- (viii) *taxation*: any of the following:
- A. the imposition of taxes on the transfer of the Foreign Currency out of any relevant jurisdiction;
  - B. the imposition of any taxes on any conversion of the Foreign Currency into any other currency;
  - C. any action being taken by a taxing authority in a relevant jurisdiction; or
  - D. the occurrence of any other act or event at any time relating to withholding or deduction for or on account of tax in relation to any hedge transaction relating to an Investment Product; and

any other event, whether similar or not to the events listed in paragraphs (a) to (c) above, which makes it impossible for the Index Calculation Agent to calculate the Index Level for an Index.

**"FX Price Source Disruption"** means in respect of a Foreign Currency, the occurrence of an event or circumstance when it becomes impossible to obtain any relevant rate relating to a Foreign Currency relevant to the calculation of the Index Level for the Index from the Foreign Currency Display Page as stated in the Parameters Table or if such rate does not reflect the actual prices traded in the market for the relevant Foreign Currency. .

**"GBP"** means British Pound Sterling, the currency of the United Kingdom or such successor official currency as determined by the Bank of England.

**"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 any relevant jurisdiction.

"**Index**" has the meaning set out in Section 1(a) (*Introduction*).

"**Index Level**" means the level of the Index as determined pursuant Section 5 (*Calculation of the Index Level*) of this Index Terms Module.

"**Index Valuation Date**" has the meaning given to it in Section 3(a) (*Index publication*) of this Index Terms Module.

"**Initial Index Level**" has the meaning set out in the Parameters Table.

"**Parameters Table**" means the table set out in Appendix 2 (*Parameters Table*) of this Index Terms Module.

"**Target Calendar**" means the calendar which is used for settlements and payments in the Target Interbank System.

"**Underlying Core Index**" means the HSBC Uniform EUR Core Index, the HSBC Uniform USD Core Index and the HSBC Uniform GBP Core Index.

"**Underlying Core Index Level**" means the level of the Underlying Core Index as determined pursuant to the index description for the respective Underlying Core Index.

"**Underlying Core Index Return**" means the return of the Core Index as determined pursuant Section 6 (*Calculation of the Core Index Return*) of this Index Terms Module.

"**USD**" means United States Dollar, the currency of the United States of America or its successor currency as determined by the United States Federal Reserve Bank.

Appendix 2: Parameters Table

Index	Base Date	Underlying Core Indices	Initial Index Level	Bloomberg page	Foreign Currency Display Page	
HSBC Uniform EUR Basket Core Index	13 March 2000	HSBC Uniform EUR Core Index	100	HSUNBKE0 Index	In case the Foreign Currency is USD	
				For the HSBC Uniform EUR Core Index:	Reuters page: USDEURFIX=WM	
		HSBC Uniform USD Core Index		HSUNEU00 Index	In case the Foreign Currency is GBP	
				For the HSBC Uniform USD Core Index:	Reuters page: GBPEURFIX=WM	
		HSBC Uniform GBP Core Index			For the HSBC Uniform GBP Core index:	
				HSUNUS00 Index		
				For the HSBC Uniform GBP Core index:		
			HSUNBP00 Index			

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# HSBC Global Markets Indices

Index Terms Module  
(HSBC Uniform EUR Volatility Budgeted Index)

Version [14]  
[23] February 2012

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## 1. Introduction

### (a) **General**

This Index Terms Module, together with the Base Terms Module, and the Index Terms Module (HSBC Uniform EUR Core Index), forms the Index Description for the HSBC Uniform EUR Volatility Budgeted Index (the "Index").

This Index Terms Module must be read, and must be interpreted, in conjunction with the Base Terms Module and the Index Terms Module (HSBC Uniform EUR Core Index). This is not a stand alone document and should not be read or interpreted separately from the other parts of the Index Description for the Index. If there is any inconsistency between the terms of this Index Terms Module, the Base Terms Module or any other part of the Index Description, the terms of this Index Terms Module shall prevail.

### (b) **Definitions**

Any capitalised term not defined in Appendix 1 (*Definitions*) of this Index Terms Module shall have the meaning given to such term in the Base Terms Module or the Index Terms Module (HSBC Uniform EUR Core Index), as applicable.

### (c) **Index Parameters**

Certain parameters for the Index, which are used to determine the Index Level for the Index as described herein, are set out in the Parameters Table in Appendix 2 (*Parameters Table*).

## 2. Overview of the Index

The Index has been developed as an index aiming to benefit from price moves in the EURIBOR Future. The values for the Index Level of the Index are available for each Index Valuation Date from the Base Date, at which time the Index Level was set at the Initial Index Level. The Index uses a "volatility budget" mechanism which aims to control the volatility of the daily returns of the Index.

## 3. Index publication

- (a) The "**Index Valuation Date**" means every Business Day on which the Core Index is calculated in accordance with the HSBC EUR Uniform Core Index Term Module.

Subject to the occurrence of any Disruption Event (as detailed under Section 4 below.) in the Core Index, the Index Level for the Index is calculated on each Index Valuation Date (following the Base Date). The Index Level is normally released by 5 p.m. London time on the relevant Index Valuation Date.

- (b) The Index Level is calculated in EUR only. The calculation method for the Index does not incorporate any deductions for transaction costs, taxes or fees.

- (c) The Index Level is published on the pages specified in the Parameters Table.
- (d) The "Observation Time" is 4 p.m. London time. For the purposes of calculating the historic data in respect of the back-testing period (i.e. between the Base Date and 01.06.2011, the Index Calculation Agent may have used a different Observation Time than 4 p.m.).

#### 4. Disruption Events

If, in respect of any Index Valuation Date, no level of the Core Index is determined for such Index Valuation Date then the level of the Index will not be determined for such Index Valuation Date and determination of the level of the index shall be suspended until such time as the level of the Core Index is determined. If the Index Sponsor determines that it will terminate the publication of the Core Index, publication of the Index may also be terminated.

#### 5. Calculation of the Index Level

The Index Calculation Agent shall calculate the Index Level on each Index Valuation Date by reference to:

- (a) the Index Level in respect of the immediately preceding Index Valuation Date;
- (b) the Target Volatility Factor in respect of the immediately preceding Index Valuation Date (as determined pursuant to Section 7 (*Calculation of the Target Volatility Factor*) below); and
- (c) the Core Index Return from the preceding Index Valuation Date to the relevant Index Valuation Date (as determined pursuant to Section 6 (*Calculation of Core Index Return*) below).

The mathematical expression for calculating the Index Level in respect of Index Valuation Date  $t$  is as follows:

$$EURUNI(t) = EURUNI(t-1) \times [1 + TVF(t-1) \times R(t)]$$

Where:

<b>EURUNI(t)</b>	means the Index Level in respect of Index Valuation Date $t$ ;
<b>EURUNI(t-1)</b>	means the Index Level in respect of the Index Valuation Date immediately preceding Index Valuation Date $t$ ;
<b>TVF(t-1)</b>	means the Target Volatility Factor in respect of the Index Valuation Date immediately preceding Index Valuation Date $t$ ;
<b>R(t)</b>	means the Core Index Return in respect of Index Valuation Date $t$ .

## 6. Calculation of the Core Index Return

The Index Calculation Agent shall calculate the Core Index Return on each Index Valuation Date by reference to:

- (a) the Core Index Level in respect of the immediately preceding Index Valuation Date; and
- (b) the Core Index Level in respect of the relevant Index Valuation Date.

The mathematical expression for calculating the Core Index Return from Index Valuation Date  $t-1$  to Index Valuation Date  $t$  is as follows:

$$R(t) = \frac{BI(t) - BI(t-1)}{BI(t-1)}$$

**Where:**

**R(t)** means the Core Index Return in respect of Index Valuation Date  $t$ ;

**BI(t)** means the Core Index Level in respect of Index Valuation Date  $t$ ; and

**BI(t-1)** means the Core Index Level in respect of the Index Valuation Date immediately preceding Index Valuation Date  $t$ .

## 7. Calculation of the Target Volatility Factor

### (a) Calculation of the Target Volatility Factor

The Index Calculation Agent shall calculate the Target Volatility Factor on each Index Valuation Date by reference to:

- i. The Target Volatility; and
- ii. the Realized Volatility in respect of such Index Valuation Date

The mathematical expression for calculating the Target Volatility Factor in respect of Index Valuation Date  $n$  is as follows:

$$TVF(n) = \text{Minimum} \left( \frac{\sigma_{Target}}{\sigma_{Realized}(n)}, 200\% \right)$$

**Where:**

**TVF(n)** means the Target Volatility Factor in respect of Index Valuation Date  $n$ ;

**$\sigma_{Target}$**  means 8%; and

$\sigma_{\text{Realized}(n)}$  means the Realized Volatility in respect of Index Valuation Date  $n$

(b) **Calculation of the Realized Volatility**

The Index Calculation Agent shall calculate the Realized Volatility on each Index Valuation Date by reference to the Volatility on each of the Index Valuation Dates falling between the eleventh Index Valuation Date and the second Index Valuation Date immediately prior to such Index Valuation Date. In case the Core Index was not published for any of these Index Valuation Date the Realized Volatility is set to 8% for such Index Valuation Date on which the Core Index was not published.

The mathematical expression for calculating the Realized Volatility in respect of Index Valuation Date  $n$  is as follows:

$$\sigma_{\text{Realized}(n)} = \text{Maximum} (\sigma(n-2), \sigma(n-3), \sigma(n-4), \sigma(n-5), \sigma(n-6), \sigma(n-7), \sigma(n-8), \sigma(n-9), \sigma(n-10), \sigma(n-11))$$

Where:

$\sigma_{\text{Realized}(n)}$  means the Realized Volatility in respect of Index Valuation Date  $n$ ;

$\sigma(n-k)$  means the Volatility on Index Valuation Date  $n-k$ ; and

$n-k$  means the  $k^{\text{th}}$  Index Valuation Date immediately preceding Index Valuation Date  $n$ .

(c) **Calculation of the Volatility on a Index Valuation Date**

The Index Calculation Agent shall calculate the Volatility on each of the Index Valuation Dates falling between the eleventh Index Valuation Date and the second Index Valuation Date immediately prior to an Index Valuation Date by reference to the Daily Return on the Core Index.

The mathematical expression for calculating the Volatility in respect of Index Valuation Date  $n-k$  is as follows:

$$\sigma(n-k) = \sqrt{250 \times \frac{\left( \sum_{i=n-k-19}^{n-k} (r(i))^2 \right)}{20}}$$

Where:

$\sigma(n-k)$  means the Volatility on Index Valuation Date  $n-k$ ;

<b>r(i)</b>	means the Daily Return on the Core Index on the $i^{\text{th}}$ Index Valuation Date in the relevant Realized Volatility Calculation Period; and
<b>Realized Volatility Calculation Period</b>	means in respect of Index Valuation Date $n-k$ , the period from (but excluding) 20 Index Valuation Dates prior to $n-k$ to (and including) $n-k$ .

(d) **Calculation of the Daily Return on the Core Index (r(i))**

The Index Calculation Agent shall calculate the Daily Return on the Core Index in respect of each Index Valuation Day in the relevant Realized Volatility Calculation Period.

The mathematical expression for calculating the Daily Return on the Core Index on the  $i^{\text{th}}$  Index Valuation Date in the relevant Realized Volatility Calculation Period is as follows:

$$r(i) = \frac{BI(i) - BI(i-1)}{BI(i-1)}$$

**Where:**

<b>r(i)</b>	means the Daily Return on the Core Index on the $i^{\text{th}}$ Index Valuation Date in the relevant Realized Volatility Calculation Period
<b>BI(i)</b>	means the Core Index Level observed by the Index Calculation Agent on the $i^{\text{th}}$ Index Valuation Date in the relevant Realized Volatility Calculation Period; and
<b>BI(i-1)</b>	means the Core Index Level observed by the Index Calculation Agent on the Index Valuation Date immediately preceding the $i^{\text{th}}$ Index Valuation Date in the relevant Realized Volatility Calculation Period.

8. **Data Provider disclaimer**

None of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates has any relationship with, is affiliated with or has received compensation from any organisations that have created or publish or provide the information that serves as a reference for the Index (collectively the "Data Providers"). None of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates assumes any responsibility for the non-availability or miscalculation of, or any error or omission in, any of the rates used to make any determination in respect of the Indices. None of the Data Providers sponsors, endorses or promotes the Index or any Investment Products which reference the Indices.

## Appendix 1: Definitions

Except where the context otherwise requires, the following terms used in this Index Terms Module have the following meanings:

**"Base Date"** has the meaning set out in the Parameters Table.

**"Business Day"** means a day which is a London Business Day and a Frankfurt Business Day.

**"Core Index"** means the HSBC Uniform EUR Core Index.

**"Core Index Level"** means the level of the Core Index as determined pursuant to the index description for the HSBC Uniform EUR Core Index.

**"Core Index Return"** means the return of the Core Index as determined pursuant Section 6 (*Calculation of the Core Index Return*) of this Index Terms Module.

**"EUR"** means the currency of the European monetary union, the Euro, or its respective successor as determined by the European Central Bank.

**"EURIBOR Future"** means the Three Month EURIBOR Futures Contract traded on LIFFE.

**"Frankfurt Business Day"** means any 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) in Frankfurt.

**"Index"** has the meaning set out in Section 1(a) (*Introduction*).

**"Index Level"** means the level of the Index as determined pursuant Section 5 (*Calculation of the Index Level*) of this Index Terms Module.

**"Index Valuation Date"** every Business Day on which the Core Index is calculated in accordance to the HSBC EUR Uniform Core Index Term Module

**"Initial Index Level"** has the meaning set out in the Parameters Table.

**"LIFFE"** means the London International Financial Futures and Options Exchange

**"London Business Day"** means any 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) in London.

**"Parameters Table"** means the table set out in Appendix 2 (*Parameters Table*) of this Index Terms Module.

**"Target Volatility"** is the daily volatility the index aims to have. It is set to 8% p.a..

**"Target Volatility Factor"** has the meaning set out in Section 7 (*Calculation of the Target Volatility Factor*).



**Appendix 2: Parameters Table**

<b>Index</b>	<b>Base Date</b>	<b>Core Index</b>	<b>Initial Index Level</b>	<b>Bloomberg page</b>
HSBC Uniform EUR Volatility Budgeted Index	10 March 2000	HSBC Uniform EUR Core Index (Bloomberg Page HSUNEU00 Index)	100	HSUNEU01 Index

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## ANNEX 2 TO PART D – INFORMATION ON THE PREFERENCE SHARE ISSUER AND THE PREFERENCE SHARES

### The Preference Share Issuer

Eukairos Investments Limited (the "**Preference Share Issuer**") is a private company limited by shares and was incorporated under the Companies Act 2006 on 30 April 2010 (with registered number 7240905). The Preference Share Issuer is governed by the laws of England and Wales and has its registered office at 35 Great St Helens, London, EC3A 6AF, United Kingdom.

A copy of the Preference Share Issuer's constitutional documents, its audited, non-consolidated annual financial statements, when published, and the Terms and Conditions of the Preference Shares (as defined below) are available (free of charge) from the registered office of the Preference Share Issuer.

The sole business activity of the Preference Share Issuer is to issue redeemable Preference Shares. Accordingly, the Preference Share Issuer does not have any trading assets and does not generate any significant net income.

### The Preference Shares

The Preference Share Issuer may issue redeemable Preference Shares of any kind including, but not limited to, Preference Shares linked to a specified index or basket of indices, a specified share or basket of shares, a specified currency or basket of currencies, a specified debt instrument or basket of debt instruments, a specified commodity or basket of commodities, a specified fund share or unit or basket of fund shares or units or to such other underlying instruments, bases of reference or factors (the "**Preference Share Underlying**") and on such terms as may be determined by the Preference Share Issuer and specified in the applicable conditions of the relevant series of Preference Shares (the "**Terms and Conditions of the Preference Shares**"). The Terms and Conditions of the Preference Shares, and any non-contractual obligations arising out of or in connection with the Terms and Conditions of the Preference Shares, shall be governed by and construed in accordance with English law.

The performance of the Preference Shares depends on the performance of the Preference Share Underlying to which the relevant Preference Shares are linked. In determining the value of the Preference Shares, the Preference Share Calculation Agent shall employ the calculation procedure and methodology set out in the applicable Terms and Conditions of the Preference Shares.

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**PROGRAMME FOR THE ISSUANCE OF NOTES AND WARRANTS  
COMMODITY/COMMODITY INDEX-LINKED NOTES AND WARRANTS**

This product supplement in relation to Commodity/Commodity Index-Linked Notes and Warrants constitutes Part E ("**Part E**") of the offering memorandum dated 18 June 2013 (the "**Offering Memorandum**") prepared by HSBC Bank plc (the "**Bank**" or the "**Issuer**") in relation to the Programme for the Issuance of Notes and Warrants (the "**Programme**") described therein in connection with the application made for Notes to be admitted to listing on the Irish Stock Exchange, and to trading on its Global Exchange Market.

The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the "**Prospectus Directive**"). The Offering Memorandum has been prepared solely with regard to Notes and Warrants that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2004/39/EC and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).

To the extent that there is any inconsistency between any statement in this Part E and any other statement in, or incorporated by reference in, other parts of the Offering Memorandum, the statements in this Part E will prevail for the purposes of Part E.

Notes and Warrants issued pursuant to the Programme may include: "**Commodity/Commodity Index-Linked Notes**" and "**Commodity/Commodity Index-Linked Warrants**", being Notes and Warrants in relation to which the interest rate and/or redemption amount or exercise amount (as applicable) payable at maturity or expiry or exercise (as applicable) is linked to a commodity, basket of commodities or one or more commodity indices. The purpose of this Part E is to provide information in relation to Commodity/Commodity Index-Linked Notes and Warrants. This Supplement should be read together with Parts A and B of Offering Memorandum (in relation to Commodity/Commodity Index-Linked Notes) and Parts A and C of the Offering Memorandum (in relation to Commodity/Commodity Index-Linked Warrants).

**An investment in Commodity/Commodity Index-Linked Notes and Commodity/Commodity Index-Linked Warrants involves risks. See Part A of the Offering Memorandum under the heading "Risk Factors" (beginning on page A-9).**

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Part E or any other information supplied in connection with the Commodity/Commodity Index-Linked Notes and Warrants and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

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

The distribution of this Part E and the offer, distribution or sale of Commodity/Commodity Index-Linked Notes and Warrants may be restricted by law in certain jurisdictions. The Issuer does not represent that this document may be lawfully distributed, or that the Commodity/Commodity Index-Linked Notes and Warrants may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, action may be required to be taken to permit a public offering of the Commodity/Commodity Index-Linked Notes and Warrants or a distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Commodity/Commodity Index-Linked Notes and Warrants may be offered or sold, directly or indirectly, and neither this Part E nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Part E or the Commodity/Commodity Index-Linked Notes and Warrants come must inform themselves about, and observe, any such restrictions.

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

**Arranger and Dealer  
HSBC**

18 June 2013



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**ADDITIONAL PROVISIONS RELATING TO COMMODITY/COMMODITY INDEX-LINKED NOTES**

The following additional conditions shall be deemed to be added as Condition 22 to the terms and conditions set out in the section headed "*Terms and Conditions of the Notes*" appearing in "*Part B - Information relating to the Notes Generally*" of the Offering Memorandum in respect of any issue of Commodity/Commodity Index-Linked Notes.

The terms and conditions of the Commodity/Commodity Index-Linked Notes shall consist of Condition 22, and the terms and conditions set out in the section headed "*Terms and Conditions of the Notes*" appearing in "*Part B - Information relating to the Notes Generally*" of the Offering Memorandum, as amended or supplemented by the terms of each Tranche of Notes set out in the Pricing Supplement, examples of which are set out below.

22. Provisions relating to Commodity/Commodity Index-Linked Notes

(a) **Definitions**

As used in this Condition 22, and unless otherwise provided in the relevant Pricing Supplement, the following expressions shall have the following meanings:

**"Additional Disruption Event"** means the occurrence of either (i) Hedging Disruption or (ii) Increased Cost of Hedging;

**"Associated Hedging Costs"** means any loss, or mark to market adjustment, which would be incurred by the Issuer and/or its affiliates as a result of terminating, liquidating, transferring, obtaining or re-establishing any swap agreement, financing arrangement or other hedging transaction entered into by or on behalf of the Issuer and/or its affiliates in relation to, as a result of or in connection with the issuance of the Notes (if any), subject to a minimum of zero;

**"Barrier Price"** shall have the meaning specified in the relevant Pricing Supplement;

**"Basket of Commodities"** means a basket comprising two or more Commodities or Commodity Indices;

**"Calculation Agent Determination"** means that the Calculation Agent will determine the Relevant Price (or a method for determining a Relevant Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information it deems relevant;

**"Cancellation"** means that all but not some only of the Notes shall be redeemed, each Note being redeemed by payment of an amount equal to the fair market value of such Note, less any Associated Hedging Costs, all as determined by the Calculation Agent in its sole and absolute discretion;

**"Commodity"** means, the commodity (or commodities) or futures contract on a commodity (or commodities) specified in the relevant Pricing Supplement, and related expressions shall be construed accordingly;

**"Commodity Business Day"** means:

- (i) where the Commodity Reference Price is announced or published by an Exchange, any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which that Exchange is open for trading during its regular trading sessions and notwithstanding any such Exchange closing prior to its Scheduled Closing Time; or
- (ii) in any other case, a day in respect of which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published), a price;

**"Commodity Fallback Value"** means the arithmetic mean of the quotations provided to the Calculation Agent by each of the Reference Dealers as its Commodity Reference Price for the relevant Pricing Date of the relevant Commodity, **provided that** if only three such quotations are

so provided, the Commodity Fallback Value shall be the Commodity Reference Price remaining after disregarding the Commodity Reference Prices having the highest and lowest values (or if more than one such highest or lowest, one only of them). If fewer than three such quotations are so provided, it will be deemed that such value cannot be determined and the relevant value shall be the good faith estimate of the Calculation Agent;

"**Commodity Index**" means each index specified as such in the relevant Pricing Supplement or an index comprising one or more commodities or contracts for the future delivery of a commodity (each a "**Component**");

"**Commodity Price**" means, in respect of a Commodity or a Component as applicable, the price or other unit of quotation for such Commodity or Component specified in the relevant Pricing Supplement;

"**Commodity Reference Price**" means, (i) in respect of any Commodity, the Commodity Reference Price specified in the relevant Pricing Supplement and (ii) in respect of any Commodity Index, the Commodity Reference Price specified in the relevant Pricing Supplement or, if not so specified, the official closing price of such Commodity Index;

"**Delayed Publication and Announcement**" means that the Relevant Price for a Pricing Date will be determined based on the Specified Price in respect of the original day scheduled as such Pricing Date that is published or announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Pricing Date) or the Relevant Price continues to be unavailable for consecutive Commodity Business Days equal in number to the Specified Maximum Days of Disruption. In that case, the next Disruption Fallback specified in the relevant Pricing Supplement will apply.

"**Delivery Date**" means, in respect of a Commodity Reference Price, the relevant date or month for delivery of the underlying Commodity (which must be a date or month reported or capable of being determined from information reported in or by the relevant Price Source) as follows:

- (i) if a date is, or a month and year are, specified in the relevant Pricing Supplement, that date or that month and year;
- (ii) if a Nearby Month is specified in the relevant Pricing Supplement, the month of expiration of the relevant Futures Contract; and
- (iii) if a method is specified in the relevant Pricing Supplement for the purpose of determining the Delivery Date, the date or the month and year determined pursuant to that method;

"**Disappearance of Commodity Reference Price**" means (i) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange or (ii) the disappearance of, or of trading in, the relevant Commodity or Component or (iii) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract, Commodity or Component;

"**Disrupted Day**" means any Commodity Business Day on which a relevant Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;

"**Disruption Fallback**" means each of Calculation Agent Determination, Cancellation, Delayed Publication and Announcement, Commodity Fallback Value, Fallback Commodity Price, and Postponement, which are specified as applicable in the relevant Pricing Supplement;

"**Exchange**" means, in respect of a Commodity, the exchange or principal trading market for such Commodity specified in the relevant Pricing Supplement or in the Commodity Reference

Price and in the case of a Commodity Index, the exchange or principal trading market for each Component comprising such Commodity Index;

**"Fallback Commodity Price"** means that the Calculation Agent shall determine the Relevant Price of the relevant Commodity using the Commodity Price specified in the relevant Pricing Supplement as an alternative Commodity Price;

**"Futures Contract"** means, in respect of a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity or Commodity Index referred to in that Commodity Reference Price;

**"Hedging Disruption"** means that the Issuer and/or its affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer and/or its affiliates deem necessary to hedge the risk of issuing and performing any obligations with respect to the Notes or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s);

**"Increased Cost of Hedging"** means that the Issuer and/or its affiliates would incur a materially increased cost (as compared with circumstances existing on the Issue Date), amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer and/or its affiliates deem necessary to hedge the risk of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging;

**"Index Component Disruption Event"** means:

- (i) the Commodity Reference Price published by the Price Source on any Pricing Date includes, or is derived from, a price for one or more Components published on any date between the Issue Date and such Pricing Date that is not a price published by the usual exchange or price source, but is a price determined by the Price Source; or
- (ii) the Commodity Reference Price published by the Price Source on any Pricing Date includes, or is derived from, a price for one or more Components published by the usual exchange or price source on any date between the Issue Date and such Pricing Date that, in the opinion of the Calculation Agent, has been calculated or published subject to the occurrence of market disruption or similar, or otherwise not in accordance with the usual, then-current, method used by such exchange or price source;

**"Material Change in Content"** means the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Commodity or Futures Contract or, in the case of a Commodity Index, Component;

**"Material Change in Formula"** means the occurrence since the Trade Date of a material change in the formula for or the method of calculating the relevant Commodity Reference Price;

**"Nearby Month"**, when preceded by a numerical adjective, means, in respect of a Delivery Date and a Pricing Date, the month of expiration of the Futures Contract identified by that numerical adjective, so that, for example, (A) **"First Nearby Month"** means the month of expiration of the first Futures Contract to expire following that Pricing Date; (B) **"Second Nearby Month"** means the month of expiration of the second Futures Contract to expire following that Pricing Date; and (C) **"Sixth Nearby Month"** means the month of expiration of the sixth Futures Contract to expire following that Pricing Date;

**"Postponement"** means that the Pricing Date will be deemed, for purposes of the application of this Disruption Fallback only, to be the first succeeding Commodity Business Day or on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Pricing Date) for consecutive Commodity Business Days equal in number to the Specified Maximum

Days of Disruption. In that case, the next Disruption Fallback specified in the relevant Pricing Supplement will apply;

**"Price Fixation Event"** means the enactment, promulgation, execution or notification of, or any change in or amendment to, any law (or the application or interpretation of any law, as determined by a court or regulatory authority of competent jurisdiction or as determined by the opinion of independent legal counsel nominated by the Issuer) that occurs after the Issue Date which would result in the fixing of the prices at which any relevant Commodity may be bought and sold which does not reflect normal market response to supply and demand vis a vis that which would exist if prices were not so fixed;

**"Price Source"** means the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the relevant Commodity Reference Price;

**"Price Source Disruption"** means (i) the failure of the Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) for the relevant Commodity Reference Price, or (ii) the temporary or permanent discontinuance or unavailability of the Price Source;

**"Pricing Date"** means each date specified in the relevant Pricing Supplement or if that is not a Commodity Business Day the immediately succeeding Commodity Business Day;

**"Reference Dealers"** means four leading dealers in the relevant Commodities market selected by the Calculation Agent;

**"Relevant Price"** means, for any Pricing Date, the price, expressed as a price per unit of the Commodity or the price of the Commodity Index, determined with respect to that day for the specified Commodity Reference Price calculated as provided in this Condition 22 and the relevant Pricing Supplement;

**"Scheduled Closing Time"** means, in respect of an Exchange, the scheduled weekday closing time of such Exchange on such Commodity Business Day, without regard to after hours or any other trading outside of the regular trading session hours;

**"Specified Maximum Days of Disruption"** means two (2) Commodity Business Days or such other number of Specified Maximum Days of Disruption specified in the relevant Pricing Supplement;

**"Specified Price"** means, in respect of a Commodity Reference Price any of the following prices (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source), as specified in the relevant Pricing Supplement (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the spot price; or (O) any other price specified in the relevant Pricing Supplement on the Pricing Date;

**"Strike Price"** shall have the meaning specified in the relevant Pricing Supplement;

**"Tax Disruption"** means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the relevant Commodity, or in the case of a Commodity Index, Component (other than a tax on, or measured by reference to overall gross or net income) by any government or taxation authority after the Trade Date, if the direct effect of such imposition, change or removal is to raise or lower the Relevant Price on the day that would otherwise be a Pricing Date from what it would have been without that imposition, change or removal;

**"Trade Date"** means the date specified as such in the relevant Pricing Supplement;

**"Trading Disruption"** means the material suspension of, or the material limitation imposed on, trading in the relevant Futures Contract or the Commodity or, in the case of a Commodity Index, Component on the Exchange or in any additional futures contract, options contract or commodity on any Exchange as specified in the relevant Pricing Supplement. For these purposes:

- (i) a suspension of the trading in the Futures Contract, Commodity or Component, as the case may be, on any Commodity Business Day shall be deemed to be material only if:
  - (A) all trading in the Futures Contract, Commodity or Component, as the case may be, is suspended for the entire Pricing Date; or
  - (B) all trading in the Futures Contract, Commodity or Component, as the case may be, is suspended subsequent to the opening of trading on the Pricing Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract, Commodity or Component, as the case may be, on such Pricing Date and such suspension is announced less than one hour preceding its commencement; and
- (ii) a limitation of trading in the relevant Futures Contract, Commodity or Component, as the case may be, on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the relevant Futures Contract, Commodity or Component, as the case may be, may fluctuate and the closing or settlement price of the relevant Futures Contract, Commodity or Component, as the case may be, on such day is at the upper or lower limit of that range;

**"Valuation Time"** means, in relation to each Commodity or Commodity Index to be valued on any date, the time on such date specified as such in the relevant Pricing Supplement or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on such date in relation to such Commodity or Commodity Index, as applicable. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; and

**"Weighting"** has the meaning specified in the relevant Pricing Supplement.

(b) ***Market Disruption***

**"Market Disruption Event"** means, in respect of a relevant Commodity or Commodity Index and as determined by the Calculation Agent, the occurrence or existence of:

- (i) in the case of all Commodities and each Commodity Index, a Price Source Disruption, Trading Disruption, Disappearance of Commodity Reference Price and/or a Price Fixation Event and in addition;
- (ii) in the case of each Commodity Index and all Commodities other than Gold, Silver, Platinum or Palladium, Material Change in Formula, Material Change in Content and/or Tax Disruption, and;
- (iii) in the case of a Commodity Index, an Index Component Disruption Event.

The Calculation Agent shall give notice as soon as practicable to Noteholders in accordance with Condition 13 of the occurrence of a Market Disruption Event and the action proposed to be taken in relation thereto.

(c) ***Consequences of a Market Disruption Event and Disruption Fallbacks***

Upon a Market Disruption Event occurring or continuing on any Pricing Date (or, if different, the day on which prices/or that Pricing Date would, in the ordinary course, be published by the Price Source), the Calculation Agent shall apply the applicable Disruption Fallback in respect of the relevant Market Disruption Event in determining the consequence of the Market Disruption Event, or, if in the sole and absolute discretion of the Calculation Agent, it is not possible to apply the specified Disruption Fallback, the Calculation Agent shall apply the next applicable Disruption Fallback as specified in the relevant Pricing Supplement. A Disruption Fallback is

applicable if it is specified in the relevant Pricing Supplement and shall apply in the order so specified. If no Disruption Fallback is specified, the Calculation Agent shall take the relevant actions specified below:

(i) *Disappearance of Commodity Reference Price, a Material Change in Formula, or a Material Change in Content*

If, with respect to the relevant Pricing Date, the Calculation Agent considers that there is in existence (i) a Disappearance of Commodity Reference Price, or (ii) a Material Change in Formula, or (iii) a Material Change in Content, then:

- (A) the Calculation Agent shall determine if such event has a material effect on the Notes and, if so, shall calculate the relevant Interest Amount and/or make another relevant calculation using, in lieu of a published price for that Commodity or Component, as the case may be, the price for that Commodity or Component, as the case may be, as at the time specified on that Pricing Date as determined by the Calculation Agent taking into consideration the latest available quotation for such Commodity or Component, as the case may be, and any other information that in good faith it deems relevant; or
- (B) unless Delayed Redemption on Occurrence of Market Disruption Event is specified as being applicable in the relevant Pricing Supplement, on giving notice to Noteholders in accordance with Condition 14, the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of such Note, less any Associated Hedging Costs, all as determined by the Calculation Agent in its sole and absolute discretion. Payment shall be made in such manner as shall be notified to the Noteholders in accordance with Condition 14; or
- (C) if Delayed Redemption on Occurrence of Market Disruption Event is specified as being applicable in the relevant Pricing Supplement, the Calculation Agent shall calculate the fair market value of each Note, taking into account the Market Disruption Event, less any Associated Hedging Costs (the "**Calculated Market Disruption Amount**") as soon as practicable following the occurrence of the Market Disruption Event (the "**Calculated Market Disruption Amount Determination Date**") and on the Maturity Date shall redeem each Note at an amount calculated by the Calculation Agent equal to the Calculated Market Disruption Amount plus interest accrued from and including the Calculated Market Disruption Amount Determination Date to but excluding the Maturity Date at a rate equal to Issuer's funding cost at such time.

(ii) *Consequences of a Tax Disruption*

If the Calculation Agent determines in good faith that a Tax Disruption has occurred or exists in respect of a Pricing Date, the Calculation Agent shall determine if such Tax Disruption has a material effect on the Notes and if so (i) shall effect any adjustments that it deems in good faith necessary to the terms and conditions of the Notes or, (ii) if it determines that such adjustments cannot be made on giving notice to Noteholders in accordance with Condition 14, the Issuer shall redeem all but not some only of the Notes, each Note being redeemed by payment of an amount equal to the fair market value of a Note, less any Associated Hedging Costs, all as determined by the Calculation Agent in its sole and absolute discretion.

(iii) *Consequences of a Price Source Disruption, Trading Disruption and Price Fixation Event*

If, with respect to the relevant Pricing Date, a Price Source Disruption, Trading Disruption or a Price Fixation Event has been in existence in excess of the Specified Maximum Days of Disruption, then the Calculation Agent shall apply the Commodity Fallback Value in order to determine the Relevant Price for that Pricing Date and each subsequent Pricing Date (if any).

(iv) *Consequences of an Index Component Disruption*

If the Calculation Agent determines that, on a Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the Price Source) an Index Component Disruption Event has occurred or exists then the Calculation Agent shall determine the Relevant Price (or a method for determining the Relevant Price) for that Pricing Date and each subsequent Pricing Date (if any).

(d) *Consequences of an Additional Disruption Event*

Following the occurrence of any Additional Disruption Event, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the relevant Notes shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Notes shall continue, it may make such adjustment(s) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the formula for the Final Redemption Amount set out in the relevant Pricing Supplement and any other variable relevant to the payment terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion. If the Calculation Agent determines in its sole and absolute discretion that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Noteholders to receive the relevant Final Redemption Amount (or any other payment to be made by the Issuer), as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount, less any Associated Hedging Costs, as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Notes.

(e) *Correction of Commodity Reference Price*

With the exception of any corrections published after the day which is three Commodity Business Days prior to the due date for any payment under the Notes, if the Commodity Reference Price published on a given day and used or to be used by the Calculation Agent to make any determination under the Notes is subsequently corrected and the correction published by the relevant Exchange or any other person responsible for the publication or announcement of the Commodity Reference Price within 30 calendar days of the original publication, the price to be used shall be the price of the relevant Commodity as so corrected. Corrections published after the day which is three Commodity Business Days prior to a due date for payment under the Notes will be disregarded by the Calculation Agent for the purposes of determining the relevant amount.

(f) *Knock-in-Event and Knock-out Event*

- (i) If "Knock-in Event" is specified as applicable in the Pricing Supplement, then, unless otherwise specified in such Pricing Supplement, any payment under the relevant Notes which is expressed in the relevant Pricing Supplement to be subject to a Knock-in Event, shall be conditional upon the occurrence of such Knock-in Event.
- (ii) If "Knock-out Event" is specified as applicable in the Pricing Supplement, then, unless otherwise specified in such Pricing Supplement, any payment under the relevant Notes which is expressed in the relevant Pricing Supplement to be subject to a Knock-out Event, shall be conditional upon the occurrence of such Knock-out Event.
- (iii) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the relevant Pricing Supplement is any time or period of time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out Determination Day and at any time during the one-hour period that begins or ends at the time on which the Commodity Reference Price triggers the Knock-in Level or the Knock-out Level, a Market Disruption Event occurs or exists, then, unless otherwise specified in the relevant Pricing Supplement, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred.



- (iv) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Pricing Supplement is the Valuation Time and if any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day, then, unless otherwise specified in the applicable Pricing Supplement, such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.

(g) **Definitions relating to Knock-in Event/Knock-out Event**

Unless otherwise specified in the relevant Pricing Supplement:

**"Knock-in Determination Day"** means the date(s) specified as such in the relevant Pricing Supplement;

**"Knock-in Determination Period"** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date;

**"Knock-in Event"** means (i) in the case of a single Commodity, that the Commodity Reference Price determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is and (ii) in the case of a Basket of Commodities, that the amount determined by the Calculation Agent equal to the sum of the values calculated for each Commodity as the product of (x) the Relevant Price as of the Knock-in Valuation Time on any Knock-in Determination Day and (y) the relevant Weighting is (A) "greater than", "greater than or equal to", "less than" or "less than or equal to" the Knock-in Price, as specified in the relevant Pricing Supplement;

**"Knock-in Price"** means (i) in the case of a single Commodity, the Relevant Price or (ii) in case of a Basket of Commodities, the price, in each case specified as such or otherwise determined in the relevant Pricing Supplement, subject to adjustment from time to time in accordance with the provisions set forth in Condition 22(c) (*Consequences of a Market Disruption Event and Disruption Fallbacks*);

**"Knock-in Period Beginning Date"** means the date specified as such in the relevant Pricing Supplement or, if the Knock-in Period Beginning Date Commodity Business Day Convention is specified as applicable in the relevant Pricing Supplement and such date is not a Commodity Business Day, the next following Commodity Business Day;

**"Knock-in Period Ending Date"** means the date specified as such in the relevant Pricing Supplement or, if the Knock-in Period Ending Date Commodity Business Day Convention is specified as applicable in the relevant Pricing Supplement and such date is not a Commodity Business Day, the next following Commodity Business Day;

**"Knock-in Valuation Time"** means the time or period of time on any Knock-in Determination Day specified as such in the relevant Pricing Supplement or in the event that the relevant Pricing Supplement do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time;

**"Knock-out Determination Day"** means the date(s) specified as such in the relevant Pricing Supplement;

**"Knock-out Determination Period"** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date;

**"Knock-out Event"** means (i) in the case of a single Commodity, that the Relevant Price determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is and (ii) in the case of a Basket of Commodities, that the amount determined by the Calculation Agent equal to the sum of the values for each Commodity as the product of (x) the Commodity Reference Price as of the Knock-out Valuation Time on any Knock-out Determination Day and (y) the relevant Weighting is (A) "greater than", (B) "greater

than or equal to", (C) "less than" or (D) "less than or equal to" the Knock-out Level as specified in the relevant Pricing Supplement;

**"Knock-out Price"** means (i) in the case of a single Commodity, the Relevant Price or (ii) in the case of a Basket of Commodities, the price, in each case specified as such or otherwise determined in the relevant Pricing Supplement, subject to adjustment from time to time in accordance with the provisions set forth in Condition 22(c) (*Consequences of a Market Disruption Event and Disruption Fallbacks*);

**"Knock-out Period Beginning Date"** means the date specified as such in the relevant Pricing Supplement or, if the Knock-out Period Beginning Date Commodity Business Day Convention is specified as applicable in the relevant Pricing Supplement and such date is not a Commodity Business Day, the next following Commodity Business Day;

**"Knock-out Period Ending Date"** means the date specified as such in the relevant Pricing Supplement or, if the Knock-out Period Ending Date Commodity Business Day Convention is specified as applicable in the relevant Pricing Supplement and such date is not a Commodity Business Day, the next following Commodity Business Day; and

**"Knock-out Valuation Time"** means the time or period of time on any Knock-out Determination Day specified as such in the relevant Pricing Supplement or in the event that the applicable Pricing Supplement do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

**PRO FORMA PRICING SUPPLEMENT FOR COMMODITY/COMMODITY INDEX-LINKED NOTES**

*(When completing any pricing supplement, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether supplementary listing particulars would be required in respect of such terms or information.)*

**PRICING SUPPLEMENT**

Pricing Supplement 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 [Insert details of existing Tranche(s)] issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

**PART A - CONTRACTUAL TERMS**

This document constitutes the pricing supplement ("**Pricing Supplement**") relating to the issue of the Tranche of Notes described herein [for the purposes of listing on the Official List of the Irish Stock Exchange] and must be read in conjunction with the Offering Memorandum dated 18 June 2013 as supplemented from time to time (the "**Offering Memorandum**") [which, together with this Pricing Supplement, constitute listing particulars for the purposes of listing on the Global Exchange Market]. 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 such Offering Memorandum.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. The Offering Memorandum is available for viewing 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

**The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the "Prospectus Directive"). The Offering Memorandum has been prepared solely with regard to Notes that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2004/39/EC and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).**

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an offering document with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions (the "[2005/2006/2007/2008/2009/2010/2011/2012] **Conditions**"), which are defined in, and incorporated by reference into, the Offering Memorandum and which are applicable to the Notes. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement, the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions are 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

*[For Notes offered and sold in the United States of America include:*

### IMPORTANT NOTICES

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATIONS) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

### NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

### AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

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

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.)*

**Part E - Product Supplement for Commodity/Commodity Index-Linked Notes and Warrants – Pro Forma Pricing Supplements for Commodity/Commodity Index-Linked Notes**

1. Issuer: HSBC Bank plc
2. Tranche number: [ ]
- [(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]*
3. Currency:
- (i) Settlement Currency: [ ] [subject to Condition 9(h) (Payments – Conversion)]
- (ii) Denomination Currency: [specify/Settlement Currency]
4. Aggregate Principal Amount:
- [(i) Series:] [ ]
- [(ii) Tranche:] [ ]
5. Issue Price: [[ ] per cent. of the Aggregate Principal Amount] [plus accrued interest from [insert date] (in the case of fungible interest-bearing issues only, if applicable)]
6. (i) Denomination(s) [ ]<sup>1</sup>  
(Condition 2(b)):
- (ii) Calculation Amount<sup>2</sup>: [ ]
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [specify/ Issue Date/ Not applicable ]
8. Maturity Date: [Specify date or (for Floating Rate Notes) Interest  
(Condition 7(a)) Payment Date falling in or nearest to the relevant month and year. In case of undated Notes, specify undated.] [If Index- Linked provisions apply please add: or, if later, the [fifth/specify] Business Day following the [Valuation Date/specify]] [adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "Business Day"]
9. Change of interest or redemption basis: [Specify details of any provision for convertibility of Notes to another interest or redemption/payment basis]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

10. Fixed Rate Note provisions: [Applicable/Not applicable]  
(Condition 4) (If not applicable, delete the remaining

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<sup>1</sup> If denominations in excess of and smaller than the minimum specified denomination are to be permitted then the Issuer should normally waive its right to elect to exchange the Permanent Global Note for definitive Notes in paragraph (d) of the Permanent Global Note - see item 29(iii) below.

<sup>2</sup> The applicable Calculation Amount (which is used for the calculation of redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.

**Part E - Product Supplement for Commodity/Commodity Index-Linked Notes and Warrants – Pro Forma Pricing Supplements for Commodity/Commodity Index-Linked Notes**

*sub-paragraphs of this paragraph.)*

- (i) Rate(s) of Interest: [ ] per cent. [per annum] [ ] [payable [annually/semi-annually/quarterly/ monthly] in arrear] [ ]
  - (ii) Interest Payment Date(s): [dd/mm, dd/mm, dd/mm and dd/mm] [in each year]
 

[adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "**Business Day**" / [not adjusted]
  - (iii) Fixed Coupon Amount(s): [[ ] per Calculation Amount] [Not applicable]
  - (iv) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / Not applicable / other (specify)]
  - (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ Not applicable / other (give details)]
  - (vi) Business Centre(s): [Not applicable/give details]
  - (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not applicable/give details] (Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis)
11. Floating Rate Note provisions: [Applicable/Not applicable] (Condition 5) (If not applicable, delete the remaining sub-paragraphs of this paragraph.)
- (i) [Interest Period(s)] / [Specified Period]<sup>3</sup>: [specify]
  - (ii) Interest Payment Dates: [specify dates]
  - (iii) First Interest Payment Date: [ ]
  - (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
  - (v) Business Centre(s): [Not applicable/give details]
  - (vi) Screen Rate Determination: [Applicable / Not applicable]
    - (1) Reference Rate: [specify LIBOR or other]
    - (2) Interest Determination Date(s): [ ]
    - (3) Relevant Screen Page: [ ]
    - (4) Relevant Financial Centre: [ ]
    - (5) Relevant Time: [ ]

<sup>3</sup> Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

**Part E - Product Supplement for Commodity/Commodity Index-Linked Notes and Warrants – Pro Forma Pricing Supplements for Commodity/Commodity Index-Linked Notes**

- (6) Relevant Currency: [ ]
  - (vii) ISDA Determination: [Applicable / Not applicable]
    - (1) Floating Rate Option: [ ]
    - (2) Designated Maturity: [ ]
    - (3) Reset Date: [ ]
  - (viii) Margin(s): [[+/-][ ] per cent. [per annum]] [Not applicable]
  - (ix) Day Count Fraction: [ ]
  - (xi) Minimum Interest Rate: [[ ] per cent. [ ] [per annum]] [Not applicable]
  - (xii) Maximum Interest Rate: [[ ] per cent. [ ] [per annum]] [Not applicable]
  - (xiii) Fall-back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
12. Zero Coupon Note provisions: [Applicable/Not applicable]  
*(Condition 6) (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [[ ] per cent [per annum]]
  - (ii) Zero Coupon Note Reference Price: [ ]
  - (iii) Day Count Fraction in relation to Early Redemption Amounts and last payments: [ ]
13. Commodity Index-Linked Interest Note Provisions: [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/formula/other variable: [give or annex details – if appropriate, cross-refer to the definition of Valuation Date in paragraph 28 below]
  - (ii) Provisions for determining interest where calculated by reference to Index and/or formula and/or other variable: [ ]
  - (iii) Provisions for determining interest where calculation by reference to Index and/or formula and/or other variable is impossible or impracticable or otherwise disrupted: [ ]  
*[Need to include a description of market disruption or settlement disruption events and adjustment provisions]*
  - (iv) Interest or calculation period(s): [ ]
  - (v) Interest Payment Dates: [ ]

**Part E - Product Supplement for Commodity/Commodity Index-Linked Notes and Warrants – Pro Forma Pricing Supplements for Commodity/Commodity Index-Linked Notes**

- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other (*give details*)]
- (vii) Business Centre(s): [ ]
- (viii) Minimum Interest Rate: [[ ] per cent. [per annum]]
- (ix) Maximum Interest Rate: [[ ] per cent. [per annum]]
- (x) Day Count Fraction: [ ]

**PROVISIONS RELATING TO REDEMPTION**

- 14. Issuer's optional redemption (Call Option): [Applicable/Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) (Condition 7(c))

  - (i) Redemption Amount (Call Option): [[ ] per Calculation Amount (*specify — if not par, also specify details of any formula*)] [Fair Market Value]
  - (ii) Series redeemable in part: [[ ] per Calculation Amount (*specify — otherwise redemption will only be permitted of entire Series*)] [Fair Market Value]
  - (iii) Optional Redemption Date (Call Option): [ ]
  - (iv) Minimum Redemption Amount (Call Option): [[ ] per Calculation Amount (*specify — if not par, also specify details of any formula*)] [Fair Market Value] [Not applicable]
  - (v) Maximum Redemption Amount (Call Option): [[ ] per Calculation Amount (*specify — if not par, also specify details of any formula*)] [Fair Market Value] [Not applicable]

- 15. Noteholder's optional redemption (Put Option): [Applicable/Not applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) (Condition 7(d))

  - (i) Redemption Amount (Put Option): [[ ] per Calculation Amount / (*specify — if not par, also specify details of any formula*)] [Fair Market Value]
  - (ii) Optional Redemption Date (Put Option): [ ]
  - (iii) Minimum Redemption Amount (Put Option): [[ ] per Calculation Amount / (*specify — if not par, also specify details of any formula*)] [Fair Market Value] [Not applicable]
  - (iv) Maximum Redemption Amount (Put Option): [[ ] per Calculation Amount / (*specify — if not par, also specify details of any formula*)] [Fair Market Value] [Not applicable]

- 16. Final Redemption Amount of each Note: [[ ] per Calculation Amount (*specify — if not par, also specify details of any formula*)] (Condition 7(a))
- 17. Final Redemption Amount of each Note in cases where the Final Redemption [Applicable/Not applicable]



**Part E - Product Supplement for Commodity/Commodity Index-Linked Notes and Warrants – Pro Forma Pricing Supplements for Commodity/Commodity Index-Linked Notes**

Amount is Index-Linked or other variable-linked:

- (i) Index/formula/other variable: [give annex details]
- (ii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or formula and/or other variable;
- (iii) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or formula and/or other variable is impossible or impracticable or otherwise disrupted: [Need to include a description of market disruption or settlement disruption events and adjustment provisions] [See paragraph 24(v) below]
- (iv) Minimum Final Redemption Amount [ ]
- (v) Maximum Final Redemption Amount: [ ]

18. Instalment Notes: [Not applicable] [Applicable]  
 (Condition 7(a)) (If not applicable, delete the remaining sub-paragraphs of this paragraph)

Instalment Date(s) and corresponding Instalment:

<i>Instalment Date</i>	<i>Instalment Amount</i>
[ ]	[ ]

19. Early Redemption Amount:
- (i) Early Redemption Amount (upon redemption for taxation reasons, illegality or following an Event of Default): [[100] per cent. of the Calculation Amount] [Fair Market Value] [other (specify details)]  
 (Conditions 7(b), 7(f) or 11)
  - (ii) Other redemption provisions: [[100] per cent. of the Calculation Amount] [Fair Market Value] [Not applicable] [other (specify details)]  
 (Condition 7(i))

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

20. Form of Notes: (Condition 2(a))
- (i) Form of Notes: [Bearer Notes/Registered Notes/ Uncertificated Registered Notes]
  - (ii) Bearer Notes exchangeable for Registered Notes: [Yes/No] [Answer will be no where no Registered Notes or where the issue is wholly or partly a Rule 144A issue]
21. [New Global Note [(delete if Registered Note)]]/ Issued under the new safekeeping structure [(delete if Bearer Note)]: [Yes/No]

22. If issued in bearer form:
- (i) Initially represented by a [Temporary] [Permanent] Global Note Temporary Global Note or 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] [(specify)]  
(Condition 2(a))
  - (iii) Permanent Global Note exchangeable at the option of the Issuer in circumstances where the Issuer would suffer material disadvantage following a change of law or regulation: [Yes] [No] [If yes, specify: The Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.]
  - (iv) Coupons to be attached to Definitive Notes:<sup>4</sup> [Yes] [No] [Not applicable]  
[N.B. This will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems - see provisions contained in Permanent Global Note]
  - (v) Talons for future Coupons to be attached to Definitive Notes:<sup>5</sup> [Yes/No/Not applicable]  
[N.B. The above comment also applies here]
23. Exchange Date for exchange of Temporary Global Note: [Not earlier than 40 days after the Issue Date] [(specify)]
24. Payments:  
(Condition 9)
- (i) Relevant Financial Centre Day: [specify all places]
  - (ii) Payment of Alternative Payment Currency Equivalent: [Applicable] [Not Applicable]
    - Settlement Currency Jurisdiction: [ ]
    - Alternative Payment Currency: [ ]
    - Alternative Payment Currency Jurisdiction: [ ]
    - Alternative Payment Currency Fixing Page: [ ]
    - Alternative Payment Currency Fixing Time: [ ]
    - Alternative Payment Currency Exchange Rate Fall-Back: [ ] [Condition 1 applies]

<sup>4</sup> Definitive Notes will typically have coupons attached to them if interest bearing.

<sup>5</sup> Talons will be needed if there are 27 or more coupons.

**Part E - Product Supplement for Commodity/Commodity Index-Linked Notes and Warrants – Pro Forma Pricing Supplements for Commodity/Commodity Index-Linked Notes**

- provisions:
- Offshore RMB Centre: [Hong Kong] [Taiwan] [Singapore] [ ] [Not applicable]
  - (iii) Conversion provisions: [Applicable in respect of [[interest payments under the Notes][Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount][*other*] [the Conversion Rate is [ ] ]][*specify further Conversion provisions*][Not applicable]
  - Conversion Rate Business Days: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*] [ ] [Condition 1 applies]]
  - Conversion Rate Fixing Date: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*] [ ]]
  - Conversion Rate Fixing Page: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*] [ ] [Condition 1 applies]]
  - Conversion Rate Fixing Time: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*] [ ]]
  - Denomination Currency Jurisdiction: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*] [ ]]
  - Settlement Currency Jurisdiction: [in respect of [[interest payments under the Notes] [Final Redemption Amount] [Early Redemption Amount] [Redemption Amount Call Option] [Redemption Amount Put Option] [Instalment Amount] [*other*] [ ]]
  - Conversion Rate Fall-Back provisions: [ ] [Condition 1 applies]
  - (iv) FX Disruption: [Applicable] [Not applicable]
  - 25. Redenomination: [Applicable/Not applicable]  
(*Condition 10*)
  - 26. Other terms: [Not applicable/*specify*/See Annex]  
(*When adding any other terms consideration should be given as to whether supplementary listing particulars would be required.*)
  - 27. Valuation Date: [ ]

**PROVISIONS APPLICABLE TO COMMODITY/COMMODITY INDEX-LINKED NOTES**

28. (i) Commodity/ Commodities/ Commodity Index/Commodity Indices: *(specify Commodity/Commodities/Commodity Index/Commodity Indices)*  
 [The Sponsor[s] of the Commodity Index/Indices is/are *[specify]*]
- (ii) Pricing Date(s): *[specify]*
- (iii) Trade Date: *[specify]*
- (iv) Barrier Price: *[specify]*
- (v) Strike Price: *[specify]*
- (vi) Commodity Reference Price: *[specify]*  
 The Price Source is/are *[specify]*
- (vii) Commodity Price: *[specify]*
- (viii) Delivery Date: *[specify]*
- (ix) Nearby Month: *[specify]*
- (x) Specified Price: [high price] [low price] [average of the high price and the low price] [closing price] [opening price] [bid price] [asked price] [average of the bid price and the asked price] [settlement price] [official settlement price] [official price] [morning fixing] [afternoon fixing] [spot price] *[other]*
- (xi) Exchange: *[specify]*
- (xii) Disruption Fallback(s): [As per Condition 22]/*[specify]*
- (xiii) Valuation Time: [Continuous monitoring *[specify other]* and the relevant time on *[insert relevant date(s)]*.] *[[specify]]*
- (xiv) Specified Maximum Days of Disruption: *[specify]* [Commodity Business Days]
- (xv) Knock-in-Event: [Not applicable/*specify/* ["greater than"/"greater than or equal to"/"less than"/"less than or equal to"/"within"]]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Knock-in Price: *[specify]*
- (b) Knock-in Period Beginning Date: *[specify]*

**Part E - Product Supplement for Commodity/Commodity Index-Linked Notes and Warrants – Pro Forma Pricing  
Supplements for Commodity/Commodity Index-Linked Notes**

- |       |  |  |
|-------|--|--|
| (c)   | Knock-in Period<br>Beginning Date<br>Commodity<br>Business Day<br>Convention:  | [Not applicable/Applicable]  |
| (d)   | Knock in<br>Determination<br>Period:   | [specify]  |
| (e)   | Knock in<br>Determination<br>Day(s):   | [specify]  |
| (f)   | Knock-in Period<br>Ending Date:  | [specify]  |
| (g)   | Knock-in Period<br>Ending Date<br>Commodity<br>Business Day<br>Convention:     | [Not applicable/Applicable]  |
| (h)   | Knock-in Valuation<br>Time:  | [specify/See definition in Condition 22][Valuation<br>Time.]   |
| (xvi) | Knock-out Event:   | [Not applicable/specify/ ["greater than"/"greater than<br>or equal to"/"less than"/"less than or equal to"]]<br><br><i>(If not applicable, delete the remaining sub-<br/>paragraphs of this paragraph)</i> |
| (a)   | Knock-out Price:   | [specify]  |
| (b)   | Knock-out Period<br>Beginning Date:  | [specify]  |
| (c)   | Knock-out Period<br>Beginning Date<br>Commodity<br>Business Day<br>Convention: | [Not applicable/Applicable]  |
| (d)   | Knock out<br>Determination<br>Period:  | [specify]  |
| (e)   | Knock out<br>Determination<br>Day(s):  | [specify]  |
| (f)   | Knock-out Period<br>Ending Date:   | [specify]  |
| (g)   | Knock-out Period<br>Ending Date<br>Commodity<br>Business Day<br>Convention:    | [Not applicable/Applicable]  |

**Part E - Product Supplement for Commodity/Commodity Index-Linked Notes and Warrants – Pro Forma Pricing Supplements for Commodity/Commodity Index-Linked Notes**

- (h) Knock-out Valuation Time: [*specify*/See definition in Condition 22][Valuation Time]
- (xvii) Delayed Redemption on the occurrence of a Market Disruption Event: [Applicable/Not applicable]
- (xviii) Weighting: The Weighting to be applied to each item comprising the Commodity Basket is [*specify*]
- (xix) Other terms or special conditions: [Not applicable]/[*specify*]

**DISTRIBUTION**

29. (i) If syndicated, names of Relevant Dealer(s)/Lead Manager(s): [Not applicable / HSBC Bank plc/*other - give name*]
- (ii) If syndicated, names [, addresses and underwriting commitments] of other Dealers/Managers (if any): [Not applicable/*other - give name*]  
[*Give addresses and underwriting commitments*]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
30. Selling restrictions: [For Bearer Notes: TEFRA C Rules/TEFRA D Rules/TEFRA Not Applicable]
- United States of America: [Notes may not be offered or sold within the United States of America or, to or for the account or the benefit of, a US person (as defined in Regulation S)]  
  
[Notes may be offered or sold within the United States of America or to, or for the account or the benefit of, a US person (as defined in Regulation S) only in compliance with the provisions set forth under "*Transfer Restrictions*."] ]
- Exemption(s) from requirements under Directive 2003/71/EC (as amended) (the "**Prospectus Directive**"): [Not applicable. This offer is made exclusively to investors outside the European Economic Area]/[The denomination of the Notes is greater than or equal to EUR100,000 (or equivalent amount in another currency)]/[The offer is addressed solely to qualified investors (as such term is defined in the Prospectus Directive)]/[The offer is addressed to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive)]/[The offer is addressed to investors who will acquire Notes for a consideration of at least EUR100,000 (or equivalent amount in another currency) per investor for each separate offer]
- Additional selling restrictions: [*specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement*]

## [TRANSFER RESTRICTIONS]

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of this Pricing Supplement and the accompanying Offering Memorandum, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that this Pricing Supplement and the accompanying Offering Memorandum is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Pricing Supplement and the accompanying Offering Memorandum, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorized, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of this Pricing Supplement and the accompanying Offering Memorandum or any documents referred to herein.

Each purchaser of Notes in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (i) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (ii) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (iii) The purchaser understands that the Rule 144A Global Registered Notes, the Restricted Global Registered Notes and any US Definitive Registered Notes (as defined in "*Summary of Provisions relating to the Notes while in Global Form*" in the accompanying Offering Memorandum) issued in exchange for interests therein will bear a legend (the "**Rule 144A Legend**") to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE [AND THE SECURITIES, IF ANY, TO BE DELIVERED UPON EXERCISE THEREOF]<sup>6</sup> HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN

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<sup>6</sup> To be included if the underlying securities have not been registered under the Securities Act.

REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN ANY SUPPLEMENTAL LISTING PARTICULARS OR APPLICABLE PRICING SUPPLEMENT, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "BENEFIT PLAN INVESTOR") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("SIMILAR LAW") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "SIMILAR LAW PLAN"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

In addition, each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Offering Memorandum.]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....



## PART B - OTHER INFORMATION

### 1. LISTING

- (i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of Irish Stock Exchange [on or around the Issue Date/ *insert date*]]. No assurance can be given as to whether or not, or when, such application will be granted] [Not applicable]
- (ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading on the Global Exchange Market with effect from [the Issue Date/ *insert date*]]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Notes admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

- (iii) Estimated total expenses of admission to trading: [(specify amount)]

### 2. RATINGS

Ratings: [The Notes are not rated.] [The Notes [have been][are expected on issue to be] rated [./:]]

[Standard & Poor's Credit Market Services Europe Limited: [ ]]

[Moody's Investors Service Limited: [ ]]

[Fitch Ratings Limited: [ ]]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[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. 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. REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: [ ]

*(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

- (ii) Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

- (iii) Estimated total expenses: [Include breakdown of expenses]

### 5. [Fixed Rate Notes only - YIELD

Indication of yield: [Calculated as [include details of method of calculation in summary

form] on the Issue Date]

[As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]]

5. **[Index-Linked or other variable-linked Interest Notes only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained.*

**OPERATIONAL INFORMATION**

6. ISIN Code: [ ]/Not applicable]
7. Common Code: [ ]/Not applicable]
8. CUSIP: [ ]/Not applicable]
9. Valoren Number: [ ]/Not applicable]
10. SEDOL: [ ]/Not applicable]
11. WKN: [ ] [Not applicable]
12. Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]<sup>7</sup>  
[Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg[, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][Include this text if "yes" selected, in which case bearer Notes must be issued in NGN form.]
13. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [CREST/ None/specify other]
14. Delivery: Delivery [against/free of] payment
15. Settlement procedures: [Eurobond/Medium Term Note/ other (specify)]
16. Additional Paying Agent(s) (if any): [None/ specify]

<sup>7</sup> Under current ECB collateral eligibility requirements, in order to be eligible as collateral a security must, among other things, be denominated in Euro and listed on a regulated market or certain non-regulated markets such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the ECB's February 2011 "The Implementation of Monetary Policy in the Euro Area - General Documentation on Eurosystem monetary policy instruments and procedures" brochure.

**Part E - Product Supplement for Commodity/Commodity Index-Linked Notes and Warrants – Pro Forma Pricing Supplements for Commodity/Commodity Index-Linked Notes**

- 17. Common Depositary: [HSBC Bank plc] [Not applicable] [*specify*]
- 18. Calculation Agent: [HSBC Bank plc] [HSBC France] [*other (specify)*]
- 19. City in which specified office of Registrar to be maintained: [London] [Not applicable] [*specify*]

*(Condition 15)*

- 20. ERISA Considerations: [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Offering Memorandum for further information] [*give details*] [Not applicable]

## ADDITIONAL PROVISIONS RELATING TO COMMODITY/COMMODITY INDEX-LINKED WARRANTS

The following additional conditions shall be deemed to be added as Condition 17 to the terms and conditions set out in the section headed "*Terms and Conditions of the Warrants*" appearing in "*Part C – Information relating to the Warrants Generally*" of the Offering Memorandum in respect of any issue of Commodity/Commodity Index-Linked Warrants.

The terms and conditions of the Commodity/Commodity Index-Linked Warrants shall consist of Condition 17, and the terms and conditions set out in the section headed "*Terms and Conditions of the Warrants*" appearing in "*Part C – Information relating to the Warrants Generally*" of the Offering Memorandum, as amended or supplemented by the terms of each Tranche of Warrants set out in the Pricing Supplement, examples of which are set out below.

### 17 Provisions relating to Commodity/Commodity Index-Linked Warrants

#### (a) *Definitions*

As used in this Condition 17, and unless otherwise provided in the relevant Pricing Supplement, the following expressions shall have the following meanings:

"**Additional Disruption Event**" means the occurrence of either (i) Hedging Disruption or (ii) Increased Cost of Hedging;

"**Associated Hedging Costs**" means any loss, or mark to market adjustment, which would be incurred by the Issuer and/or its affiliates as a result of terminating, liquidating, transferring, obtaining or re-establishing any swap agreement, financing arrangement or other hedging transaction entered into by or on behalf of the Issuer and/or its affiliates in relation to, as a result of or in connection with the issuance of the Warrants (if any), subject to a minimum of zero;

"**Barrier Price**" shall have the meaning specified in the relevant Pricing Supplement;

"**Basket of Commodities**" means a basket comprising two or more Commodities or Commodity Indices;

"**Calculation Agent Determination**" means that the Calculation Agent will determine the Relevant Price (or a method for determining a Relevant Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information it deems relevant;

"**Cancellation**" means that all but not some only of the Warrants shall be cancelled, each Warrant being cancelled by payment of an amount equal to the fair market value of such Warrant, less any Associated Hedging Costs, all as determined by the Calculation Agent in its sole and absolute discretion;

"**Commodity**" means, the commodity (or commodities) or futures contract on a commodity (or commodities) specified in the relevant Pricing Supplement, and related expressions shall be construed accordingly;

"**Commodity Business Day**" means:

- (i) where the Commodity Reference Price is announced or published by an Exchange, any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which that Exchange is open for trading during its regular trading sessions and notwithstanding any such Exchange closing prior to its Scheduled Closing Time; or
- (ii) in any other case, a day in respect of which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published), a price;

"**Commodity Fallback Value**" means the arithmetic mean of the quotations provided to the Calculation Agent by each of the Reference Dealers as its Commodity Reference Price for the relevant Pricing Date of the relevant Commodity, **provided that** if only three such quotations are

so provided, the Commodity Fallback Value shall be the Commodity Reference Price remaining after disregarding the Commodity Reference Prices having the highest and lowest values (or if more than one such highest or lowest, one only of them). If fewer than three such quotations are so provided, it will be deemed that such value cannot be determined and the relevant value shall be the good faith estimate of the Calculation Agent;

**"Commodity Index"** means each index specified as such in the relevant Pricing Supplement or an index comprising one or more commodities or contracts for the future delivery of a commodity (each a **"Component"**);

**"Commodity Price"** means, in respect of a Commodity or a Component as applicable, the price or other unit of quotation for such Commodity or Component specified in the relevant Pricing Supplement;

**"Commodity Reference Price"** means, (i) in respect of any Commodity, the Commodity Reference Price specified in the relevant Pricing Supplement and (ii) in respect of any Commodity Index, the Commodity Reference Price specified in the relevant Pricing Supplement or, if not so specified, the official closing price of such Commodity Index;

**"Delayed Publication and Announcement"** means that the Relevant Price for a Pricing Date will be determined based on the Specified Price in respect of the original day scheduled as such Pricing Date that is published or announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Pricing Date) or the Relevant Price continues to be unavailable for consecutive Commodity Business Days equal in number to the Specified Maximum Days of Disruption. In that case, the next Disruption Fallback specified in the relevant Pricing Supplement will apply.

**"Delivery Date"** means, in respect of a Commodity Reference Price, the relevant date or month for delivery of the underlying Commodity (which must be a date or month reported or capable of being determined from information reported in or by the relevant Price Source) as follows:

- (i) if a date is, or a month and year are, specified in the relevant Pricing Supplement, that date or that month and year;
- (ii) if a Nearby Month is specified in the relevant Pricing Supplement, the month of expiration of the relevant Futures Contract; and
- (iii) if a method is specified in the relevant Pricing Supplement for the purpose of determining the Delivery Date, the date or the month and year determined pursuant to that method;

**"Disappearance of Commodity Reference Price"** means (i) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange or (ii) the disappearance of, or of trading in, the relevant Commodity or Component or (iii) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract, Commodity or Component;

**"Disrupted Day"** means any Commodity Business Day on which a relevant Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;

**"Disruption Fallback"** means each of Calculation Agent Determination, Cancellation, Delayed Publication and Announcement, Commodity Fallback Value, Fallback Commodity Price, and Postponement, which are specified as applicable in the relevant Pricing Supplement;

**"Exchange"** means, in respect of a Commodity, the exchange or principal trading market for such Commodity specified in the relevant Pricing Supplement or in the Commodity Reference

Price and in the case of a Commodity Index, the exchange or principal trading market for each Component comprising such Commodity Index;

**"Fallback Commodity Price"** means that the Calculation Agent shall determine the Relevant Price of the relevant Commodity using the Commodity Price specified in the relevant Pricing Supplement as an alternative Commodity Price;

**"Futures Contract"** means, in respect of a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity or Commodity Index referred to in that Commodity Reference Price;

**"Hedging Disruption"** means that the Issuer and/or its affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer and/or its affiliates deem necessary to hedge the risk of issuing and performing any obligations with respect to the Warrants or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s);

**"Increased Cost of Hedging"** means that the Issuer and/or its affiliates would incur a materially increased cost (as compared with circumstances existing on the Issue Date), amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer and/or its affiliates deem necessary to hedge the risk of entering into and performing its obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging;

**"Index Component Disruption Event"** means:

- (i) the Commodity Reference Price published by the Price Source on any Pricing Date includes, or is derived from, a price for one or more Components published on any date between the Issue Date and such Pricing Date that is not a price published by the usual exchange or price source, but is a price determined by the Price Source; or
- (ii) the Commodity Reference Price published by the Price Source on any Pricing Date includes, or is derived from, a price for one or more Components published by the usual exchange or price source on any date between the Issue Date and such Pricing Date that, in the opinion of the Calculation Agent, has been calculated or published subject to the occurrence of market disruption or similar, or otherwise not in accordance with the usual, then-current, method used by such exchange or price source;

**"Material Change in Content"** means the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Commodity or Futures Contract or, in the case of a Commodity Index, Component;

**"Material Change in Formula"** means the occurrence since the Trade Date of a material change in the formula for or the method of calculating the relevant Commodity Reference Price;

**"Nearby Month"**, when preceded by a numerical adjective, means, in respect of a Delivery Date and a Pricing Date, the month of expiration of the Futures Contract identified by that numerical adjective, so that, for example, (A) **"First Nearby Month"** means the month of expiration of the first Futures Contract to expire following that Pricing Date; (B) **"Second Nearby Month"** means the month of expiration of the second Futures Contract to expire following that Pricing Date; and (C) **"Sixth Nearby Month"** means the month of expiration of the sixth Futures Contract to expire following that Pricing Date;

**"Postponement"** means that the Pricing Date will be deemed, for purposes of the application of this Disruption Fallback only, to be the first succeeding Commodity Business Day or on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Pricing Date) for consecutive Commodity Business Days equal in number to the Specified Maximum

Days of Disruption. In that case, the next Disruption Fallback specified in the relevant Pricing Supplement will apply;

**"Price Fixation Event"** means the enactment, promulgation, execution or notification of, or any change in or amendment to, any law (or the application or interpretation of any law, as determined by a court or regulatory authority of competent jurisdiction or as determined by the opinion of independent legal counsel nominated by the Issuer) that occurs after the Issue Date which would result in the fixing of the prices at which any relevant Commodity may be bought and sold which does not reflect normal market response to supply and demand *vis a vis* that which would exist if prices were not so fixed;

**"Price Source"** means the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the relevant Commodity Reference Price;

**"Price Source Disruption"** means (i) the failure of the Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) for the relevant Commodity Reference Price, or (ii) the temporary or permanent discontinuance or unavailability of the Price Source;

**"Pricing Date"** means each date specified in the relevant Pricing Supplement or if that is not a Commodity Business Day the immediately succeeding Commodity Business Day;

**"Reference Dealers"** means four leading dealers in the relevant Commodities market selected by the Calculation Agent;

**"Relevant Price"** means, for any Pricing Date, the price, expressed as a price per unit of the Commodity or the price of the Commodity Index, determined with respect to that day for the specified Commodity Reference Price calculated as provided in this Condition 17 and the relevant Pricing Supplement;

**"Scheduled Closing Time"** means, in respect of an Exchange, the scheduled weekday closing time of such Exchange on such Commodity Business Day, without regard to after hours or any other trading outside of the regular trading session hours;

**"Specified Maximum Days of Disruption"** means two (2) Commodity Business Days or such other number of Specified Maximum Days of Disruption specified in the relevant Pricing Supplement;

**"Specified Price"** means, in respect of a Commodity Reference Price any of the following prices (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source), as specified in the relevant Pricing Supplement (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the spot price; or (O) any other price specified in the relevant Pricing Supplement on the Pricing Date;

**"Strike Price"** shall have the meaning specified in the relevant Pricing Supplement;

**"Tax Disruption"** means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the relevant Commodity, or in the case of a Commodity Index, Component (other than a tax on, or measured by reference to overall gross or net income) by any government or taxation authority after the Trade Date, if the direct effect of such imposition, change or removal is to raise or lower the Relevant Price on the day that would otherwise be a Pricing Date from what it would have been without that imposition, change or removal;

**"Trade Date"** means the date specified as such in the relevant Pricing Supplement;

**"Trading Disruption"** means the material suspension of, or the material limitation imposed on, trading in the relevant Futures Contract or the Commodity or, in the case of a Commodity Index, Component on the Exchange or in any additional futures contract, options contract or commodity on any Exchange as specified in the relevant Pricing Supplement. For these purposes:

- (i) a suspension of the trading in the Futures Contract, Commodity or Component, as the case may be, on any Commodity Business Day shall be deemed to be material only if:
  - (A) all trading in the Futures Contract, Commodity or Component, as the case may be, is suspended for the entire Pricing Date; or
  - (B) all trading in the Futures Contract, Commodity or Component, as the case may be, is suspended subsequent to the opening of trading on the Pricing Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract, Commodity or Component, as the case may be, on such Pricing Date and such suspension is announced less than one hour preceding its commencement; and
- (ii) a limitation of trading in the relevant Futures Contract, Commodity or Component, as the case may be, on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the relevant Futures Contract, Commodity or Component, as the case may be, may fluctuate and the closing or settlement price of the relevant Futures Contract, Commodity or Component, as the case may be, on such day is at the upper or lower limit of that range;

**"Valuation Time"** means, in relation to each Commodity or Commodity Index to be valued on any date, the time on such date specified as such in the relevant Pricing Supplement or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on such date in relation to such Commodity or Commodity Index, as applicable. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; and

**"Weighting"** has the meaning specified in the relevant Pricing Supplement.

(b) ***Market Disruption***

**"Market Disruption Event"** means, in respect of a relevant Commodity or Commodity Index and as determined by the Calculation Agent, the occurrence or existence of:

- (i) in the case of all Commodities and each Commodity Index, a Price Source Disruption, Trading Disruption, Disappearance of Commodity Reference Price and/or a Price Fixation Event and in addition;
- (ii) in the case of each Commodity Index and all Commodities other than Gold, Silver, Platinum or Palladium, Material Change in Formula, Material Change in Content and/or Tax Disruption, and;
- (iii) in the case of a Commodity Index, an Index Component Disruption Event.

The Calculation Agent shall give notice as soon as practicable to Warrantholders in accordance with Condition 10 of the occurrence of a Market Disruption Event and the action proposed to be taken in relation thereto.

(c) ***Consequences of a Market Disruption Event and Disruption Fallbacks***

Upon a Market Disruption Event occurring or continuing on any Pricing Date (or, if different, the day on which prices/or that Pricing Date would, in the ordinary course, be published by the Price Source), the Calculation Agent shall apply the applicable Disruption Fallback in respect of the relevant Market Disruption Event in determining the consequence of the Market Disruption Event, or, if in the sole and absolute discretion of the Calculation Agent, it is not possible to apply the specified Disruption Fallback, the Calculation Agent shall apply the next applicable Disruption Fallback as specified in the relevant Pricing Supplement. A Disruption Fallback is



applicable if it is specified in the relevant Pricing Supplement and shall apply in the order so specified. If no Disruption Fallback is specified, the Calculation Agent shall take the relevant actions specified below:

(i) *Disappearance of Commodity Reference Price, a Material Change in Formula, or a Material Change in Content*

If, with respect to the relevant Pricing Date, the Calculation Agent considers that there is in existence (i) a Disappearance of Commodity Reference Price, or (ii) a Material Change in Formula, or (iii) a Material Change in Content, then:

- (A) the Calculation Agent shall determine if such event has a material effect on the Warrants and, if so, shall calculate the Cash Settlement Amount and/or make another relevant calculation using, in lieu of a published price for that Commodity or Component, as the case may be, the price for that Commodity or Component, as the case may be, as at the time specified on that Pricing Date as determined by the Calculation Agent taking into consideration the latest available quotation for such Commodity or Component, as the case may be, and any other information that in good faith it deems relevant; or
- (B) unless Delayed Cancellation on the occurrence of a Market Disruption Event is specified as being applicable in the relevant Pricing Supplement, on giving notice to Warrantholders in accordance with Condition 10, the Issuer shall terminate and cancel all but not some only of the Warrants, each Warrant being terminated and cancelled by payment of an amount equal to the fair market value of such Warrant, less any Associated Hedging Costs, all as determined by the Calculation Agent in its sole and absolute discretion. Payment shall be made in such manner as shall be notified to the Warrantholders in accordance with Condition 10; or
- (C) if Delayed Cancellation on the occurrence of a Market Disruption Event is specified as being applicable in the relevant Pricing Supplement, the Calculation Agent shall calculate the fair market value of each Warrant, taking into account the Market Disruption Event, less any Associated Hedging Costs (the "**Calculated Market Disruption Amount**") as soon as practicable following the occurrence of the Market Disruption Event (the "**Calculated Market Disruption Amount Determination Date**") and on the date selected by the Calculation Agent in its sole and absolute discretion (the "**Termination and Cancellation Date**") shall terminate and cancel each Warrant at an amount calculated by the Calculation Agent equal to the Calculated Market Disruption Amount plus interest accrued from and including the Calculated Market Disruption Amount Determination Date to but excluding the Termination and Cancellation Date at a rate equal to Issuer's funding cost at such time.

(ii) *Consequences of a Tax Disruption*

If the Calculation Agent determines in good faith that a Tax Disruption has occurred or exists in respect of a Pricing Date, the Calculation Agent shall determine if such Tax Disruption has a material effect on the Warrants and if so (i) shall effect any adjustments that it deems in good faith necessary to the terms and conditions of the Warrants or, (ii) if it determines that such adjustments cannot be made on giving notice to Warrantholders in accordance with Condition 10, the Issuer shall cancel all but not some only of the Warrants, each Warrant being cancelled by payment of an amount equal to the fair market value of a Warrant, less any Associated Hedging Costs, all as determined by the Calculation Agent in its sole and absolute discretion.

(iii) *Consequences of a Price Source Disruption, Trading Disruption and Price Fixation Event*

If, with respect to the relevant Pricing Date, a Price Source Disruption, Trading Disruption or a Price Fixation Event has been in existence in excess of the Specified

Maximum Days of Disruption, then the Calculation Agent shall apply the Commodity Fallback Value in order to determine the Relevant Price for that Pricing Date and each subsequent Pricing Date (if any).

(iv) *Consequences of an Index Component Disruption Event*

If the Calculation Agent determines that, on a Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the Price Source) an Index Component Disruption Event has occurred or exists then the Calculation Agent shall determine the Relevant Price (or a method for determining the Relevant Price) for that Pricing Date and each subsequent Pricing Date (if any).

(d) *Consequences of an Additional Disruption Event*

Following the occurrence of any Additional Disruption Event, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the relevant Warrants shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Warrants shall continue, it may make such adjustment(s) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the formula for the Cash Settlement Amount set out in the relevant Pricing Supplement and any other variable relevant to the payment terms of the relevant Warrants and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion. If the Calculation Agent determines in its sole and absolute discretion that the relevant Warrants shall be terminated, then the Warrants shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Warrantholders to receive the relevant Cash Settlement Amount (or any other payment to be made by the Issuer), as the case may be, shall cease and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of such amount, less any Associated Hedging Costs, as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

(e) *Correction of Commodity Reference Price*

With the exception of any corrections published after the day which is three Commodity Business Days prior to the due date for any payment under the Warrants, if the Commodity Reference Price published on a given day and used or to be used by the Calculation Agent to make any determination under the Warrants is subsequently corrected and the correction published by the relevant Exchange or any other person responsible for the publication or announcement of the Commodity Reference Price within 30 calendar days of the original publication, the price to be used shall be the price of the relevant Commodity as so corrected. Corrections published after the day which is three Commodity Business Days prior to a due date for payment under the Warrants will be disregarded by the Calculation Agent for the purposes of determining the relevant amount.

(f) *Knock-in-Event and Knock-out Event*

- (i) If "Knock-in Event" is specified as applicable in the Pricing Supplement, then, unless otherwise specified in such Pricing Supplement, any payment under the relevant Warrants which is expressed in the relevant Pricing Supplement to be subject to a Knock-in Event, shall be conditional upon the occurrence of such Knock-in Event.
- (ii) If "Knock-out Event" is specified as applicable in the Pricing Supplement, then, unless otherwise specified in such Pricing Supplement, any payment under the relevant Warrants which is expressed in the relevant Pricing Supplement to be subject to a Knock-out Event, shall be conditional upon the occurrence of such Knock-out Event.
- (iii) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the relevant Pricing Supplement is any time or period of time during the regular trading hours on the relevant Exchange and if on any Knock-in Determination Day or Knock-out

Determination Day and at any time during the one-hour period that begins or ends at the time on which the Commodity Reference Price triggers the Knock-in Level or the Knock-out Level, a Market Disruption Event occurs or exists, then, unless otherwise specified in the relevant Pricing Supplement, the Knock-in Event or the Knock-out Event shall be deemed not to have occurred.

- (iv) If the Knock-in Valuation Time or the Knock-out Valuation Time specified in the relevant Pricing Supplement is the Valuation Time and if any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day, then, unless otherwise specified in the applicable Pricing Supplement, such Knock-in Determination Day or Knock-out Determination Day will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining the occurrence of a Knock-in Event or a Knock-out Event.

(g) ***Definitions relating to Knock-in Event/Knock-out Event***

Unless otherwise specified in the relevant Pricing Supplement:

**"Knock-in Determination Day"** means the date(s) specified as such in the relevant Pricing Supplement;

**"Knock-in Determination Period"** means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date;

**"Knock-in Event"** means (i) in the case of a single Commodity, that the Commodity Reference Price determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is and (ii) in the case of a Basket of Commodities, that the amount determined by the Calculation Agent equal to the sum of the values calculated for each Commodity as the product of (x) the Relevant Price as of the Knock-in Valuation Time on any Knock-in Determination Day and (y) the relevant Weighting is (A) "greater than", "greater than or equal to", "less than" or "less than or equal to" the Knock-in Price, as specified in the relevant Pricing Supplement;

**"Knock-in Price"** means (i) in the case of a single Commodity, the Relevant Price or (ii) in case of a Basket of Commodities, the price, in each case specified as such or otherwise determined in the relevant Pricing Supplement, subject to adjustment from time to time in accordance with the provisions set forth in Condition 17(c) (*Consequences of a Market Disruption Event and Disruption Fallbacks*);

**"Knock-in Period Beginning Date"** means the date specified as such in the relevant Pricing Supplement or, if the Knock-in Period Beginning Date Commodity Business Day Convention is specified as applicable in the relevant Pricing Supplement and such date is not a Commodity Business Day, the next following Commodity Business Day;

**"Knock-in Period Ending Date"** means the date specified as such in the relevant Pricing Supplement or, if the Knock-in Period Ending Date Commodity Business Day Convention is specified as applicable in the relevant Pricing Supplement and such date is not a Commodity Business Day, the next following Commodity Business Day;

**"Knock-in Valuation Time"** means the time or period of time on any Knock-in Determination Day specified as such in the relevant Pricing Supplement or in the event that the relevant Pricing Supplement do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time;

**"Knock-out Determination Day"** means the date(s) specified as such in the relevant Pricing Supplement;

**"Knock-out Determination Period"** means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date;

**"Knock-out Event"** means (i) in the case of a single Commodity, that the Relevant Price determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out

Determination Day is and (ii) in the case of a Basket of Commodities, that the amount determined by the Calculation Agent equal to the sum of the values for each Commodity as the product of (x) the Commodity Reference Price as of the Knock-out Valuation Time on any Knock-out Determination Day and (y) the relevant Weighting is (A) "greater than", (B) "greater than or equal to", (C) "less than" or (D) "less than or equal to" the Knock-out Level as specified in the relevant Pricing Supplement;

**"Knock-out Price"** means (i) in the case of a single Commodity, the Relevant Price or (ii) in the case of a Basket of Commodities, the price, in each case specified as such or otherwise determined in the relevant Pricing Supplement, subject to adjustment from time to time in accordance with the provisions set forth in Condition 17(c) (*Consequences of a Market Disruption Event and Disruption Fallbacks*);

**"Knock-out Period Beginning Date"** means the date specified as such in the relevant Pricing Supplement or, if the Knock-out Period Beginning Date Commodity Business Day Convention is specified as applicable in the relevant Pricing Supplement and such date is not a Commodity Business Day, the next following Commodity Business Day;

**"Knock-out Period Ending Date"** means the date specified as such in the relevant Pricing Supplement or, if the Knock-out Period Ending Date Commodity Business Day Convention is specified as applicable in the relevant Pricing Supplement and such date is not a Commodity Business Day, the next following Commodity Business Day; and

**"Knock-out Valuation Time"** means the time or period of time on any Knock-out Determination Day specified as such in the relevant Pricing Supplement or in the event that the applicable Pricing Supplement do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

## PRO FORMA PRICING SUPPLEMENT FOR COMMODITY/COMMODITY INDEX-LINKED WARRANTS

*(When completing any pricing supplement, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether supplementary listing particulars would be required in respect of such terms or information.)*

### PRICING SUPPLEMENT

Pricing Supplement dated [•]

**HSBC Bank plc**

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

**[Further] Issue of**

**[Number of Warrants]**

**[Title of Warrants]**

**[(to be consolidated and form a single series with the existing *[Insert details of existing Tranche(s)]* issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

### PART A – CONTRACTUAL TERMS

This document constitutes the pricing supplement ("**Pricing Supplement**") relating to the issue of the Tranche of Warrants described herein [for the purposes of listing on the Official List of the Irish Stock Exchange] and must be read in conjunction with the Offering Memorandum dated 18 June 2013 as supplemented from time to time (the "**Offering Memorandum**") [which, together with this Pricing Supplement, constitute listing particulars for the purposes of listing on the Global Exchange Market]. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Warrants (the "**Conditions**") set forth in such Offering Memorandum.

Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. The Offering Memorandum is available for viewing 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

**The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the "Prospectus Directive"). The OM has been prepared solely with regard to Warrants that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2004/39/EC and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).**

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an offering document with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions (the "[2005/2006/2007/2008/2009/2010/2011/2012] Conditions"), which are defined in, and incorporated by reference into, the Offering Memorandum and which are applicable to the Warrants. Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of this Pricing Supplement, the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions are 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

*(For Warrants offered and sold in the United States of America include:*

#### [IMPORTANT NOTICES

THE WARRANTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF US PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE WARRANTS ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF WARRANTS PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

#### AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Warrants, the Issuer will promptly furnish, upon request of a holder of a Warrant, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

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

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.)*

**Part E - Product Supplement for Commodity/Commodity Index-Linked Notes and Warrants – Pro Forma Pricing Supplement for Commodity/Commodity Index-Linked Warrants**

1. Issuer: HSBC Bank plc
2. Tranche number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Warrants become fungible).*
3. Settlement Currency: [ ] [Not applicable]
4. Aggregate Number of Warrants in the:
  - [(i) Series:] [ ]
  - [(ii) Tranche:] [ ]
5. Face Value: [ ]
6. Issue Price: [currency] [amount] per Warrant
7. Issue Date: [ ]
8. Strike Price: [currency] [amount] [Not applicable]
9. Type of Warrants: [ ]
10. Series represented by: [Global Warrant<sup>8</sup>]/[Global Registered Warrant]/[N/A]. Warrants in definitive form [will/will not] be issued. [other (specify)]
11. Form of Warrant: [Book-Entry Form Warrants/Registered Warrants/Uncertificated Registered Warrants]
12. Style of Warrants: The Warrants are [American/European/ Bermudan/ other (specify)] Style [Call/Put] Warrants. Condition [3(a)/3(b)/3(c)] is applicable.
13. (i) Expiry Date: [ ] [or if such date is not [a Business Day] [an Underlying Currency Pair Fixing Date] the immediate following day that is [a Business Day] [an Underlying Currency Pair Fixing Date]]
  - (ii) Automatic Exercise: [Applicable/Not applicable]<sup>9</sup>
  - (iii) Exercise Period: [American Style Warrants only] [The period beginning from (and including) [ ] and ending on (and including) the Expiry Date]
  - (iv) Potential Exercise Date(s): [Bermudan Style Warrants only] [insert date] [or if such date is not [a Business Day] [an Underlying Currency Pair Fixing Date] the immediate following

<sup>8</sup> Warrants will generally be in book-entry form represented by a Global Warrant. If, and only if Warrants are being sold in reliance on Rule 144A, will they be in registered form and represented by a Global Registered Warrant.

<sup>9</sup> Refer to Listing Rule 19.2.6. If the Warrants are Retail Securitised Derivatives as defined in Listing Rule 19, then automatic exercise is required.

**Part E - Product Supplement for Commodity/Commodity Index-Linked Notes and Warrants – Pro Forma Pricing Supplement for Commodity/Commodity Index-Linked Warrants**

- day that is [a Business Day] [an Underlying Currency Pair Fixing Date]]
14. (i) Minimum Exercise Number/Minimum Trading Size: [ ] Warrants
- (ii) Permitted Multiple: [ ] Warrants
15. Cash Settlement: [Applicable. The Warrants are Cash Settlement Warrants. Condition 4(d) (*Cash Settlement*) [and Condition 4(f) (*Optional Physical Settlement*)] [applies/apply]]/[Not applicable]
- (i) Cash Settlement Amount: [ ]
- (ii) Cash Settlement Payment Date: [ ] [or, if later, the [fifth/specify] Business Day following the [Expiry Date] [[or] relevant Potential Exercise Date]]
16. Physical Settlement: [Applicable. The Warrants are Physical Settlement Warrants. Condition 4(e) (*Physical Settlement*) [and Condition 4(g) (*Optional Cash Settlement*)] [applies/apply]]/[Not applicable].
- (i) Strike Price Payment Date: [ ]
- (ii) Settlement Date: [ ]
- (Consider treatment of dividends)*
17. (i) Payment of Alternative Payment Currency Equivalent: [Applicable] [Not Applicable]
- Settlement Currency Jurisdiction: [ ]
- Alternative Payment Currency: [ ]
- Alternative Payment Currency Jurisdiction: [ ]
- Alternative Payment Currency Fixing Page: [ ]
- Alternative Payment Currency Fixing Time: [ ]
- Alternative Payment Currency Exchange Rate Fall-Back Provisions: [ ] [Condition 1 applies]
- Offshore RMB Centre: [Hong Kong] [Taiwan] [Singapore] [ ] [Not applicable]
18. Business Centre: [As in the Conditions/other (specify)]



19. Determination Date: [ ]<sup>10</sup> / [Not Applicable]
20. Selling Restrictions: In addition to selling restrictions listed in "**Purchase and Sale of the Warrants**" contained in the Offering Memorandum:
- (Specify any selling restrictions applicable to the Warrants which are additional to, or in substitution for, those contained in the Offering Memorandum)
21. Other Terms: [ ]<sup>11</sup>

**PROVISIONS APPLICABLE TO COMMODITY/COMMODITY INDEX-LINKED WARRANTS**

22. (i) Commodity/ Commodities/ Commodity Index/Commodity Indices: (specify Commodity/Commodities/Commodity Index/Commodity Indices) [The Sponsor[s] of the Commodity Index/Indices is/are [specify]]
- (ii) Pricing Date(s): [specify]
- (iii) Trade Date: [specify]
- (iv) Barrier Price: [specify]
- (v) Strike Price: [specify]
- (vi) Commodity Reference Price: [specify]
- The Price Source is/are [specify]
- (vii) Commodity Price: [specify]
- (viii) Delivery Date: [specify]
- (ix) Nearby Month: [specify]
- (x) Specified Price: [high price] [low price] [average of the high price and the low price] [closing price] [opening price] [bid price] [asked price] [average of the bid price and the asked price] [settlement price] [official settlement price] [official price] [morning fixing] [afternoon fixing] [spot price] [other]
- (xi) Exchange: [specify]
- (xii) Disruption Fallback(s): [As per Condition 17]/[specify]
- (xiii) Valuation Time: [Continuous monitoring [specify other] and the relevant time on [insert relevant date(s)].] [[specify]]
- (xiv) Specified Maximum Days of Disruption: [specify] [Commodity Business Days]

<sup>10</sup> Only applicable if Condition 4(f) (Optional Physical Settlement) or 4(g) (Optional Cash Settlement) is applicable.

<sup>11</sup> If new term constitutes a "significant new factor", consider whether a new offering circular is required.

**Part E - Product Supplement for Commodity/Commodity Index-Linked Notes and Warrants – Pro Forma Pricing Supplement for Commodity/Commodity Index-Linked Warrants**

- (xv) Knock-in-Event: [Not applicable/specify/ ["greater than"/"greater than or equal to"/"less than"/"less than or equal to"/"within"]]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Knock-in Price: [specify]
- (b) Knock-in Period Beginning Date: [specify]
- (c) Knock-in Period Beginning Date Commodity Business Day Convention: [Not applicable/Applicable]
- (d) Knock-in Determination Period: [specify]
- (e) Knock-in Determination Day(s): [specify]
- (f) Knock-in Period Ending Date: [specify]
- (g) Knock-in Period Ending Date Commodity Business Day Convention: [Not applicable/Applicable]
- (h) Knock-in Valuation Time: [specify/See definition in Condition 17][Valuation Time.]
- (xvi) Knock-out Event: [Not applicable/specify/ ["greater than"/"greater than or equal to"/"less than"/"less than or equal to"]]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Knock-out Price: [specify]
- (b) Knock-out Period Beginning Date: [specify]
- (c) Knock-out Period Beginning Date Commodity Business Day Convention: [Not applicable/Applicable]
- (d) Knock out Determination Period: [specify]
- (e) Knock out Determination: [specify]

Day(s):

- |         |  |   |
|---------|--|---|
| (f)     | Knock-out Period Ending Date:  | [specify]   |
| (g)     | Knock-out Period Ending Date<br>Commodity Business Day Convention:   | [Not applicable/Applicable]   |
| (h)     | Knock-out Valuation Time:  | [specify/See definition in Condition 17][Valuation Time]                              |
| (xvii)  | Delayed Cancellation on the occurrence of a Market Disruption Event: | [Applicable/Not applicable]   |
| (xviii) | Weighting:   | The Weighting to be applied to each item comprising the Commodity Basket is [specify] |
| (xix)   | Other terms or special conditions:                                   | [Not applicable]/[specify]  |

**DISTRIBUTION**

- |     |  |  |
|-----|--|--|
| 23. | (i) If syndicated, names of Relevant Dealer(s)/Lead Manager(s):  | [Not applicable][HSBC Bank plc][other - give name]   |
|     | (ii) If syndicated, names [, addresses and underwriting commitments] of other Dealers/Managers (if any):                                       | [Not applicable][other - give name]<br>[Give addresses and underwriting commitments]<br><i>(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)</i>   |
| 24. | Exemption(s) from requirements under Directive 2003/71/EC (as amended) (the " <b>Prospectus Directive</b> "): Additional selling restrictions: | [Not applicable. This offer is made exclusively to investors outside the European Economic Area/[The offer is addressed solely to qualified investors (as such term is defined in the Prospectus Directive)]/[The offer is addressed to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive)]/[The offer is addressed to investors who will acquire Warrants for a consideration of at least EUR100,000 (or equivalent amount in another currency) per investor for each separate offer]<br>[specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement] |

**TRANSFER RESTRICTIONS**

Because of the following restrictions, purchasers of Warrants offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Warrants.

Each prospective purchaser of Warrants offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of this Pricing Supplement and the accompanying Offering Memorandum, will be deemed to have represented and agreed with respect to such Warrants as follows:

- (a) such 144A Offeree acknowledges that this Pricing Supplement and the accompanying Offering Memorandum is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Warrants other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Pricing Supplement and the accompanying Offering Memorandum, 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 this Pricing Supplement and the accompanying Offering Memorandum or any documents referred to herein.

Each purchaser of Warrants sold in reliance on Rule 144A ("**Restricted Warrants**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Warrants for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Warrants to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Warrants are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Warrants offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Warrants will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS WARRANT [AND THE SECURITIES TO BE DELIVERED UPON EXERCISE HEREOF]<sup>12</sup> HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS WARRANT IS HEREBY NOTIFIED THAT THE SELLER OF THIS WARRANT MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS WARRANT, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS WARRANT MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS WARRANT FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

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<sup>12</sup> To be included if the underlying securities have not been registered under the Securities Act.

UNLESS OTHERWISE PROVIDED IN A SUPPLEMENT TO THE OFFERING MEMORANDUM OR APPLICABLE PRICING SUPPLEMENT, EACH PURCHASER OR TRANSFEREE OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS WARRANT TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "BENEFIT PLAN INVESTOR") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "SIMILAR LAW PLAN"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS WARRANT THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

[ANY EXERCISE OF THIS WARRANT WILL BE CONDITIONED ON (1) THE DELIVERY OF A DULY EXECUTED EXERCISE NOTICE BY THE HOLDER HEREOF AND (2) WITH RESPECT TO EXERCISE BY ANY US PERSON, THE UNDERLYING SECURITIES BEING (A) REGISTERED UNDER THE SECURITIES ACT OR (B) SUBJECT TO AN EXEMPTION FROM REGISTRATION THEREUNDER AT THE TIME OF SUCH EXERCISE.]<sup>13</sup>

- (4) Each purchaser of Restricted Warrants acknowledges that the Issuer, the Warrant Registrar, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Warrants for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Warrant represented by a Restricted Global Registered Warrant may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Warrant, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Warrants While in Global Form*" in the accompanying Offering Memorandum.]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

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<sup>13</sup> *Only include this language in respect of physically settled warrants.*

## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Listing: [Application [will be/has been] made to admit the Warrants to listing on the Official List of the Irish Stock Exchange [on or around the Issue Date/[ ]]. No assurance can be given as to whether or not, or when, such application will be granted.][Not applicable]
- (ii) Admission to trading: [Application [will be][has been] made for the Warrants to be admitted to trading on the Global Exchange Market with effect from [the Issue Date/ [insert date] ]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application have been made to have the Warrants admitted to trading on the PORTAL System of the US National Association of Securities Dealers][Not applicable]
- (Where documenting a fungible issue need to indicate that original warrants are already admitted to trading.)*
- (iii) Estimated total expenses of admission to trading: [(Specify amount)] [Not applicable]

### 2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Manager(s), so far as the Issuer is aware, no person involved in the issue of the Warrants has an interest material to the issue. The 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]

### 3. REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: [ ]
- (Specify reasons only if reasons are different from making profit/hedging purposes, otherwise: Not applicable)*
- (ii) Estimated net proceeds: *(Specify if reasons for the offer are specified above under (i), otherwise: Not applicable.) (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- (iii) Estimated total expenses: *(Specify if reasons for the offer are specified above under (i), otherwise: Not applicable / [Include breakdown of expenses])*

### 4. **[Index-Linked, other variable-linked Interest Warrants only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained.)*

### OPERATIONAL INFORMATION

5. ISIN Code: [[ ]/Not applicable]
6. Common Code: [[ ]/Not applicable]

**Part E - Product Supplement for Commodity/Commodity Index-Linked Notes and Warrants – Pro Forma Pricing Supplement for Commodity/Commodity Index-Linked Warrants**

7. CUSIP: [[ ]/Not applicable]
8. Valoren Number: [[ ]/Not applicable]
9. SEDOL: [[ ]/Not applicable]
10. WKN: [[ ]/Not applicable]
11. Any clearing system(s) other than Euroclear, and Clearstream, Luxembourg and the relevant identification number(s): [None/*specify*]
12. Delivery: Delivery [against/free of] payment
13. Additional Warrant Agent(s) (if any): [None/*specify*]
14. Common Depositary: [HSBC Bank plc]/[Not applicable][*specify*]
15. Calculation Agent: [HSBC Bank plc] [HSBC France] [*specify*]
16. City in which specified office of Warrant Registrar to be maintained: [London][Not applicable][*specify*]
17. ERISA Considerations: [The Warrants may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Offering Memorandum for further information./*give details*] [Not applicable]

**REGISTERED AND HEAD OFFICE OF THE ISSUER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
UK

**PRINCIPAL PAYING AGENT,  
PRINCIPAL WARRANT AGENT,  
ISSUE AGENT, REGISTRAR,  
TRANSFER AGENT AND  
AUTHENTICATION AGENT**

**DEALER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
UK

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
UK

**CALCULATION AGENT**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
UK

**HSBC France**  
15, rue Vernet  
75008 Paris  
France

**REGISTRAR**

**HSBC Bank USA,**  
National Association  
Corporate Trust  
452 Fifth Avenue  
New York, New York, 10018  
USA

**LEGAL ADVISERS TO THE ISSUER AND THE DEALER**

*as to English law*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
UK





**HSBC Bank plc**

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

*as Issuer*

**PROGRAMME FOR THE ISSUANCE OF NOTES AND WARRANTS**

**Credit-Linked Notes**

This product supplement in relation to Credit-Linked Notes constitutes Part F ("**Part F**") of the offering memorandum dated 18 June 2013 (the "**Offering Memorandum**") prepared by HSBC Bank plc (the "**Bank**" or the "**Issuer**") in relation to the Programme for the Issuance of Notes and Warrants (the "**Programme**") described therein in connection with the application made for Notes or Warrants to be admitted to listing on the Irish Stock Exchange, and to trading on the its Global Exchange Market.

**The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the "Prospectus Directive"). The Offering Memorandum has been prepared solely with regard to Notes that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2004/39/EC and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).**

To the extent that there is any inconsistency between any statement in this Part F and any other statement in, or incorporated by reference in, other parts of the Offering Memorandum, the statements in this Part F will prevail for the purposes of Part F.

Notes issued pursuant to the Programme may include "**Credit-Linked Notes**" being Notes in relation to which the interest rate and/or the redemption amount payable at maturity reflects the performance of a reference entity or reference obligation, or a portfolio of reference entities or reference obligations. The purpose of this Part F is to provide information in relation to Credit-Linked Notes. This Part F should be read together with Parts A and B of the Offering Memorandum.

**An investment in Credit-Linked Notes involves risks. See Part A of the Offering Memorandum under the heading "Risk Factors" (beginning on page A-9).**

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Part F or any other information supplied in connection with the Credit-Linked Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

Neither this Part F nor any further information supplied in connection with the Credit-Linked Notes should be considered as a recommendation or as constituting an invitation or offer by the Issuer that any recipient of this Part F or any other information supplied in connection with the Credit-Linked Notes should subscribe for or purchase the Credit-Linked Notes. Each investor contemplating subscribing for or purchasing the Credit-Linked Notes should make its own independent investigation of the affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Part F nor any other information supplied in connection with the Credit-Linked Notes constitutes an offer by or on behalf of the Issuer to subscribe for or purchase the Credit-Linked Notes.

The distribution of this Part F and the offer, distribution or sale of Credit-Linked Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this document may be lawfully distributed, or that the Credit-Linked Notes may be lawfully offered, or assumes any responsibility for facilitating any such distribution or offering. In particular, action may be required to be taken to permit a public offering of the Credit-Linked Notes or a distribution of this document in any jurisdiction. Accordingly, no Credit-Linked Notes may be offered or sold, directly or indirectly, and neither this Part F nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Part F or the Credit-Linked Notes come must inform themselves about, and observe, any such restrictions.

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

**Programme Arranger and Dealer**

**HSBC**

18 June 2013

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**IMPORTANT NOTICES**

Given the highly specialised nature of Credit-Linked Notes, the Issuer considers that they are only suitable for highly sophisticated investors who are willing to take considerable risks, who are able to determine for themselves the risk of an investment linked to the credit risk of the particular reference entity or entities and who can absorb a substantial or total loss of principal.

Consequently, investors who do not fall within the description above should not consider purchasing the Credit-Linked Notes without taking detailed advice from a specialised professional adviser.

**ADDITIONAL TERMS AND CONDITIONS RELATING TO CREDIT-LINKED NOTES  
(SINGLE NAME – UNLEVERAGED)**

The section headed "*Terms and Conditions of the Notes*" of this Offering Memorandum shall be supplemented and modified by the following "*Additional Terms and Conditions Relating to Credit-Linked Notes (Single name – Unleveraged)*" in respect of any issue of Credit-Linked Notes as amended or supplemented by the terms of each Tranche of Notes set out in the Pricing Supplement which are being specified as being "Unleveraged" in the relevant Pricing Supplement. In the event of any inconsistency between the "*Terms and Conditions of the Notes*" and the "*Additional Terms and Conditions Relating to Credit-Linked Notes (Single name – Unleveraged)*", such "*Additional Terms and Conditions Relating to Credit-Linked Notes (Single name – Unleveraged)*" shall prevail and the "*Terms and Conditions of the Notes*" shall be amended accordingly.

**Interest**

If Fixed Rate Note provisions are specified in the relevant Pricing Supplement as being applicable, then Condition 4 (*Fixed Rate Note Provisions*) will apply with the following amendments:

- (i) existing Condition 4(b) (*Accrual of interest*) shall be amended by the substitution of "Interest Conditionally Payable" for "Accrual of Interest" in the heading and by the insertion of the words "Subject to Condition 4(e) below," at the beginning; and
- (ii) the following provision shall be included as Condition 4(e):

*"4(e) Condition precedent to interest entitlement*

The Issuer's obligation to make any payment of interest in accordance with this Condition 4 is subject to the condition precedent that no Credit Event Notice has been given on or before the relevant Interest Payment Date and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to pay interest on the Notes in respect of all or any part of the Interest Period current on the date that is the earlier to occur of (I) the Credit Event Notice Date and (II) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs or in respect of any subsequent period; **provided, however, that**, if "Interest until Credit Event Notice Date" is specified then the Issuer shall pay the interest accrued to, but excluding, the earliest to occur of (i) the Credit Event Notice Date; (ii) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs; (iii) the Scheduled Maturity Date; and (iv) the Maturity Date. For the avoidance of doubt, if in accordance with Conditions 7(j)(iii) or 7(j)(iv), a partial redemption is effected, interest shall continue to accrue in accordance with this Condition on the unaffected outstanding principal amount of the Notes."

If Floating Rate Note provisions are specified in the relevant Pricing Supplement as being applicable, then Condition 5 (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note Provisions*) will apply with the following amendments:

- (i) existing Condition 5(b) (*Accrual of interest*) shall be amended by the substitution of "Interest conditionally payable" for "Accrual of Interest" in the heading and by the insertion of the words "Subject to Condition 5(k) below," at the beginning; and
- (ii) the following provision shall be included as Condition 5(k):

*"5(k) Condition precedent to interest entitlement*

The Issuer's obligation to make any payment of interest in accordance with Condition 4 is subject to the condition precedent that no Credit Event Notice has been given on or before the relevant Interest Payment Date and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to pay interest on the Notes in respect of all or any part of the Interest Period current on the date that is the earlier to occur of (I) the Credit Event Notice Date and (II) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs or in respect of any subsequent period; **provided, however, that**, if "Interest until Credit Event Notice Date" is specified then the Issuer shall pay the interest accrued to, but excluding, the earliest to occur of (i) the Credit Event Notice Date; (ii)

the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs; (iii) the Scheduled Maturity Date; and (iv) the Maturity Date. For the avoidance of doubt, if in accordance with Conditions 7(j)(iii) or 7(j)(iv), a partial redemption is effected, interest shall continue to accrue in accordance with this Condition on the unaffected outstanding principal amount of the Notes."

### Redemption and Purchase

Condition 7 (*Redemption and Purchase*) shall apply with the following amendments:

- (i) The following provision shall be substituted for the existing Condition 7(a):

"7(a) *Final Redemption*

- (i) Subject to Condition 7(a)(ii) below and subject as otherwise set out in the Conditions, the Notes will, unless previously redeemed or purchased and cancelled, be redeemed at their principal amount or such other redemption amount as may be set out in or determined in accordance with the Conditions on the Maturity Date specified in the relevant Conditions.
- (ii) The Issuer's obligation to redeem the Notes in accordance with Condition 7(a)(i) above is subject to the condition precedent that no Credit Event Notice has been given on or before the Maturity Date and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to redeem the Notes in accordance with Condition 7(a)(i) above if, on or before the Maturity Date, a Credit Event Notice has been given. In such circumstances, the only obligations of the Issuer with regard to redemption of the Notes shall be to redeem the Notes in accordance with the provisions set out in Part A and subject to the following provisions of this Condition 7."
- (ii) The following Conditions 7(j), (k), (l), (m), (n), (o) and (p) shall be added to Condition 7 (Condition 7(i) being omitted):

"7(j) *Redemption following the occurrence of a Credit Event*

- (i) Following the occurrence of a Credit Event on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time) and on or prior to the Scheduled Maturity Date, the Issuer may at any time on or before the Notice Delivery Period End Date, and irrespective of whether such Credit Event is continuing and/or any other Credit Event has occurred, give notice thereof to the Noteholders (such notice the "**Credit Event Notice**" and the date on which such notice is given, the "**Credit Event Notice Date**") in accordance with Condition 14 (*Notices*) and Part B of the Conditions. The Issuer shall be under no obligation to give notice of any Credit Event and no delay in giving, or omission to give, notice of any Credit Event shall prejudice the Issuer's right to give notice with respect to such (or any other) Credit Event provided such notice is given no later than on or prior to the Notice Delivery Period End Date.
- (ii) For the avoidance of doubt, the Issuer may give a Credit Event Notice whether or not it has already taken any steps to exercise its option under Condition 7(b) (*Redemption for Taxation Reasons*), and any giving of a Credit Event Notice shall supersede and override any earlier exercise of such option.

If the Issuer gives a Credit Event Notice, and subject as provided in (iii) below:

- (a) the Issuer shall be obliged to redeem the Notes (and shall be obliged to redeem the Notes only) by payment on the Credit Event Redemption Date of the Credit Event Redemption Amount; and
- (b) the Issuer shall not be liable to pay interest on the Notes in respect of all or any part of the Interest Period current at the earlier to occur of (A) the relevant Credit Event Notice Date; (B) the relevant Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs

(or, in either case, if such date is on or after the Scheduled Maturity Date, the Interest Period to (but excluding) the Scheduled Maturity Date) nor in respect of any subsequent period, and interest shall be treated as having ceased to accrue accordingly; **provided, however, that**, if "Interest until Credit Event Notice Date " is specified then the Issuer shall pay the interest accrued to, but excluding, the earlier to occur of (I) the Credit Event Notice Date; (II) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs; (III) the Scheduled Maturity Date; and (IV) the Maturity Date.

- (iii) This Condition 7(j)(iii) applies if the Reference Entity Calculation Amount is required to be allocated as contemplated in paragraph (e) of the definition of Successor in Condition 7(o). In such circumstances:
- (a) the Issuer shall be entitled under this Condition 7(j) to give multiple Credit Event Notices, one with respect to each Successor, and where any Credit Event Notice is so given, the conditions precedent to the obligations of the Issuer to pay interest on, and principal of, the Notes shall be treated as unsatisfied only in relation to an amount (the "**Successor Partial Redemption Amount**") of the outstanding principal amount of the Notes equal to the proportion of the Reference Entity Calculation Amount allocated to the relevant Successor;
  - (b) where a Credit Event Notice is so given the provisions of this Condition 7 will apply so as to require the Issuer to redeem the Notes in part only on the relevant Cash Settlement Date, by payment of an amount equal to whichever is the greater of (1) the Successor Partial Redemption Amount minus the Cash Settlement Amount and (2) zero, and on payment of such amount (or, if such amount is zero, on the Cash Settlement Date) the outstanding principal amount of the Notes shall be deemed to have been repaid in an amount equal to the Successor Partial Redemption Amount (which shall be the amount on which interest shall be treated as having ceased to accrue or to accrue (as applicable) as contemplated in (ii) above); and
  - (c) save where the full principal amount of the Notes has been so redeemed, the Issuer shall remain entitled notwithstanding any such partial redemption to give one or more further Credit Event Notices with respect to any such Successor or any other Reference Entity in respect of which no Credit Event Notice has been effectively given.
- (iv) This Condition 7(j)(iv) applies if one or more Restructuring Credit Events occurs on or prior to the Scheduled Maturity Date (and whether or not such event is continuing). In such circumstances:
- (a) the Issuer shall be entitled to redeem the Notes in part only by giving a Credit Event Notice with respect to the relevant Restructuring Credit Event and specifying in such notice (A) that partial redemption only of the Notes is required and (B) the portion of the Reference Entity Calculation Amount (being an amount which is (x) less than the outstanding principal amount of the Notes and (y) at least 1,000,000 units of the currency (or if Japanese Yen, 100,000,000 units) in which the Reference Entity Calculation Amount is denominated or an integral multiple thereof) in respect of which such partial redemption is required (the portion of the Reference Entity Calculation Amount being the "**Partial Redemption Portion**" applicable with respect to such Credit Event Notice); and
  - (b) where a Credit Event Notice is given as contemplated in (a) above:
    - (i) the Reference Entity Calculation Amount in respect of the relevant Reference Entity shall thereafter be deemed reduced by an amount equal to the Partial Redemption Portion of the Reference Entity Calculation Amount immediately preceding the giving of the Credit Event Notice; and

- (ii) the provisions of this Condition 7 will apply so as to require the Issuer to redeem the Notes in part only on the relevant Cash Settlement Date, by payment of an amount in aggregate equal to whichever is the greater of (1) the Partial Redemption Portion minus the relevant Cash Settlement Amount and (2) zero, and on payment of such amount (or, if such amount is zero, on the relevant Cash Settlement Date) the outstanding principal amount of the Notes shall be deemed to have been repaid in an amount equal to the Partial Redemption Portion.

The Issuer shall be entitled to require such a partial redemption (or a redemption in full of the Notes) with respect to each Restructuring Credit Event which may occur and whether or not a partial redemption has been required in respect of another Restructuring Credit Event. For the avoidance of doubt, the Issuer shall, notwithstanding any such partial redemption having been required in connection with a Restructuring Credit Event, remain entitled to give a Credit Event Notice with respect to any other Credit Event and redeem the Notes in accordance with the provisions of this Condition 7 applicable where a Credit Event Notice has been given."

"7(k) [RESERVED]"

"7(l) *Method for Determining Obligations*

For the purposes of the definition of Obligation in Condition 7(o) the term "**Obligation**" may be defined as each obligation of each Reference Entity described by the specified Obligation Category, and having the specified Obligation Characteristics, if any, in each case, as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice. The following terms shall have the following meanings:

- (1) "**Obligation Category**" means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified, and:
  - (A) "**Payment**" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
  - (B) "**Borrowed Money**" means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
  - (C) "**Reference Obligations Only**" means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
  - (D) "**Bond**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
  - (E) "**Loan**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
  - (F) "**Bond or Loan**" means any obligation that is either a Bond or a Loan.
- (2) "**Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, and:
  - (A) (aa) "**Not Subordinated**" means an obligation that is not Subordinated to (i) the most senior Reference Obligation in priority of payment or (ii) if no Reference



Obligation is specified, any unsubordinated Borrowed Money obligations of the Reference Entity; **provided that**, if any of the events set forth under the definition of "Substitute Reference Obligation" has occurred with respect to all of the Reference Obligations or if, pursuant to the definition of "Successor" a Substitute Reference Obligation will be determined in accordance with the definition of "Substitute Reference Obligation" with respect to the Reference Obligation (each, in each case, a "**Prior Reference Obligation**") and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Valuation Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Valuation Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date;

(bb) "**Subordination**" means, with respect to an obligation (the "**Subordinated Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**Senior Obligation**"), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "**Subordinated**" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;

- (B) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such (or, if Specified Currency is specified and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be specified collectively as the "**Standard Specified Currencies**");
- (C) "**Not Sovereign Lender**" means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as "Paris Club debt";
- (D) "**Not Domestic Currency**" means any obligation that is payable in any currency other than the Domestic Currency;
- (E) "**Not Domestic Law**" means any obligation that is not governed by the laws of (1) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (2) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;
- (F) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and

- (G) "**Not Domestic Issuance**" means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

If the Obligation Characteristic "Listed" is specified, the Conditions shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if bonds are covered by the selected Obligation Category.

In the event that an Obligation is a Qualifying Guarantee, the following will apply:

- (1) For purposes of the application of the Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
- (2) For purposes of the application of the Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the specified applicable Obligation Characteristics, if any, from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (3) For purposes of the application of the Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the specified applicable Obligation Characteristics, if any, from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (4) For purposes of the application of the Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor."

"7(m) *Method for Determining Valuation Obligations*

For the purpose of the definition of Valuation Obligation in Condition 7(o) the term "**Valuation Obligation**" may be defined as each obligation of each Reference Entity described by the specified Valuation Obligation Category, and having each of the specified Valuation Obligation Characteristics, if any, as of the Valuation Date subject as provided below. The following terms shall have the following meanings:

- (1) "**Valuation Obligation Category**" means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in Condition 7(l)(1), except that, for the purpose of determining Valuation Obligations, Condition 7(l)(1)(C) shall be amended to state that no Valuation Obligation Characteristics shall be applicable to Reference Obligations Only).
- (2) "**Valuation Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, and:
  - (A) "**Not Contingent**" means any obligation having as of the Valuation Date and all times thereafter an outstanding principal balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the

terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall satisfy the Not Contingent Valuation Obligation Characteristic if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (1) to convert or exchange such obligation or (2) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Valuation Date;

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Valuation Obligation only if the rights referred to in (1) and (2) above of this Condition 7(m)(2)(A) have not been exercised (or such exercise has been effectively rescinded) on or before the Valuation Date;

- (B) "**Assignable Loan**" means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (C) "**Consent Required Loan**" means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (D) "**Direct Loan Participation**" means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of a third party, that provides such party with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between the relevant third party or its designee and either (x) the Issuer or its designee (to the extent the Issuer or such designee is then a lender or a member of the relevant lending syndicate), or (y) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);
- (E) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction **provided that** none of the following shall be considered contractual, statutory or regulatory restrictions:
  - (x) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
  - (y) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
- (F) "**Maximum Maturity**" means an obligation that has a remaining maturity from the Cash Settlement Date of not greater than the period specified;

- (G) "**Accelerated or Matured**" means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Valuation Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
- (H) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream, Luxembourg or any other internationally recognised clearing system.

If the Obligation Characteristic "Listed" is specified, the Conditions shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category.

If (a) either of the Valuation Obligation Characteristics "Listed" or "Not Bearer" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Valuation Obligation Category; (b) the Valuation Obligation Characteristic "Transferable" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Valuation Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Valuation Obligation Category); or (c) any of the Valuation Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Valuation Obligation Category;

If any of Payment, Borrowed Money, Loan, or Bond or Loan is specified as the Valuation Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Valuation Obligation Characteristics, the Valuation Obligations may include any Loan that satisfies any one of such Valuation Obligation Characteristics specified and need not satisfy all such Valuation Obligation Characteristics; and

In the event that a Valuation Obligation is a Qualifying Guarantee, the following will apply:

- (1) For purposes of the application of the Valuation Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
- (2) For purposes of the application of the Valuation Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the specified applicable Valuation Obligation Characteristics, if any, from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (3) For purposes of the application of the Valuation Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the specified applicable Valuation Obligation Characteristics, if any, from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.

- (4) For purposes of the application of the Valuation Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (5) The terms "outstanding principal balance" and "Due and Payable Amount" (as they are used in various other Conditions), when used in connection with Qualifying Guarantees are to be interpreted to be the then "outstanding principal balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee."

"7(n) *Restructuring Maturity Limitation and Modified Restructuring Maturity Limitation*

If "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Valuation Obligation may be included in the Portfolio only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date.

If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Valuation Obligation may be included in the Portfolio only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date."

"7(o) *Credit-Linked Note Definitions*

"**Accreted Amount**" means, with respect to an Accreting Obligation, an amount equal to (i) the sum of (a) the original issue price of such obligation and (b) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (ii) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (i)(b) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Valuation Date. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent) only if "Include Accrued Interest" is specified as being applicable. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such obligation's yield to maturity is not specified in, nor implied from, the terms of such obligation, then, for purposes of (i)(b) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (1) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (2) the relevant Valuation Date. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable;

"**Accreting Obligation**" means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (i) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (ii) periodic cash interest is also payable. With respect to any Accreting Obligation, "outstanding principal balance" shall mean the Accreted Amount thereof.

"**Affiliate**" means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or

indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"**Auction**" has the meaning set forth in the relevant Transaction Auction Settlement Terms.

"**Auction Cancellation Date**" means the date on which an Auction is deemed to be cancelled pursuant to the Transaction Auction Settlement Terms with respect to the relevant Reference Entity.

"**Auction Covered Transaction**" has the meaning set forth in the Transaction Auction Settlement Terms.

"**Auction Final Price**" means the price, if any, specified to be the Auction Final Price in the Transaction Auction Settlement Terms with respect to the Reference Entity (expressed as a percentage) or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-Off Date, the price, if any, specified to be the Auction Final Price in the Parallel Auction Settlement Terms with respect to the Reference Entity (expressed as a percentage).

"**Auction Final Price Determination Date**" means the day, if any, on which the Auction Final Price is determined pursuant to the Transaction Auction Settlement Terms with respect to the Reference Entity.

"**Auction Settlement Date**" means the date that is the number of Business Days specified in the Transaction Auction Settlement Terms (or, if a number of Business Days is not so specified, five Business Days) immediately following the Auction Final Price Determination Date.

"**Bankruptcy**" means a Reference Entity (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes or has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (a) results in a judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (b) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (i) to (vii) above (inclusive) of this definition of Bankruptcy.

"**Business Day**" shall have the meaning given to it in the relevant Pricing Supplement;

"**Cash Settlement Amount**" means the amount specified as such (or, if the same is allocated as contemplated in paragraph (e) of the definition of Successor in Condition 7(o), the proportion thereof allocated to the relevant Successor) or, if an amount is not specified, the greater of (a) the Reference Entity Calculation Amount multiplied by the difference between the Reference Price and the Auction Final Price (or the Final Price, if the Fallback Settlement Method applies) and (b) zero; **provided, however, that**, if "Deduct Hedging Costs" is specified then the Issuer shall increase the Cash Settlement Amount otherwise determined hereunder by an amount equal to the Hedging Costs.

"**Cash Settlement Date**" means the Credit Event Redemption Date.

"**CDS Settlement Currency**" means the currency specified or, if no currency is so specified, the currency of denomination of the Reference Entity Calculation Amount.

"**Conditionally Transferable Obligation**" means a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Valuation Obligation other than Bonds, **provided, however, that** a Valuation Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Valuation Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Valuation Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Valuation Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Valuation Obligation shall not be considered to be a requirement for consent for purposes of this definition of Conditionally Transferable Obligation.

For purposes of determining whether a Valuation Obligation satisfies the requirements of the definition of Conditionally Transferable Obligation, such determination shall be made as of the Valuation Date, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents obtained.

"**Convertible Obligation**" means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

"**Credit Derivatives Auction Settlement Terms**" means any Credit Derivatives Auction Settlement Terms published by ISDA, in accordance with the Rules, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time in accordance with the Rules.

"**Credit Derivatives Determinations Committees**" means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions, as more fully described in the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the "**Rules**").

"**Credit Event**" means the occurrence of one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, as specified, as determined by the Issuer or the Calculation Agent in its sole and absolute discretion (save that such determination shall be confirmed by Publicly Available Information). If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon: (i) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, any Underlying Obligor to enter into any Underlying Obligation, (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described, (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described or (iv) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

"**Credit Event Backstop Date**" means either (a) 60 calendar days prior to the Credit Event Resolution Request Date (if any) or (b) otherwise, the date that is 60 calendar days prior to the earlier of (i) the Credit Event Notice Date and (ii) in circumstances where (A) the conditions to

convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (C) the Credit Event Notice is effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**"Credit Event Redemption Amount"** shall have the meaning given to it in the relevant Pricing Supplement;

**"Credit Event Redemption Date"** means, if an Auction Final Price Determination Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, a Parallel Auction Final Price Determination Date occurs, the fifth Business Day following the later of the Auction Settlement Date or the Parallel Auction Settlement Date (as applicable) and the relevant Credit Event Notice Date, **provided that if:**

- (1) an Auction Cancellation Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, a Parallel Auction Cancellation Date occurs;
- (2) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to sub-paragraph (b) of such definition, the Issuer has not exercised the Movement Option);
- (3) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine (A) whether or not an event constitutes a Credit Event with respect to the Reference Entity or Obligation thereof nor (B) the date of the occurrence of such event;
- (4) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that an event constitutes a Credit Event with respect to the Reference Entity or Obligation thereof and the date of the occurrence of such event and the Issuer determines in its sole and absolute discretion that a Reference Transaction would be settled in accordance with the Fallback Settlement Method; or
- (5) no Credit Event Resolution Request Date has occurred on or prior to the first Business Day prior to the Valuation Date,

the Credit Event Redemption Date shall be the tenth Business Day following the Valuation Date (or the Backup Valuation Date, as applicable) and the Issuer shall determine the Final Price in accordance with the Settlement Method set out in Schedule 1 (the **"Fallback Settlement Method"**).

**"Credit Event Resolution Request Date"** means, with respect to a notice to ISDA, delivered in accordance with the ISDA Credit Derivatives Determinations Committee Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (1) whether an event that constitutes a Credit Event has occurred with respect to the Reference Entity or Obligation thereof; and
- (2) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

the date, as publicly announced by ISDA to be the date that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the ISDA Credit Derivatives Determinations Committee Rules, of Publicly



Available Information with respect to the DC Resolutions referred to in sub-clauses (a) and (b) above.

**"Currency Amount"** means, whenever an amount is denominated in a currency other than the CDS Settlement Currency and is to be determined under these Conditions by reference to a Currency Amount, such amount converted to the relevant CDS Settlement Currency using the Currency Rate.

**"Currency Rate"** means, whenever so required to be determined the rate for conversion of the currency of the Valuation Obligation into the CDS Settlement Currency determined by the Calculation Agent, as of the Valuation Date, in its sole discretion.

**"DC Resolution"** has the meaning given to that term in the Rules.

**"Default Requirement"** means the amount specified as such or its equivalent in the relevant Obligation Currency, or if no amount is so specified, USD10,000,000 or its equivalent in the relevant Obligation Currency in either case as of the occurrence of the relevant Credit Event.

**"Deliverable Obligation Provisions"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**"Deliverable Obligation Terms"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**"Domestic Currency"** means the currency specified as such and any successor currency. If no currency is so specified, the Domestic Currency shall be the lawful currency and any successor currency of (i) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (ii) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

**"Downstream Affiliate"** means an entity whose outstanding Voting Shares were, at the date of the issuance of the Qualifying Guarantee, more than 50 percent owned, directly or indirectly, by the Reference Entity.

**"Due and Payable Amount"** means the amount that is due and payable under (and in accordance with the terms of) a Valuation Obligation as of the relevant Valuation Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

**"Eligible Reference Entity"** means an entity that is in the same Moody's, S&P or Additional Rating Agency industry group (the **"Industry Requirement"**) as the relevant Surviving Reference Entity, where:

**"Moody's"** means Moody's Investors Service, Inc.;

**"S&P"** means Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc; and

**"Additional Rating Agency"** means any rating agency selected by the Issuer in its sole discretion.

**"Eligible Transferee"** means:

any

- (i) bank or other financial institution;
- (ii) an insurance or reinsurance company;

- (iii) a mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in (iii)(a) below); and
  - (iv) a registered or licensed broker or dealer (other than a natural person or proprietorship);
- provided, however, in each case that such entity has total assets of at least USD500,000,000;
- (v) an Affiliate of an entity specified in (i) above;
  - (vi) each of a corporation, partnership, proprietorship, organisation, trust or other entity
    - (1) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (A) has total assets of at least USD100,000,000 or (B) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least USD100,000,000; or
    - (2) that has total assets of at least USD500,000,000; or
    - (3) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in (i), (ii), (iii)(b) above or (iv) below; or
  - (vii) a Sovereign, Sovereign Agency or Supranational Organisation

(all references in this definition to USD including equivalent amounts in other currencies).

**"Enabling Obligation"** means an outstanding Valuation Obligation that is (a) a Fully Transferable Obligation or a Conditionally Transferable Obligation, as applicable, and (b) has a final maturity date occurring on or prior to the Scheduled Maturity Date and following the Limitation Date immediately preceding the Scheduled Maturity Date (or in circumstances where the Scheduled Maturity Date occurs prior to the 2.5-year Limitation Date, following the final maturity date of the Latest Maturity Restructured Bond or Loan, if any).

**"Equity Securities"** means:

- (1) in the case of a Convertible Obligation, equity securities (including options or warrants) of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and
- (2) in the case of an Exchangeable Obligation, equity securities (including options or warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time.

**"Exchangeable Obligation"** means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holder of such obligation). With respect to any Exchangeable Obligation that is not an Accreting Obligation, "outstanding principal balance" shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**"Excluded Obligation"** means any obligation of a Reference Entity specified as such (if any are so specified).

**"Excluded Valuation Obligation"** means any obligation of a Reference Entity specified as such (if any are so specified).

**"Exercise Cut-off Date"** means:

- (a) with respect to a Credit Event which is a Restructuring for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and:
  - (i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is five Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules; or
  - (ii) a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of No Auction Announcement Date, the date that is 21 calendar days following such No Auction Announcement Date; or
- (b) with respect to a Credit Event which is a Restructuring for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, either:
  - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
  - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
  - (iii) the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

**"Extended Maturity Date"** has the meaning ascribed thereto in Part A.

**"Extension Date"** means the latest of (a) the Scheduled Maturity Date, (b) the Grace Period Extension Date if (i) Grace Period Extension is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (c) the Repudiation /Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in sub-paragraph (b) of the definition of Repudiation/Moratorium occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Repudiation/Moratorium Extension Condition is satisfied.

**"Failure to Pay"** means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure.

"**Fallback Settlement Method**" has the meaning given in the definition of Credit Event Redemption Date.

"**Final Price**" means a price determined in accordance with Schedule 1 to the Pricing Supplement.

"**Final List**" has the meaning given to such term in the Rules.

"**Full Quotation**" means each firm bid quotation obtained from a selected dealer for an amount of the Valuation Obligation equal to the Quotation Amount.

"**Fully Transferable Obligation**" means a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Valuation Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Valuation Obligation shall not be considered to be a requirement for consent for the purposes of this definition. For purposes of determining whether a Valuation Obligation satisfies the requirements of this definition, such determination shall be made as of the Valuation Date for the Valuation Obligation, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents which have been obtained by the Issuer.

"**GBP**" means the lawful currency of the United Kingdom of Great Britain and Northern Ireland;

"**Governmental Authority**" means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

"**Grace Period**" means with respect to an Obligation the lesser of (i) the applicable grace period with respect to payments under the terms of such Obligation in effect as of the date as of which such obligation is issued or incurred and (ii) a period of thirty calendar days.

"**Grace Period Extension Date**" means, with respect to any Potential Failure to Pay, the date that is the number of days constituting the relevant Grace Period after the date of the commencement of such Potential Failure to Pay.

"**Hedging Costs**" means an amount equal to the aggregate costs to the Issuer and/or its affiliates (if any) of terminating, transferring, liquidating, obtaining or re-establishing in whole or in part any swap agreement, financing arrangement or other hedging transaction entered into by or on behalf of the Issuer in relation to the issuance of the Notes, as determined by the Issuer in its sole and absolute discretion.

"**ISDA**" means the International Swaps and Derivatives Association, Inc.

"**Limitation Date**" means the first of 20 March, 20 June, 20 September or 20 December in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the "**2.5-year Limitation Date**"), 5 years (the "**5-year Limitation Date**"), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the "**20 year Limitation Date**"), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention.

"**Modified Eligible Transferee**" means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

"**Modified Restructuring Maturity Limitation Date**" means, with respect to a Valuation Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date **provided that**, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. If the Scheduled Maturity Date is later than the 2.5-year Limitation Date and prior to the 5-year Limitation Date, a Restructured

Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Maturity Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only. Subject to the foregoing, in the event that the Scheduled Maturity Date is later than (A) the 2.5-year Limitation Date and no Enabling Obligation exists or (B) the 20-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

**"Movement Option"** means with respect to a Restructuring Credit Event for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified to be applicable in the Standard Terms with respect to the relevant Reference Entity and with respect to which a No Auction Announcement Date has occurred (in accordance with paragraph (b) of such definition), the option of the Issuer (to be exercised in its sole and absolute discretion) to apply to the Notes, for the purposes of determining the Credit Event Redemption Amount, the Parallel Auction Settlement Terms, if any. In order to exercise the Movement Option in the manner set out above, the Issuer must deliver an effective Notice to Exercise Movement Option to the Noteholders in accordance with Condition 14 (*Notices*) of the Notes on or prior to the Movement Option Cut-off Date. If no effective Notice to Exercise Movement Option is delivered by the Issuer to the Noteholders on or prior to the Movement Option Cut-off Date, the Notes will be settled in accordance with the Fallback Settlement Method.

**"Movement Option Cut-off Date"** means the date that is one Business Day prior to the Auction Date.

**"Multiple Holder Obligation"** means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event, is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which constitutes a Restructuring Credit Event **provided that** any Obligation that is a Bond shall be deemed to satisfy the requirements in (ii) of this definition of Multiple Holder Obligation.

**"No Auction Announcement Date"** means, with respect to a Credit Event, the date on which ISDA first publicly announces that (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published; (b) following the occurrence of a Restructuring in respect of which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified to be applicable in the Standard Terms with respect to the relevant Reference Entity, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary.

**"Notice Delivery Period End Date"** has the meaning ascribed thereto in Part A.

**"Notice to Exercise Movement Option"** means, where (a) either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable in the Standard Terms with respect to the relevant Reference Entity and (b) the Fallback Settlement Method would otherwise be applicable pursuant to the Auction Settlement provisions, an irrevocable notice from the Issuer to the Noteholders in accordance with Condition 14 (*Notices*) of the Notes that (i) specifies the Parallel Auction Settlement Terms applicable in accordance with the definition of Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

**"Obligation"** means (i) any obligation of a Reference Entity (either directly or as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee) determined pursuant to the method described in Condition 7(1) (but excluding any

Excluded Obligation), (ii) each Reference Obligation, unless specified as an Excluded Obligation, and (iii) any other obligation of a Reference Entity specified as such.

**"Obligation Acceleration"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Obligation Currency"** means the currency or currencies in which an Obligation is denominated.

**"Obligation Default"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Parallel Auction"** means "Auction" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Cancellation Date"** means "Auction Cancellation Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Final Price Determination Date"** means the Auction Final Price Determination Date as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Date"** means "Auction Settlement Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Terms"** means, following the occurrence of a Restructuring where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions applicable to the Reference Transaction.

**"Permissible Deliverable Obligations"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included in the Final List pursuant to the Deliverable Obligation Terms applicable to the relevant Auction.

**"Payment Requirement"** means the amount specified as such or its equivalent in the relevant Obligation Currency, or if Payment Requirement is not so specified, USD1,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**"Portfolio"** means a portfolio of one or more Valuation Obligations with (i) in the case of Valuation Obligations that are Borrowed Money obligations, an outstanding principal balance (including (if Included Accrued Interest is specified) or excluding (if Exclude Accrued Interest is specified) accrued but unpaid interest as determined by the Issuer or the Calculation Agent acting in a commercially reasonable manner) or (ii) in the case of Valuation Obligations that are not Borrowed Money obligations, a Due and Payable Amount (or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount) (the **"Valuation Obligation Calculation Amount"**, which in aggregate shall not exceed the Reference Entity Calculation Amount (or, if a partial redemption is designated in respect of a Restructuring Credit Event, the relevant Partial Redemption Portion) as of the relevant Valuation Date), which is identified by the Issuer to the Calculation Agent not later than the third Business Day immediately preceding the relevant Valuation Date, **provided that** such Portfolio may be amended by the Issuer at the Issuer's discretion up to one Business Day prior to the Valuation Date.

**"Potential Failure to Pay"** means, in the sole and absolute determination of the Issuer, the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations in accordance with the terms of such Obligations at the time of such failure.

**"Potential Repudiation/Moratorium"** means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

**"Publicly Available Information"** means information that reasonably confirms any of the facts relevant to the determination that the Credit Event has occurred and which (i) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information; **provided that**, if the Issuer or the Calculation Agent or any of its respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless the Issuer or the Calculation Agent or its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (ii) is information received from or published by (a) a Reference Entity (or a Sovereign Agency in respect of a Reference Entity which is a Sovereign) or (b) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (iv) of the definition of Bankruptcy above against or by a Reference Entity or (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.

In relation to any information of the type described in (ii), (iii) or (iv) above, the Issuer and the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.

Publicly Available Information need not state (a) in relation to the definition of Downstream Affiliate above, the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity and (b) that such occurrence (1) has met the Payment Requirement or Default Requirement, (2) is the result of exceeding any applicable Grace Period or (3) has met the subjective criteria specified in certain Credit Events.

**"Public Source"** means each source of Publicly Available Information specified as such (or, if a source is not so specified, each of Bloomberg Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

**"Qualifying Affiliate Guarantee"** means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

**"Qualifying Guarantee"** means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **"Underlying Obligation"**) for which another party is the obligor (the **"Underlying Obligor"**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment).

**"Qualifying Participation Seller"** means any participation seller that meets the requirements specified. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**"Reference Entity Calculation Amount"** has the meaning given to it in Schedule 1 to the Pricing Supplement.

**"Reference Price"** means the percentage specified or, if a percentage is not specified, one hundred percent.

**"Reference Transaction"** means a hypothetical credit derivative transaction (a) for which the Deliverable Obligation Terms and the Reference Obligation are (i) the same as the terms applicable for determining Valuation Obligations (the **"Valuation Obligation Terms"**) and the Reference Obligation specified in respect of the Notes or (ii) if and to the extent Valuation Obligation Terms and/or the Reference Obligation are not specified, the Deliverable Obligation Terms and Reference Obligation determined by the Calculation Agent in a commercially reasonable manner to be appropriate in respect of a credit derivative transaction linked to the relevant Reference Entity, (b) with a Scheduled Termination Date matching the Scheduled Maturity Date of the Notes and (c) otherwise having such other characteristics as the Calculation Agent may in its sole discretion determine appropriate by reference to, without limitation, the Issuer's hedging arrangements and/or any credit derivative elections made in relation to the Notes.

**"Relevant City Business Day"** has the meaning given to that term in the Rules.

**"Replacement Reference Entity"** means, with respect to a Surviving Reference Entity, an Eligible Reference Entity selected by the Issuer in its sole and absolute discretion and notified as soon as reasonably practicable to the Noteholders in accordance with Condition 14.

**"Repudiation/Moratorium"** means (a) an authorised officer of a Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement and (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation Moratorium Evaluation Date.

**"Repudiation/Moratorium Evaluation Date"** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date, of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium **provided that**, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied.

**"Repudiation/Moratorium Extension Condition"**. The Repudiation/Moratorium Extension Condition is satisfied if (i) ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium for the purposes of the Reference Transaction has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) or (ii) otherwise, by the delivery of the Issuer to the Noteholders of a



Repudiation/Moratorium Extension Notice and a Notice of Publicly Available Information in accordance with Condition 14 (*Notices*), in each case that are effective on or prior to the Business Day following the date that is fourteen calendar days after the Scheduled Maturity Date. In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium for purposes of the Reference Transaction with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium for purposes of the Reference Transaction has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan, Tokyo time)).

**"Repudiation/Moratorium Extension Notice"** means an irrevocable notice from the Issuer to the Noteholders delivered in accordance with Condition 14 (*Notices*) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign)). A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

**"Resolve"** has the meaning given to that term in the Rules, and "Resolved" and "Resolves" shall be interpreted accordingly.

**"Restructured Bond or Loan"** means an Obligation which is a Bond or Loan and in respect of which a Restructuring that is the subject of a Credit Event Notice has occurred.

**"Restructuring"**

- (a) **"Restructuring"** means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of (i) the Credit Event Backstop Date and (ii) the date as of which such Obligation is issued or incurred:
- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
  - (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
  - (iii) a postponement or other deferral of a date or dates for either (a) the payment or accrual of interest or (b) the payment of principal or premium;
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
  - (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency ("**Permitted Currency**" meaning (a) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its

membership); or (b) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of the McGraw Hill Companies, Inc or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof).

- (b) Notwithstanding the provisions of (a) above, none of the following shall constitute a Restructuring:
- (i) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
  - (ii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
  - (iii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.
- (c) Unless Multiple Holder Obligation is specified as not applicable then, notwithstanding anything to the contrary in this definition of Restructuring, the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.
- (d) For purposes of (a), (b) and (c) above, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in (a) above shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in (b) above shall continue to refer to the Reference Entity.

**"Restructuring Date"** means, with the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Restructuring Maturity Limitation Date"** means with respect to a Valuation Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, **provided that**, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **"Latest Maturity Restructured Bond or Loan"**) and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan. In the event that the Scheduled Maturity Date is later than (a)(i) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (ii) the 2.5-year Limitation Date, and, in either case, no Enabling Obligation exists or (b) the 20-year Limitation Date, the Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

**"Scheduled Maturity Date"** has the meaning ascribed thereto in Part A.

"**Sovereign**" means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof.

"**Sovereign Agency**" means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

"**Sovereign Restructured Valuation Obligation**" means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the specified Valuation Obligation Category and, subject to Condition 7(m)(2), having each of the specified Valuation Obligation Characteristics, if any, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Valuation Obligation Category or Valuation Obligation Characteristics after such Restructuring.

"**specified**" means, unless otherwise provided, as specified in Schedule 1 to the Pricing Supplement relating to the Notes and/or in the applicable Standard Terms.

"**Substitute Reference Obligation**" means one or more obligations of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that (i) a Reference Obligation is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortization or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (i) ranks *pari passu* in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date) and (ii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to one or more but not all of the Reference Obligations for such Reference Entity, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to all of the Reference Obligations for such Reference Entity, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall

be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.

- (e) If (i) more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to all the Reference Obligations of such Reference Entity and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations of such Reference Entity, or (ii) only one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under sub-section (a) of this definition of Substitute Reference Obligation has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the latest of the Maturity Date and the Grace Period Extension Date (if any).
- (f) For purposes of identification of a Reference Obligation, any change in a Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

"**Successor**" shall have the meaning determined in accordance with the following provisions:

- (a) In relation to a Reference Entity that is not a Sovereign, "**Successor**" means, subject to (j) below), the entity or entities, if any, determined as set forth below:
  - (i) if one entity directly or indirectly succeeds to 75 per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
  - (ii) if only one entity directly or indirectly succeeds to more than 25 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor;
  - (iii) if more than one entity each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will each be a Successor and (e) below will apply;
  - (iv) if one or more entities each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will be a Successor and (e) below will apply;
  - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
  - (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed

to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 14 calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable **provided that** the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in (a) above, and subparagraphs (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information.

- (b) **"Succession Event"** means an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, "Succession Event" shall not include any event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date (determined by reference to Greenwich Mean Time).
- (c) For purposes of interpreting this definition of Successor **"succeed"** means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to (a) above shall be made, in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged.
- (d) Where (i) a Reference Obligation has been specified with respect to a Reference Entity, (ii) one or more Successors to the Reference Entity have been identified and (iii) any one or more such Successors have not assumed the Reference Obligation, a Substitute Reference Obligation will be determined in accordance with the definition of Substitute Reference Obligation above.
- (e) Where, pursuant to (a)(iii) or (iv) above, more than one Successor has been identified then, subject to (j) below:
  - (i) each Successor will be treated as a Reference Entity;

- (ii) the Reference Entity Calculation Amount in respect of each Successor will be the Reference Entity Calculation Amount divided by the number of Successors;
  - (iii) the provisions of Condition 7(j)(iii) shall apply; and
  - (iv) the Conditions will otherwise continue to apply except to the extent that modification is required, as determined by the Calculation Agent in its sole and absolute discretion. The Calculation Agent will determine the Reference Obligation, Seniority and Transaction Type in its sole discretion in respect of each Successor.
- (f) **"Relevant Obligations"** means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.
- (g) **"Best Available Information"** means:
- (i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information or, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of Successor, other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
  - (ii) in the case of a Reference Entity which does not file with its primary securities regulator or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of Successor.
- (h) Information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information.
- (i) In relation to a Sovereign Reference Entity, **"Successor"** means any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.
- (j) Subject to paragraph (k) below, where any Reference Entity (a **"Surviving Reference Entity"**) (other than the Reference Entity which is the subject of the Succession Event) is a Successor to any Reference Entity (the **"Legacy Reference Entity"**), then such Surviving Reference Entity shall be deemed to be specified as a Reference Entity once only and the Reference Entity Calculation Amount in respect of such Reference Entity shall be the sum of the Reference Entity Calculation Amount applicable to that Reference Entity immediately prior to the Succession Event and the relevant portion of the Reference Entity Calculation Amount of the Legacy Reference Entity as provided in paragraph (e) above;

- (k) If Substitution is specified as applicable, where any Reference Entity (a "**Surviving Reference Entity**") (other than the Reference Entity which is the subject of the Succession Event) would otherwise be a Successor to any other Reference Entity (the "**Legacy Reference Entity**") pursuant to the foregoing provisions then, at the election of the Issuer at any time:
- (i) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and
  - (ii) the Replacement Reference Entity selected by the Issuer shall be deemed to be a Successor to the Legacy Reference Entity pursuant to that Succession Event from and including the legally effective date of the Succession Event. The Standard Terms applicable to such Replacement Reference Entity shall be the then current standard terms applicable to such Replacement Reference Entity as at the day it is selected by the Issuer.

**"Succession Event Backstop Date"** means (i) the date that is 90 calendar days prior to the Succession Event Resolution Request Date (if any) (determined by reference to Greenwich Mean Time) or (ii) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Calculation Agent determines that a Succession Event has occurred and (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of "Succession Event Resolution Request Date" are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Calculation Agent determines that a Succession Event has occurred not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**"Succession Event Resolution Request Date"** means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Succession Event has occurred with respect to the relevant Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the legally effective date of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

**"Supranational Organisation"** means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

**"TARGET"** means the Trans-European Automated Real-time Gross settlement Express Transfer System.

**"Transaction Auction Settlement Terms"** means, with respect to a Credit Event, the Credit Derivatives Auction Settlement Terms for which the Reference Transaction would be an Auction Covered Transaction.

**"USD"** means the lawful currency of the United States of America.

**"Valid Credit Event Resolution Request Date"** means a Credit Event Resolution Request Date which occurs on or prior to the 14th calendar day after the Extension Date (including prior to the Trade Date), **provided that** the Trade Date occurs on or prior to the Auction Final Price Determination Date or, in the case of a Restructuring Credit Event in respect of which the

Movement Option was exercised on or prior to the Movement Option Cut-off Date, the Parallel Auction Final Price Determination Date (as applicable), the Auction Cancellation Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, the Parallel Auction Cancellation Date (as applicable), or the date that is 21 calendar days following the No Auction Announcement Date.

**"Valuation Date"** means the date specified as such in accordance with the applicable Settlement Method.

**"Valuation Obligation"** means, subject to Condition 7(n):

- (i) any obligation of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee determined pursuant to the method described in Condition 7(m) (but excluding any Excluded Valuation Obligation) that (A) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (B) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) in the definition of Credit Event above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor and (C) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Valuation Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being valued apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
- (ii) subject to the second paragraph of the definition of Not Contingent in Condition 7(m)(2)(A), each Reference Obligation, unless specified as an Excluded Valuation Obligation;
- (iii) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Valuation Obligation (but excluding any Excluded Valuation Obligation) that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) of the definition of Credit Event above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Valuation Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being valued apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (iv) any other obligation of a Reference Entity specified as a Valuation Obligation.

**"Voting Shares"** means those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**"Weighted Average Quotation"** means the weighted average of firm quotations obtained from selected dealers, each for an amount of the Valuation Obligation of as large a size as available but less than the Valuation Obligation Calculation Amount."

**"7(p)** *Determinations by the Calculation Agent and Calculation Agent Free to Deal in Notes etc*

- (i) Whenever any matter falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise



stated, that matter shall be determined, considered or otherwise decided upon by the Calculation Agent or such other person, as the case may be, acting in good faith and in a reasonably commercial manner. The Calculation Agent shall not be liable for any loss, liability, cost, claim, action, demand or expense (including without limitation, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) arising out of or in relation to or in connection with its appointment or the exercise of its functions, except such as may result from its own wilful default, negligence or bad faith or that of its officers or agents.

- (ii) Nothing contained herein shall prevent the Calculation Agent from dealing in the Notes or from entering into any related transactions, including without limitation any swap or hedging transactions, with the Issuer (or any of its respective Affiliates) or any holder of the Notes (or any of its Affiliates)."

### Payments

Condition 9(d) (*Payments – General Provisions*) shall be amended by including the following sentence as the last sentence therein:

"Notwithstanding anything contained in these Conditions, if any relevant Condition requires any amounts in relation to a Note to be rounded as part of any calculations or determinations, then in the case of Notes which are for the time being represented by a Global Note, such calculation or determination shall be carried out in relation to the aggregate principal amount of the Notes so represented. Any rounding shall be carried out to the result thereof and the rounding shall not be carried out in relation to any calculations or determinations made on a *pro rata* or per Note basis."

### Meetings of Noteholders, Modification and Substitution

Condition 16 (*Meetings of Noteholders, Modification and Substitution*) shall be amended by:

- (1) inserting "; or" after the reference to "Notes" in the last line of sub-paragraph (c) and inserting thereafter the following as a new sub-paragraph (d):
  - "(d) to any modification of the Notes after the Issue Date required in connection with the listing of the Notes on any stock exchange"; and
- (2) inserting the following additional paragraph before the paragraph beginning with "The Issue Agent and the Issuer may also agree":

"The Calculation Agent may from time to time amend any provision of these Conditions to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent and the Issuer determine in a commercially reasonable manner are necessary to reflect market practice for credit derivative transactions."

**PRO FORMA PRICING SUPPLEMENT FOR CREDIT-LINKED NOTES (SINGLE NAME – UNLEVERAGED)**

*(When completing any pricing supplement, or adding any other terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether supplemental listing particulars would be required in respect of such terms or information.)*

The terms and conditions of Credit-Linked Notes shall consist of the "*Terms and Conditions of the Notes*" set out in "*Part B – Information relating to the Notes Generally*" and "*Part F – Additional Terms and Conditions relating to Credit-Linked Notes (Single Name - Unleveraged)*" of the Offering Memorandum (the "**Base Conditions**") as amended or supplemented by the terms set out in this Pricing Supplement (including the Schedules hereto) (the "**Pricing Supplement**"), (terms used in such provisions being deemed to be defined as such for the purposes of the Offering Memorandum).

**PRICING SUPPLEMENT**

Pricing Supplement dated: [•]

**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**

**[Further] Issue of**

**[Aggregate Principal Amount of Tranche] Credit Linked Notes due [•] linked to [name of Reference Entity] [(Subordinated)]**

**[(to be consolidated and form a single series with the existing *[Insert details of existing Tranche(s)]* issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

**PART A - CONTRACTUAL TERMS**

This document constitutes the pricing supplement ("**Pricing Supplement**") relating to the issue of the Tranche of Notes described herein [for the purposes of listing on the Official List of the Irish Stock Exchange] and must be read in conjunction with the Offering Memorandum dated 18 June 2013 as supplemented from time to time (the "**Offering Memorandum**") [which, together with this Pricing Supplement, constitute listing particulars for the purposes of listing on the Global Exchange Market]. 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 such Offering Memorandum.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. The Offering Memorandum is available for viewing 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

**The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the "Prospectus Directive"). The Offering Memorandum has been prepared solely with regard to Notes that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2004/39/EC and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).**

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an offering document with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions (the "**2005/2006/2007/2008/2009/2010/2011/2012 Conditions**"), which are defined in, and incorporated by reference into, the Offering Memorandum and which are applicable to the Notes. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement, the 2005/2006/2007/2008/2009/2010/2011/2012 Conditions and the Offering Memorandum. The Offering Memorandum and the 2005/2006/2007/2008/2009/2010/2011/2012 Conditions are 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

[For Notes offered and sold in the United States of America include:

#### **IMPORTANT NOTICES**

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

#### **AVAILABLE INFORMATION**

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

**It is advisable that investors considering acquiring any Notes understand the risks of transactions involving the Notes and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their**

**own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in the Offering Memorandum and this Pricing Supplement. Investors should consider carefully the risk factors set forth under "Risk Factors" in the Offering Memorandum.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.)*

1. Issuer: HSBC Bank plc
2. Tranche number: [ ]  
  
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).
3. Currency:
  - (i) Settlement Currency: [ ]
  - (ii) Denomination Currency: [*specify*/Settlement Currency]
4. Aggregate Principal Amount [of Notes admitted to trading]<sup>1</sup>:
  - [(i) Series:] [ ]
  - [(ii) Tranche:] [ ]
5.
  - (i) Issue Price: [ ] per cent. of each Note's pro rata share of the Aggregate Principal Amount [plus accrued interest from [*interest date*]][*In the case of fungible interest-bearing issues only, if applicable*]
  - (ii) Commission payable: [[ ] per cent/None<sup>2</sup>]
  - (iii) Selling concession: [[ ] per cent/None<sup>3</sup>]
6.
  - (i) Denomination(s): [ ][, provided that, for so long as the Notes are represented by a Global Note and the clearing system so permits, the Notes shall be tradeable in minimum nominal amounts of [ ] and integral multiples of [ ]thereafter]
  - (ii) Calculation Amount<sup>4</sup>: Subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit

<sup>1</sup> Delete for debt securities with a denomination per unit of less than EUR 100,000.

<sup>2</sup> Fees and commissions are banned in respect of Notes that are offered and sold on the basis of investment advice provided by a distributor in the UK or to a resident of the UK.

<sup>3</sup> Fees and commissions are banned in respect of Notes that are offered and sold on the basis of investment advice provided by a distributor in the UK or to a resident of the UK.

<sup>4</sup> The applicable Calculation Amount (which is used for the calculation of the redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.

Event, [ ]

7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [*specify*/Issue Date/Not applicable]

8. Maturity Date:  
(*Condition 7(a)*)
- Subject to the occurrence of a Potential Credit Event, the earliest to occur of (i) [*insert date*] (the "**Scheduled Maturity Date**"), [subject to adjustment in accordance with the [*insert*] Business Day Convention,] (ii) if a Credit Event Notice Date occurs, the Credit Event Redemption Date and (iii) the date on which the Notes fall due for redemption pursuant to the occurrence of one or more of the events specified under Conditions 7(b), 7(h) and 10.

Potential Credit Event:

Notwithstanding anything to the contrary in the Additional Conditions, if facts exist which may result in the determination that a Credit Event has occurred or exists on or prior to the Extension Date (a "**Potential Credit Event**"), the Maturity Date shall be extended to (1) if a Credit Event Notice is delivered on or prior to the Notice Delivery Period End Date, the Credit Event Redemption Date, or (2) if no Credit Event Notice is delivered on or prior to the Notice Delivery Period End Date, the earlier of (a) the date on which the Issuer notifies the Noteholders that a Potential Credit Event no longer exists, and (b) the third Business Day after the Notice Delivery Period End Date (the "**Extended Maturity Date**").

"**Notice Delivery Period End Date**" means the fifth (5th) Business Day following (a) if a Valid Credit Event Resolution Request Date occurs, the later of (i) the 14th calendar day following the Extension Date and (ii) any of the following (I) if the relevant Credit Event is not a Restructuring, the date on which the Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred; (II) if the relevant Credit Event is a Restructuring, the relevant Exercise Cut-Off Date; (III) the day on which the Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Credit Event has occurred; or (IV) the day that is 14th calendar day following the date on which the Credit Derivatives Determinations Committee has Resolved not to determine whether or not an event constitutes a Credit Event; or (b) otherwise the 14th calendar day following the Extension Date.

For the avoidance of doubt, if the Maturity Date is extended pursuant to the occurrence of a Potential Credit Event, no interest shall accrue in respect of the period from and including the Scheduled Maturity Date to and including the Extended Maturity Date.

9. Change of interest or redemption basis: Notwithstanding anything to the contrary in the Additional Conditions, in the event that the Notes are redeemed on the Credit Event Redemption Date, the redemption amount of the Notes shall be the Credit Event Redemption Amount [/Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis].

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

10. Fixed Rate Note provisions: [Applicable/Not applicable]  
(Condition 4)
- Rate(s) of Interest: [ ] per cent. per annum payable [on each Interest Payment Date] in arrear
- Interest Payment Date(s): [*specify payment dates*] in each year, commencing on and including the First Interest Payment Date and ending on the earliest to occur of (i) the Credit Event Redemption Date, (ii) the Scheduled Maturity Date and (iii) the Maturity Date, [in each case subject to adjustment in accordance with the [*specify*] Business Day Convention] / [not adjusted]
- Fixed Interest Payment Date: [ ] ([subject to adjustment in accordance with the [*specify*] Business Day Convention] / [not adjusted])
- Fixed Coupon Amount(s): [[ ] per Calculation Amount] [Not applicable]
- Day count fraction: [30/360/Actual/Actual (ICMA/ISDA)/Actual/360/*other (specify)*] [Not applicable] (as defined in Condition [1])
- Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*other (give details)*]
- Business Centre(s): [Not applicable/*give details*]
- Other terms relating to the method of calculating interest for Fixed Rate Notes: "**Interest Period**" means the period from and including an Interest Payment Date to and excluding the next succeeding Interest Payment Date, with the exception that the first such period shall commence on and include the Issue Date and the last such period shall end on but exclude the earliest of (i) the Credit Event Notice Date (if any), (ii) the Valid Credit Event Resolution Request Date (provided that a Credit Event Notice Date subsequently occurs), (iii) the Scheduled Maturity Date [(adjusted in accordance with the [Following] Business Day Convention)] and (iv) the Maturity Date, **provided that** for the purposes of Interest Periods, the Interest Payment Dates shall not be subject to the [*insert*] Business Day Convention].  
  
[any other details]
11. Floating Rate Note Provisions: [Applicable / Not applicable]  
(Condition 5)
- (i) [Interest Period(s)] / [The period from and including an Interest Payment Date to but excluding the next succeeding Interest

- [Specified Period]<sup>5</sup>: Payment Date, with the exception that the first such period shall commence on and include the Issue Date and the last such period shall end on but exclude the earliest to occur of (i) the Credit Event Notice Date (if any), (ii) the Valid Credit Event Resolution Request Date (**provided that** a Credit Event Notice Date subsequently occurs), (iii) the Scheduled Maturity Date [(adjusted in accordance with the [Following] Business Day Convention)] and (iv) the Maturity Date [provided that for the purposes of Interest Periods, the Interest Payment Dates shall not be subject to the [*insert*] Business Day Convention.]<sup>6</sup> / [*specify*]<sup>7</sup>
- (ii) Interest Payment Dates: [*specify payment dates*] in each year, commencing on and including the First Interest Payment Date and ending on the earliest to occur of (i) the Credit Event Redemption Date, (ii) the Scheduled Maturity Date and (iii) the Maturity Date, [in each case subject to adjustment in accordance with the [*specify*] Business Day Convention] / [not adjusted]
- (iii) First Interest Payment Date: [ ] ([subject to adjustment in accordance with the [*specify*] Business Day Convention] / [not adjusted])
- (iv) Interest Amount: An amount per Calculation Amount equal to the product of:
- (i) the Calculation Amount;
  - (ii) the Rate of Interest; and
  - (iii) the Day Count Fraction.
- Each Interest Amount will be [rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards)/other (*give details*)]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (vi) Business Centre(s): [Not applicable/*give details*]
- (vii) Screen Rate Determination: [Applicable/Not applicable]
- (1) Reference Rate: [*specify LIBOR or other*]
- (2) Interest Determination Date(s): [ ]

<sup>5</sup> Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

<sup>6</sup> This option is applicable when "Interest Period(s)" has been selected.

<sup>7</sup> Specify relevant period when "Specified Period" has been selected.

**Part F – Product Supplement for Credit-Linked Notes – Pro Forma Pricing Supplement for Credit-Linked Notes  
(Single Name – Unleveraged)**

- (3) Relevant Screen Page: [ ]
  - (4) Relevant Financial Centre: [ ]
  - (5) Designated Maturity: [ ]
  - (viii) ISDA Determination: [Applicable/Not applicable]
    - (1) Floating Rate Option: [ ]
    - (2) Designated Maturity: [ ]
    - (3) Reset Date: [ ]
  - (ix) Margin(s): [[+/-] per cent. per annum] [Not applicable]
  - (x) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/Actual/360/*other (specify)*] (as defined in Condition [1])
  - (xi) Relevant time: [ ]
  - (xii) Minimum Rate of Interest: [[ ] per cent. per annum] [Not applicable]
  - (xiii) Maximum Rate of Interest: [[ ] per cent. per annum] [Not applicable]
  - (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
12. Variable Coupon Amount Note provisions  
(Condition 5) [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Payment Dates: [ ]
  - (ii) Method of calculating interest: [ ]
  - (iii) Business Centre(s): [ Not applicable/give details]
13. Zero Coupon Note provisions:  
(Condition 6) [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph).*
- (i) Accrual Yield: [ ] per cent. [per annum]



- (ii) Zero Coupon Note Reference Price: [ ]
- (iii) Day Count Fraction in relation to Early Redemption Amounts and last payments [ ]
- 14. Index-Linked Interest Note/Other Variable-Linked Interest Note provisions [Applicable/Not applicable]

**PROVISIONS RELATING TO REDEMPTION**

- 15. Issuer's optional redemption (Call Option): *(Condition 7(c))* [Applicable/Not applicable]
- 16. Noteholder's optional redemption (Put Option): *(Condition 7(d))* [Applicable/Not applicable]
- 17. Final Redemption Amount: *(Condition 7(a))* [[ ] per Calculation Amount [*specify – if not par, also specify details of any formula*]  
  
See also the provisions relating to Redemption following the occurrence of a Credit Event in the Additional Conditions and below.]
- 18. Final Redemption Amount in cases where the final Redemption Amount is Index-linked to other variable linked: Not applicable
- 19. Instalment Notes: *(Condition 7(a))* Not applicable
- 20. Early Redemption Amount: Yes
  - (i) Early Redemption Amount (upon redemption for taxation reasons, illegality or following an Event of Default) *(Condition 7(b), 7(h) and Condition 11)*: The Early Redemption Amount shall be determined in good faith by the Calculation Agent in its absolute discretion to be each Note's pro rata share of the fair market value of the Notes immediately prior to the early redemption date less each Note's pro rata share of any Hedging Costs, subject to a minimum of zero.
  - (ii) Other redemption provisions: *(Condition 7(i))* If the Issuer gives a Credit Event Notice, the Issuer shall be obliged to redeem the Notes in full or in part, as the case may be, by payment of each Note's pro rata share, [rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards)/other (*give details*)], of the Credit Event Redemption Amount to the Noteholders on the Credit Event Redemption Date.

The Credit Event Notice shall describe the Credit Event and specify the Reference Entity in respect of which the Credit Event has occurred. If ISDA has not publicly announced that an event that constitutes a Credit Event has occurred with respect to the Reference Entity, it will also include copies

of relevant Publicly Available Information (two Public Sources) that support the occurrence of the Credit Event.

- |     |                                 |   |
|-----|---------------------------------|---|
| (1) | Credit Event Redemption Date:   | As defined in the Additional Conditions.  |
| (2) | Credit Event Redemption Amount: | <p>An amount (subject to a minimum of zero) equal to:</p> <p>(i) the product of (a) the Calculation Amount and (b) either (x) the Auction Final Price (if any); or (y) the Final Price, to the extent the Fallback Settlement Method applies; less</p> <p>(ii) each Calculation Amount’s pro rata share of any Hedging Costs, subject to a minimum of zero.</p> <p>Any Credit Event Redemption Amount will be [rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards)/other (<i>give details</i>)].</p> |
21. Form of Notes:  
(*Condition 2(a)*)
- |      |   |  |
|------|---|--|
| (i)  | Form of Notes:                                  | [Bearer Notes/ Registered Notes/ Uncertificated Registered Notes]  |
| (ii) | Bearer Notes exchangeable for Registered Notes: | [Yes/No] [ <i>Answer will be no where no Registered Notes or where the issue is wholly or partly a Rule 144A issue</i> ] |
22. [*New Global Note*][*(delete if Registered Note)*]/[Issued under the new safekeeping structure][*(delete if Bearer Note)*]
- [Yes/No]
23. If issued in bearer form:
- |       |   |  |
|-------|---|--|
| (i)   | Initially represented by a Temporary Global Note or Permanent Global Note:  | <p>[Temporary Global Note/Permanent Global Note]</p> <p>[<i>Notes may only be represented initially by a Permanent Global Note if this Pricing Supplement specifies that TEFRA C Rules apply</i>]</p>            |
| (ii)  | Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes:<br>( <i>Condition 2(a)</i> )                | [ <i>specify</i> ] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances set out in the Permanent Global Note]                 |
| (iii) | Permanent Global Note exchangeable at the option of the Issuer in circumstances where the Issuer would suffer material disadvantage following a change of | [Yes/No] [ <i>If yes, specify: The Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.</i> ] |

law or regulation:

- (iv) Coupons to be attached to Definitive Notes<sup>8</sup>: [Yes/No/Not applicable] [*N.B. this will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems – see provisions contained in Permanent Global Note*]
- (v) Talons for future Coupons to be attached to Definitive Notes<sup>9</sup>: [Yes/No/Not applicable] [*N.B. the above comment applies here*]
24. Exchange Date for exchange of Temporary Global Note: [*specify*/Not earlier than 40 days following the Issue Date]
25. Payments:  
(*Condition 9*)
- (i) Relevant Financial Centre Day: A day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London [and specify any additional places] (as defined in Condition 1 (*Definitions*))
26. Redenomination:  
(*Condition 10*) [Applicable/Not applicable]
27. Other terms: The "*Additional Terms and Conditions relating to Credit-Linked Notes (Single name – Unleveraged)*" (the "**Additional Conditions**") set out in the Offering Memorandum apply to the Notes, together with Schedules 1 and 2 hereto. The Notes are Unleveraged Credit-Linked Notes. In the event of any inconsistency between provisions set out in the Additional Conditions, this Part A of this Pricing Supplement and Schedule 1 hereto, the following hierarchy shall apply, namely (i) firstly, Part A of these Pricing Supplement, then (ii) Schedule 1 hereto and then (iii) the Additional Conditions.

## DISTRIBUTION

28. (i) If syndicated, names of Relevant Dealer(s)/Lead Manager(s): Not applicable
- (ii) If syndicated, names, addresses and underwriting commitments of other Dealers/Managers (if any): Not applicable
29. Selling restrictions: [For Bearer Notes: TEFRA C Rules/TEFRA D Rules/TEFRA Not Applicable]

<sup>8</sup> Definitive Notes will typically have coupons attached to them if interest bearing.

<sup>9</sup> Talons will be needed if there are 27 or more coupons.

United States of America: [Notes may not be offered or sold within the United States of America or, to or for the account or the benefit of, a US person (as defined in Regulation S)]

[Notes may be offered or sold within the United States of America or to, or for the account or the benefit of, a US person (as defined in Regulation S) only in compliance with the provisions set forth under "*Transfer Restrictions*."] ]

Exemption(s) from requirements under Directive 2003/71/EC (as amended) (the "**Prospectus Directive**"): [Not applicable. This offer is made exclusively to investors outside the European Economic Area]/[The denomination of the Notes is greater than or equal to EUR100,000 (or equivalent amount in another currency)]/[The offer is addressed solely to qualified investors (as such term is defined in the Prospectus Directive)]/[The offer is addressed to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive)]/[The offer is addressed to investors who will acquire Notes for a consideration of at least EUR100,000 (or equivalent amount in another currency) per investor for each separate offer]

30. Additional selling restrictions: [*Specify any modifications of, or additions to, selling conditions contained in Dealer Agreement*]

[In offers of Credit-Linked Notes pursuant to Rule 144A insert:<sup>10</sup>

## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of this Pricing Supplement and the accompanying Offering Memorandum, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that this Pricing Supplement and the accompanying Offering Memorandum is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Pricing Supplement and the accompanying Offering Memorandum, 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 this Pricing Supplement and the accompanying Offering Memorandum or any documents referred to herein.

Each purchaser of Notes sold in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Notes will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

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<sup>10</sup> Please note that the default selling restrictions are for Regulation S offers and sales only.

UNLESS OTHERWISE PROVIDED IN ANY SUPPLEMENTAL LISTING PARTICULARS OR APPLICABLE PRICING SUPPLEMENT, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "BENEFIT PLAN INVESTOR") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("SIMILAR LAW") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "SIMILAR LAW PLAN"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

- (4) Each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Offering Memorandum.]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

## PART B - OTHER INFORMATION

### 1. LISTING

- (i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of Irish Stock Exchange [on or around the Issue Date/ *insert date*]]. No assurance can be given as to whether or not, or when, such application will be granted] [Not applicable]
- (ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading on the Global Exchange Market with effect from [the Issue Date/ *insert date*]]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Notes admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*
- (iii) Estimated total expenses of admission to trading: [(specify amount)]

### 2. RATINGS

- Ratings: [The Notes are not rated.] [The Notes [have been][are expected on issue to be] rated [./:]]
- [Standard & Poor's Credit Market Services Europe Limited: [ ]]
- [Moody's Investors Service Limited: [ ]]
- [Fitch Ratings Limited: [ ]]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[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. 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. REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: [ ]
- (If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*
- (ii) Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses: *[Include breakdown of expenses]*

5. **[Fixed Rate Notes only - YIELD]**

Indication of yield: *[Calculated as [include details of method of calculation in summary form] on the Issue Date]*

*[As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price and the Rate of Interest. It is not an indication of future yield.]]*

6. **[Index-Linked or other variable-linked Interest Notes only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained.*

**OPERATIONAL INFORMATION**

7. ISIN Code: *[[ ]/Not applicable]*

8. Common Code: *[[ ]/Not applicable]*

9. CUSIP: *[[ ]/Not applicable]*

10. Valoren Number: *[[ ]/Not applicable]*

11. SEDOL: *[ ]/Not applicable]*

12. WKN: *[ ] [Not applicable]*

13. Intended to be held in a manner which would allow Eurosystem eligibility: *[Yes] [No]<sup>11</sup>*  
*[Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg[, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their*

<sup>11</sup> Under current ECB collateral eligibility requirements, in order to be eligible as collateral a security must, among other things, be denominated in Euro and listed on a regulated market or certain non-regulated markets such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the ECB's February 2011 "The Implementation of Monetary Policy in the Euro Area - General Documentation on Eurosystem monetary policy instruments and procedures" brochure.



*life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. [Include this text if "yes" selected, in which case bearer Notes must be issued in NGN form.]*

14. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [CREST/ None/*specify other*]
15. Delivery: Delivery [against/free of] payment
16. Settlement procedures: [Eurobond/Medium Term Note/ *other (specify)*]
17. Additional Paying Agent(s) (if any): [HSBC Bank plc] [*specify other*] [Not applicable]  
[None/ *specify*]
18. Common Depositary: [HSBC Bank plc] [Not applicable] [*specify*]
19. Calculation Agent: [HSBC Bank plc] [HSBC France] [*other (specify)*]
20. City in which specified office of Registrar to be maintained:  
(*Condition 15*) [London] [Not applicable] [*specify*]
21. ERISA Considerations: [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Offering Memorandum for further information] [*give details*] [Not applicable]

**SCHEDULE 1**  
**CREDIT-LINKED NOTE SPECIFICATIONS**

1. **General Terms**

Business Day:	[ ]
Business Day Convention:	[Modified] Following Business Day Convention, which shall apply to any date other than (a) the Credit Event Backstop Date or (b) the Succession Event Backstop Date, that falls on a day that is not a Business Day.
Reference Entity:	The entity specified in Schedule 2 and any Successor either (a) identified by the Calculation Agent pursuant to the definition of "Successor" on or following the Trade Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules. The Reference Entity has been designated as a particular "Transaction Type" in Schedule 2. References to " <b>Standard Terms</b> " mean, in respect of a Reference Entity, the standard terms set out in the Credit Derivatives Physical Settlement Matrix dated [insert date of the most recent Matrix], as published by ISDA on its website at <a href="http://www.isda.org">www.isda.org</a> , in relation to its Transaction Type.
Trade Date:	[ ].
Reference Obligation:	Subject to the occurrence of a Succession Event, the obligation(s) (if any) identified as such in respect of such Reference Entity in Schedule 2.
Substitution:	[Applicable/Not applicable]
All Guarantees:	Applicable or Not applicable as specified in the applicable Standard Terms.
Reference Price <sup>12</sup> :	[ ] per cent]

2. **Credit Event Provisions:**

Reference Entity Calculation Amount:	Subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event, [insert Aggregate Principal Amount of the Notes].
Credit Events:	In respect of a Reference Entity, the Credit Events specified in the applicable Standard Terms.
Obligation Category and Characteristics:	In respect of each Reference Entity, the Obligation Category and Obligation Characteristics specified in the applicable Standard Terms.
Excluded Obligations <sup>13</sup> :	[None]

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<sup>12</sup> If a percentage is not specified, the Conditions provide that the Reference Price will be one hundred percent.

3. **Settlement Terms**

Settlement Method:	Auction Settlement
Fallback Settlement Method:	Cash Settlement
Terms relating to Cash Settlement (if the Fallback Settlement Method applies):	
Valuation Date:	Single Valuation Date.  A Business Day as selected by the Issuer in its sole and absolute discretion.
CDS Settlement Currency	[[ ] / [None specified]]
Valuation Obligations:	["Exclude Accrued Interest" or "Include Accrued Interest" as specified in the applicable Standard Terms.]
Valuation Obligation Category and Characteristics:	In respect of each Reference Entity, the Deliverable Obligation Category and Deliverable Obligation Characteristics specified in the Standard Terms.
Determination of Final Price:	<p>The Final Price will be the weighted average of the highest firm bid price obtained for each Valuation Obligation in the Portfolio, expressed as a percentage, determined by the Calculation Agent.</p> <p>With respect to each Valuation Obligation, the Calculation Agent shall conduct a dealer poll of at least three dealers indicated by the Issuer to the Calculation Agent in its sole and absolute discretion from the Dealer List set out below, with the exception that the Issuer may select a dealer not on the Dealer List if such dealer is a market-maker in the relevant type of Valuation Obligation or other major credit derivatives market participant. On the Valuation Date, the Calculation Agent shall seek to obtain Full Quotations from the selected dealers for an outstanding principal amount of each Valuation Obligation equal to its Valuation Obligation Calculation Amount.</p> <p>To the extent that the Calculation Agent is unable to obtain at least two Full Quotations for a Valuation Obligation or a Weighted Average Quotation on any day during the ten Business Day period following the Valuation Date, the Calculation Agent shall wait ten Business Days (the last such Business Day, the "<b>Backup Valuation Date</b>") and shall then repeat the valuation process. In the event that the Calculation Agent is unable to obtain at least two Full Quotations or a Weighted Average Quotation during the four Business Day period following the Backup Valuation Date, the Final Price shall be deemed to be any Full Quotation obtained on such fourth Business Day or, if no full quotation is obtained, the weighted average of any firm quotations obtained on such</p>

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<sup>13</sup> Unless specified here as an Excluded Obligation, the Reference Obligation will be an Obligation.

fourth Business Day with respect to the aggregate portion of the amount for which such quotations were obtained, and a quotation deemed to be zero for the balance of the amount for which firm quotations were not obtained on such day.

Dealer List:	[ABN Amro Bank NV Merrill Lynch International Barclays Bank PLC BNP Paribas Citibank, N.A., London Branch Commerzbank AG Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Goldman Sachs International HSBC Bank plc The Hongkong and Shanghai Banking Corporation Limited HSBC Bank Middle East Limited HSBC Bank USA, National Association J.P. Morgan Securities plc Morgan Stanley & Co. International plc Société Générale The Royal Bank of Scotland plc UBS Limited [or any of their respective affiliates]/market makers selected at the Issuer's sole and absolute discretion]
Interest until Credit Event Notice Date:	[Applicable / Not Applicable]
Deduct Hedging Costs	Applicable

**SCHEDULE 2**

<u>Reference Entity</u>	<u>Reference Obligation (ISIN)</u>	<u>Seniority</u>	<u>Transaction Type</u>
[ ]	[ ]	[ ]	[ ]

**ADDITIONAL TERMS AND CONDITIONS RELATING TO CREDIT-LINKED NOTES  
(SINGLE NAME – LEVERAGED)**

The section headed "*Terms and Conditions of the Notes*" of this Offering Memorandum shall be supplemented and modified by the following "*Additional Terms and Conditions Relating to Credit-Linked Notes (Single name – Leveraged)*" in respect of any issue of Credit-Linked Notes as amended or supplemented by the terms of each Tranche of Notes set out in the Pricing Supplement which are being specified as being "Leveraged" in the relevant Pricing Supplement. In the event of any inconsistency between the "*Terms and Conditions of the Notes*" and the "*Additional Terms and Conditions Relating to Credit-Linked Notes (Single name – Leveraged)*", such "*Additional Terms and Conditions Relating to Credit-Linked Notes (Single name – Leveraged)*" shall prevail and the "*Terms and Conditions of the Notes*" shall be amended accordingly.

(1) **Interest**

If Fixed Rate Note provisions are specified in the relevant Pricing Supplement as being applicable, then Condition 4 (*Fixed Rate Note Provisions*) will apply with the following amendments:

- (i) existing Condition 4(b) (*Accrual of interest*) shall be amended by the substitution of "Interest conditionally payable" for "Accrual of Interest" in the heading and by the insertion of the words "Subject to Condition 4(e) below," at the beginning; and
- (ii) the following provision shall be included as Condition 4(e):

"4(e) *Condition precedent to interest entitlement*

The Issuer's obligation to make any payment of interest in accordance with Condition 4 is subject to the condition precedent that no Credit Event Notice has been given on or before the relevant Interest Payment Date and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to pay interest on the Notes in respect of all or any part of the Interest Period current on the date that is the earlier to occur of (I) the Credit Event Notice Date and (II) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs or in respect of any subsequent period; **provided, however, that**, if "Interest until Credit Event Notice Date" is specified then the Issuer shall pay the interest accrued to, but excluding, the earliest to occur of (i) the Credit Event Notice Date; (ii) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs; (iii) the Scheduled Maturity Date; and (iv) the Maturity Date. For the avoidance of doubt, if in accordance with Conditions 7(j)(iii) or 7(j)(iv), a partial redemption is effected, interest shall continue to accrue in accordance with this Condition on the unaffected outstanding principal amount of the Notes."

If Floating Rate Note provisions are specified in the relevant Pricing Supplement as being applicable, then Condition 5 (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note Provisions*) will apply with the following amendments:

- (i) existing Condition 5(b) (*Accrual of Interest*) shall be amended by the substitution of "Interest conditionally payable" for "Accrual of Interest" in the heading and by the insertion of the words "Subject to Condition 5(k) below," at the beginning; and
- (ii) the following provision shall be included as Condition 5(k):

"5(k) *Condition precedent to interest entitlement*

The Issuer's obligation to make any payment of interest in accordance with Condition 4 is subject to the condition precedent that no Credit Event Notice has been given on or before the relevant Interest Payment Date and subsists only so long as a Credit Event Notice has not been given. Accordingly, the Issuer shall have no obligation to pay interest on the Notes in respect of all or any part of the Interest Period current on the date that is the earlier to occur of (I) the Credit Event Notice Date and (II) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs or in respect of any subsequent period; **provided, however, that**, if "Interest until Credit Event Notice Date" is specified then the Issuer shall pay the interest accrued to, but excluding, the earliest to occur of (i) the Credit Event Notice Date; (ii)

the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs; (iii) the Scheduled Maturity Date; and (iv) the Maturity Date. For the avoidance of doubt, if in accordance with Conditions 7(j)(iii) or 7(j)(iv), a partial redemption is effected, interest shall continue to accrue in accordance with this Condition on the unaffected outstanding principal amount of the Notes."

(2) **Redemption and Purchase**

Condition 7 (*Redemption and Purchase*) shall apply with the following amendments:

(a) The following provision shall be substituted for the existing Condition 7(a):

"7(a) *Final Redemption*

- (i) Subject to Condition 7(a)(ii) below and subject as otherwise set out in the Conditions, the Notes will, unless previously redeemed or purchased and cancelled, be redeemed at their principal amount or such other redemption amount as may be set out in or determined in accordance with the Conditions on the Maturity Date specified in the relevant Conditions.
- (ii) The Issuer's obligation to redeem the Notes in accordance with Condition 7(a)(i) above is subject to the condition precedent that no Credit Event Notice has been given and no Trigger Event Option Notice has been delivered (unless, if a Trigger Event Option Notice has been delivered, an Additional Note Issuance has also occurred) on or before the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event) and subsists only so long as a Credit Event Notice has not been given and a Trigger Event Option Notice has not been delivered (unless, if a Trigger Event Option Notice is delivered, an Additional Note Issuance also occurs). Accordingly, the Issuer shall have no obligation to redeem the Notes in accordance with Condition 7(a)(i) above if, on or before the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), a Credit Event Notice has been given or a Trigger Event Option Notice has been delivered (unless, if a Trigger Event Option Notice has been delivered, an Additional Note Issuance has also occurred). In such circumstances, the only obligations of the Issuer with regard to redemption of the Notes shall be to redeem the Notes in accordance with the provisions set out in Part A and subject to the following provisions of this Condition 7.

The following Conditions 7(j), (k), (l), (m), (n), (o), (p), (q) and (r) shall be added to Condition 7 (Condition 7(i) being omitted):

"7(j) *Redemption following the occurrence of a Credit Event*

- (i) Following the occurrence of a Credit Event on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time) and on or prior to the Scheduled Maturity Date, the Issuer may at any time on or before the Notice Delivery Period End Date, and irrespective of whether such Credit Event is continuing and/or any other Credit Event has occurred, give notice thereof to the Noteholders (such notice the "**Credit Event Notice**" and the date on which such notice is given, the "**Credit Event Notice Date**") in accordance with Condition 14 (*Notices*) and Part B of the Conditions. The Issuer shall be under no obligation to give notice of any Credit Event and no delay in giving, or omission to give, notice of any Credit Event shall prejudice the Issuer's right to give notice with respect to such (or any other) Credit Event provided such notice is given no later than on or prior to the Notice Delivery Period End Date.

For the avoidance of doubt, the Issuer may give a Credit Event Notice whether or not it has already taken any steps to exercise its option under Condition 7(b) (*Redemption for Taxation Reasons*), and any giving of a Credit Event Notice shall supersede and override any earlier exercise of such option.

- (ii) If the Issuer gives a Credit Event Notice, and subject as provided in (iii) below:

- (a) **provided that** no Trigger Event Option Notice has been or is delivered (unless, if a Trigger Event Option Notice has been delivered, an Additional Note Issuance has also occurred or also occurs), the Issuer shall be obliged to redeem the Notes (and shall be obliged to redeem the Notes only) by payment on the Credit Event Redemption Date of the Credit Event Redemption Amount; and
  - (b) the Issuer shall not be liable to pay interest on the Notes in respect of all or any part of the Interest Period current at the earlier to occur of (A) the relevant Credit Event Notice Date; (B) the relevant Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs (or, in either case, if such date is on or after the Scheduled Maturity Date, the Interest Period to (but excluding) the Scheduled Maturity Date) nor in respect of any subsequent period, and interest shall be treated as having ceased to accrue accordingly; **provided, however, that**, if "Interest until Credit Event Notice Date " is specified then the Issuer shall pay the interest accrued to, but excluding, the earlier to occur of (I) the Credit Event Notice Date; (II) the Valid Credit Event Resolution Request Date **provided that** a Credit Event Notice Date subsequently occurs; (III) the Scheduled Maturity Date; and (IV) the Maturity Date.
- (iii) This Condition 7(j)(iii) applies if the Reference Entity Calculation Amount is required to be allocated as contemplated in paragraph (e) of the definition of Successor in Condition 7(o). In such circumstances:
- (a) the Issuer shall be entitled under this Condition 7(j) to give multiple Credit Event Notices, one with respect to each Successor, and where any Credit Event Notice is so given, the conditions precedent to the obligations of the Issuer to pay interest on, and principal of, the Notes shall be treated as unsatisfied only in relation to an amount (the "**Successor Partial Redemption Amount**") of the outstanding principal amount of the Notes equal to the proportion of the Reference Entity Calculation Amount allocated to the relevant Successor;
  - (b) where a Credit Event Notice is so given the provisions of this Condition 7 will apply so as to require the Issuer to redeem the Notes in part only on the relevant Cash Settlement Date, by payment of an amount equal to whichever is the greater of (1) the Successor Partial Redemption Amount minus the Cash Settlement Amount and (2) zero, and on payment of such amount (or, if such amount is zero, on the Cash Settlement Date) the outstanding principal amount of the Notes shall be deemed to have been repaid in an amount equal to the Successor Partial Redemption Amount (which shall be the amount on which interest shall be treated as having ceased to accrue or to accrue (as applicable) as contemplated in (ii) above); and
  - (c) save where the full principal amount of the Notes has been so redeemed, the Issuer shall remain entitled notwithstanding any such partial redemption to give one or more further Credit Event Notices with respect to any such Successor or any other Reference Entity in respect of which no Credit Event Notice has been effectively given.
- (iv) This Condition 7(j)(iv) applies if one or more Restructuring Credit Events occurs on or prior to the Scheduled Maturity Date (and whether or not such event is continuing). In such circumstances:
- (a) the Issuer shall be entitled to redeem the Notes in part only by giving a Credit Event Notice with respect to the relevant Restructuring Credit Event and specifying in such notice (A) that partial redemption only of the Notes is required and (B) the portion of the Reference Entity



Calculation Amount (being an amount which is (x) less than the outstanding principal amount of the Notes and (y) at least 1,000,000 units of the currency (or if Japanese Yen, 100,000,000 units) in which the Reference Entity Calculation Amount is denominated or an integral multiple thereof) in respect of which such partial redemption is required (the portion of the Reference Entity Calculation Amount being the "**Partial Redemption Portion**" applicable with respect to such Credit Event Notice); and

- (b) where a Credit Event Notice is given as contemplated in (a) above:
- (i) the Reference Entity Calculation Amount in respect of the relevant Reference Entity shall thereafter be deemed reduced by an amount equal to the Partial Redemption Portion of the Reference Entity Calculation Amount immediately preceding the giving of the Credit Event Notice; and
  - (ii) the provisions of this Condition 7 will apply so as to require the Issuer to redeem the Notes in part only on the relevant Cash Settlement Date, by payment of an amount in aggregate equal to whichever is the greater of (1) the Partial Redemption Portion minus the relevant Cash Settlement Amount and (2) zero, and on payment of such amount (or, if such amount is zero, on the relevant Cash Settlement Date) the outstanding principal amount of the Notes shall be deemed to have been repaid in an amount of the outstanding principal amount of the Notes equal to the proportion of the Reference Entity Calculation Amount in respect of which such partial redemption is required.

The Issuer shall be entitled to require such a partial redemption (or a redemption in full of the Notes) with respect to each Restructuring Credit Event which may occur and whether or not a partial redemption has been required in respect of another Restructuring Credit Event. For the avoidance of doubt, the Issuer shall, notwithstanding any such partial redemption having been required in connection with a Restructuring Credit Event, remain entitled to give a Credit Event Notice with respect to any other Credit Event and redeem the Notes in accordance with the provisions of this Condition 7 applicable where a Credit Event Notice has been given.

7(k) [RESERVED]

7(l) *Method for Determining Obligations*

- (i) For the purposes of the definition of Obligation in Condition 7(o) the term "**Obligation**" may be defined as each obligation of each Reference Entity described by the specified Obligation Category, and having the specified Obligation Characteristics, if any, in each case, as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice. The following terms shall have the following meanings:

(1) "**Obligation Category**" means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified, and:

(A) "**Payment**" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;

(B) "**Borrowed Money**" means any obligation (excluding an obligation under a revolving credit arrangement for which there

are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);

- (C) "**Reference Obligations Only**" means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
  - (D) "**Bond**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
  - (E) "**Loan**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
  - (F) "**Bond or Loan**" means any obligation that is either a Bond or a Loan.
- (2) "**Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, and:
- (A) (aa) "**Not Subordinated**" means an obligation that is not Subordinated to (i) the most senior Reference Obligation in priority of payment or (ii) if no Reference Obligation is specified, any unsubordinated Borrowed Money obligations of the Reference Entity; **provided that**, if any of the events set forth under the definition of "Substitute Reference Obligation" has occurred with respect to all of the Reference Obligations or if, pursuant to the definition of "Successor" a Substitute Reference Obligation will be determined in accordance with the definition of "Substitute Reference Obligation" with respect to the Reference Obligation (each, in each case, a "**Prior Reference Obligation**") and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Valuation Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Valuation Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date;
  - (bb) "**Subordination**" means, with respect to an obligation (the "**Subordinated Obligation**") and another obligation of the Reference Entity to which such obligation is being compared

(the "**Senior Obligation**"), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "**Subordinated**" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;

- (B) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such (or, if Specified Currency is specified and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be specified collectively as the "**Standard Specified Currencies**");
  - (C) "**Not Sovereign Lender**" means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as "Paris Club debt";
  - (D) "**Not Domestic Currency**" means any obligation that is payable in any currency other than the Domestic Currency;
  - (E) "**Not Domestic Law**" means any obligation that is not governed by the laws of (1) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (2) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;
  - (F) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
  - (G) "**Not Domestic Issuance**" means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.
- (ii) If the Obligation Characteristic "Listed" is specified, the Conditions shall be construed as though Listed had been specified as an Obligation Characteristic

only with respect to Bonds and shall only be relevant if bonds are covered by the selected Obligation Category.

- (iii) In the event that an Obligation is a Qualifying Guarantee, the following will apply:
- (1) For purposes of the application of the Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
  - (2) For purposes of the application of the Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the specified applicable Obligation Characteristics, if any, from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
  - (3) For purposes of the application of the Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the specified applicable Obligation Characteristics, if any, from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
  - (4) For purposes of the application of the Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.

7(m) *Method for Determining Valuation Obligations*

- (i) For the purpose of the definition of Valuation Obligation in Condition 7(o) the term "**Valuation Obligation**" may be defined as each obligation of each Reference Entity described by the specified Valuation Obligation Category, and having each of the specified Valuation Obligation Characteristics, if any, as of the Valuation Date subject as provided below. The following terms shall have the following meanings:
- (1) "**Valuation Obligation Category**" means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in Condition 7(l)(i)(1), except that, for the purpose of determining Valuation Obligations, Condition 7(l)(i)(1)(C) shall be amended to state that no Valuation Obligation Characteristics shall be applicable to Reference Obligations Only).
  - (2) "**Valuation Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, and:
    - (A) "**Not Contingent**" means any obligation having as of the Valuation Date and all times thereafter an outstanding principal balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the

occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall satisfy the Not Contingent Valuation Obligation Characteristic if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (1) to convert or exchange such obligation or (2) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Valuation Date;

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Valuation Obligation only if the rights referred to in (1) and (2) above of this Condition 7(m)(i)(2)(A) have not been exercised (or such exercise has been effectively rescinded) on or before the Valuation Date;

- (B) "**Assignable Loan**" means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction or organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (C) "**Consent Required Loan**" means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (D) "**Direct Loan Participation**" means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of a third party, that provides such party with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between the relevant third party or its designee and either (x) the Issuer or its designee (to the extent the Issuer or such designee is then a lender or a member of the relevant lending syndicate), or (y) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);
- (E) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction **provided that** none of the following shall be considered contractual, statutory or regulatory restrictions:
  - (x) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions

promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or

- (y) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
  - (F) "**Maximum Maturity**" means an obligation that has a remaining maturity from the Cash Settlement Date of not greater than the period specified;
  - (G) "**Accelerated or Matured**" means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Valuation Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
  - (H) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream, Luxembourg or any other internationally recognised clearing system.
- (ii) If the Obligation Characteristic "Listed" is specified, the Conditions shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category.
  - (iii) If (a) either of the Valuation Obligation Characteristics "Listed" or "Not Bearer" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Valuation Obligation Category; (b) the Valuation Obligation Characteristic "Transferable" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Valuation Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Valuation Obligation Category); or (c) any of the Valuation Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Valuation Obligation Category;
  - (iv) If any of Payment, Borrowed Money, Loan, or Bond or Loan is specified as the Valuation Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Valuation Obligation Characteristics, the Valuation Obligations may include any Loan that satisfies any one of such Valuation Obligation Characteristics specified and need not satisfy all such Valuation Obligation Characteristics; and
  - (v) In the event that a Valuation Obligation is a Qualifying Guarantee, the following will apply:

- (1) For purposes of the application of the Valuation Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
- (2) For purposes of the application of the Valuation Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the specified applicable Valuation Obligation Characteristics, if any, from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (3) For purposes of the application of the Valuation Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the specified applicable Valuation Obligation Characteristics, if any, from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (4) For purposes of the application of the Valuation Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (5) The terms "outstanding principal balance" and "Due and Payable Amount" (as they are used in various other Conditions), when used in connection with Qualifying Guarantees are to be interpreted to be the then "outstanding principal balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

7(n) *Restructuring Maturity Limitation and Modified Restructuring Maturity Limitation*

- (i) If "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Valuation Obligation may be included in the Portfolio only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date.
- (ii) If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Valuation Obligation may be included in the Portfolio only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

7(o) *Credit-Linked Note Definitions*

"**Accreted Amount**" means, with respect to an Accreting Obligation, an amount equal to (i) the sum of (a) the original issue price of such obligation and (b) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (ii) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (i)(b) above), in each

case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Valuation Date. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent) only if "Include Accrued Interest" is specified as being applicable. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such obligation's yield to maturity is not specified in, nor implied from, the terms of such obligation, then, for purposes of (i)(b) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (1) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (2) the relevant Valuation Date. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable;

**"Accreting Obligation"** means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (i) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (ii) periodic cash interest is also payable. With respect to any Accreting Obligation, "outstanding principal balance" shall mean the Accreted Amount thereof.

**"Affiliate"** means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, **"control"** of any entity or person means ownership of a majority of the voting power of the entity or person.

**"Auction"** has the meaning set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Cancellation Date"** means the date on which an Auction is deemed to be cancelled pursuant to the Transaction Auction Settlement Terms with respect to the relevant Reference Entity.

**"Auction Covered Transaction"** has the meaning set forth in the Transaction Auction Settlement Terms.

**"Auction Final Price"** means the price, if any, specified to be the Auction Final Price in the Transaction Auction Settlement Terms with respect to the Reference Entity (expressed as a percentage) or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-Off Date, the price, if any, specified to be the Auction Final Price in the Parallel Auction Settlement Terms with respect to the Reference Entity (expressed as a percentage).

**"Auction Final Price Determination Date"** means the day, if any, on which the Auction Final Price is determined pursuant to the Transaction Auction Settlement Terms with respect to the Reference Entity.

**"Auction Settlement Date"** means the date that is the number of Business Days specified in the Transaction Auction Settlement Terms (or, if a number of Business Days is not so specified, five Business Days) immediately following the Auction Final Price Determination Date.

**"Bankruptcy"** means a Reference Entity (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its



debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes or has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (a) results in a judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (b) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (i) to (vii) above (inclusive) of this definition of Bankruptcy.

"**Business Day**" shall have the meaning given to it in the relevant Pricing Supplement;

"**Cash Settlement Amount**" means the amount specified as such (or, if the same is allocated as contemplated in paragraph (e) of the definition of Successor in Condition 7(o), the proportion thereof allocated to the relevant Successor) or, if an amount is not specified, the greater of (a) the Reference Entity Calculation Amount multiplied by the difference between the Reference Price and the Auction Final Price (or the Final Price, if the Fallback Settlement Method applies) and (b) zero; **provided, however, that**, if "Deduct Hedging Costs" is specified then the Issuer shall increase the Cash Settlement Amount otherwise determined hereunder by an amount equal to the Hedging Costs.

"**Cash Settlement Date**" means the Credit Event Redemption Date.

"**CDS Settlement Currency**" means the currency specified or, if no currency is so specified, the currency of denomination of the Reference Entity Calculation Amount.

"**Conditionally Transferable Obligation**" means a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Valuation Obligation other than Bonds, **provided, however, that** a Valuation Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Valuation Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Valuation Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Valuation Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Valuation Obligation shall not be considered to be a requirement for consent for purposes of this definition of Conditionally Transferable Obligation.

For purposes of determining whether a Valuation Obligation satisfies the requirements of the definition of Conditionally Transferable Obligation, such determination shall be made as of the Valuation Date, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents obtained.

"**Convertible Obligation**" means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or

similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**"Credit Derivatives Auction Settlement Terms"** means any Credit Derivatives Auction Settlement Terms published by ISDA, in accordance with the Rules, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time in accordance with the Rules.

**"Credit Derivatives Determinations Committees"** means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions, as more fully described in the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the **"Rules"**).

**"Credit Event"** means the occurrence of one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, as specified, as determined by the Issuer or the Calculation Agent in its sole and absolute discretion (save that such determination shall be confirmed by Publicly Available Information). If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon: (i) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, any Underlying Obligor to enter into any Underlying Obligation, (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described, (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described or (iv) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Credit Event Backstop Date"** means either (a) 60 calendar days prior to the Credit Event Resolution Request Date (if any) or (b) otherwise, the date that is 60 calendar days prior to the earlier of (i) the Credit Event Notice Date and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (C) the Credit Event Notice is effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**"Credit Event Redemption Amount"** shall have the meaning given to it in the relevant Pricing Supplement;

**"Credit Event Redemption Date"** means, if an Auction Final Price Determination Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, a Parallel Auction Final Price Determination Date occurs, the fifth Business Day following the later of the Auction Settlement Date or the Parallel Auction Settlement Date (as applicable) and the relevant Credit Event Notice Date, **provided that if:**

- (i) an Auction Cancellation Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, a Parallel Auction Cancellation Date occurs;
- (ii) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to sub-paragraph (b) of such definition, the Issuer has not exercised the Movement Option);
- (iii) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine (A) whether or not an event constitutes a Credit Event with respect to the Reference Entity or Obligation thereof nor (B) the date of the occurrence of such event;
- (iv) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that an event constitutes a Credit Event with respect to the Reference Entity or Obligation thereof and the date of the occurrence of such event and the Issuer determines in its sole and absolute discretion that a Reference Transaction would be settled in accordance with the Fallback Settlement Method; or
- (v) no Credit Event Resolution Request Date has occurred on or prior to the first Business Day prior to the Valuation Date,

the Credit Event Redemption Date shall be the tenth Business Day following the Valuation Date (or the Backup Valuation Date, as applicable) and the Issuer shall determine the Final Price in accordance with the Settlement Method set out in Schedule 1 (the **"Fallback Settlement Method"**).

**"Credit Event Resolution Request Date"** means, with respect to a notice to ISDA, delivered in accordance with the ISDA Credit Derivatives Determinations Committee Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Credit Event has occurred with respect to the Reference Entity or Obligation thereof; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

the date, as publicly announced by ISDA to be the date that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the ISDA Credit Derivatives Determinations Committee Rules, of Publicly Available Information with respect to the DC Resolutions referred to in sub-clauses (a) and (b) above.

**"Currency Amount"** means, whenever an amount is denominated in a currency other than the CDS Settlement Currency and is to be determined under these Conditions by reference to a Currency Amount, such amount converted to the relevant CDS Settlement Currency using the Currency Rate.

**"Currency Rate"** means, whenever so required to be determined the rate for conversion of the currency of the Valuation Obligation into the CDS Settlement Currency determined by the Calculation Agent, as of the Valuation Date, in its sole discretion.

"**DC Resolution**" has the meaning given to that term in the Rules.

"**Default Requirement**" means the amount specified as such or its equivalent in the relevant Obligation Currency, or if no amount is so specified, USD10,000,000 or its equivalent in the relevant Obligation Currency in either case as of the occurrence of the relevant Credit Event.

"**Deliverable Obligation Provisions**" has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

"**Deliverable Obligation Terms**" has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

"**Domestic Currency**" means the currency specified as such and any successor currency. If no currency is so specified, the Domestic Currency shall be the lawful currency and any successor currency of (i) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (ii) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

"**Downstream Affiliate**" means an entity whose outstanding Voting Shares were, at the date of the issuance of the Qualifying Guarantee, more than 50 percent owned, directly or indirectly, by the Reference Entity.

"**Due and Payable Amount**" means the amount that is due and payable under (and in accordance with the terms of) a Valuation Obligation as of the relevant Valuation Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

"**Eligible Reference Entity**" means an entity that is in the same Moody's, S&P or Additional Rating Agency industry group (the "**Industry Requirement**") as the relevant Surviving Reference Entity, where:

"**Moody's**" means Moody's Investors Service, Inc.;

"**S&P**" means Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc; and

"**Additional Rating Agency**" means any rating agency selected by the Issuer in its sole discretion.

"**Eligible Transferee**" means:

- (i) any
  - (a) bank or other financial institution;
  - (b) an insurance or reinsurance company;
  - (c) a mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in (iii)(a) below); and
  - (d) a registered or licensed broker or dealer (other than a natural person or proprietorship);

provided, however, in each case that such entity has total assets of at least USD500,000,000;

- (ii) an Affiliate of an entity specified in (i) above;

- (iii) each of a corporation, partnership, proprietorship, organisation, trust or other entity
  - (a) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (A) has total assets of at least USD100,000,000 or (B) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least USD100,000,000; or
  - (b) that has total assets of at least USD500,000,000; or
  - (c) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in (i), (ii), (iii)(b) above or (iv) below; or
- (iv) a Sovereign, Sovereign Agency or Supranational Organisation

(all references in this definition to USD including equivalent amounts in other currencies).

**"Enabling Obligation"** means an outstanding Valuation Obligation that is (a) a Fully Transferable Obligation or a Conditionally Transferable Obligation, as applicable, and (b) has a final maturity date occurring on or prior to the Scheduled Maturity Date and following the Limitation Date immediately preceding the Scheduled Maturity Date (or in circumstances where the Scheduled Maturity Date occurs prior to the 2.5-year Limitation Date, following the final maturity date of the Latest Maturity Restructured Bond or Loan, if any).

**"Equity Securities"** means:

- (a) in the case of a Convertible Obligation, equity securities (including options or warrants) of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and
- (b) in the case of an Exchangeable Obligation, equity securities (including options or warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time.

**"Exchangeable Obligation"** means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holder of such obligation). With respect to any Exchangeable Obligation that is not an Accreting Obligation, "outstanding principal balance" shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**"Excluded Obligation"** means any obligation of a Reference Entity specified as such (if any are so specified).

**"Excluded Valuation Obligation"** means any obligation of a Reference Entity specified as such (if any are so specified).

**"Exercise Cut-off Date"** means:

- (a) with respect to a Credit Event which is a Restructuring for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and:
  - (i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is five Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules; or
  - (ii) a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of No Auction Announcement Date, the date that is 21 calendar days following such No Auction Announcement Date; or
- (b) with respect to a Credit Event which is a Restructuring for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, either:
  - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
  - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
  - (iii) the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

"**Extended Maturity Date**" has the meaning ascribed thereto in Part A.

"**Extension Date**" means the latest of (a) the Scheduled Maturity Date, (b) the Grace Period Extension Date if (i) Grace Period Extension is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (c) the Repudiation /Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in sub-paragraph (b) of the definition of Repudiation/Moratorium occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Repudiation/Moratorium Extension Condition is satisfied.

"**Failure to Pay**" means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an

aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure.

"**Fallback Settlement Method**" has the meaning given in the definition of Credit Event Redemption Date.

"**Final Price**" means a price determined in accordance with Schedule 1 to the Pricing Supplement.

"**Final List**" has the meaning given to such term in the Rules.

"**Full Quotation**" means each firm bid quotation obtained from a selected dealer for an amount of the Valuation Obligation equal to the Quotation Amount.

"**Fully Transferable Obligation**" means a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Valuation Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Valuation Obligation shall not be considered to be a requirement for consent for the purposes of this definition. For purposes of determining whether a Valuation Obligation satisfies the requirements of this definition, such determination shall be made as of the Valuation Date for the Valuation Obligation, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents which have been obtained by the Issuer.

"**GBP**" means the lawful currency of the United Kingdom of Great Britain and Northern Ireland;

"**Governmental Authority**" means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

"**Grace Period**" means with respect to an Obligation the lesser of (i) the applicable grace period with respect to payments under the terms of such Obligation in effect as of the date as of which such obligation is issued or incurred and (ii) a period of thirty calendar days.

"**Grace Period Extension Date**" means, with respect to any Potential Failure to Pay, the date that is the number of days constituting the relevant Grace Period after the date of the commencement of such Potential Failure to Pay.

"**Hedging Costs**" means an amount equal to the aggregate costs to the Issuer and/or its affiliates (if any) of terminating, transferring, liquidating, obtaining or re-establishing in whole or in part any swap agreement, financing arrangement or other hedging transaction entered into by or on behalf of the Issuer in relation to the issuance of the Notes or an Additional Note Issuance, as determined by the Issuer in its sole and absolute discretion.

"**ISDA**" means the International Swaps and Derivatives Association, Inc.

"**Limitation Date**" means the first of 20 March, 20 June, 20 September or 20 December in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the "**2.5-year Limitation Date**"), 5 years (the "**5-year Limitation Date**"), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the "**20 year Limitation Date**"), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention.

**"Modified Eligible Transferee"** means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

**"Modified Restructuring Maturity Limitation Date"** means, with respect to a Valuation Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date **provided that**, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. If the Scheduled Maturity Date is later than the 2.5-year Limitation Date and prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Maturity Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only. Subject to the foregoing, in the event that the Scheduled Maturity Date is later than (A) the 2.5-year Limitation Date and no Enabling Obligation exists or (B) the 20-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

**"Movement Option"** means with respect to a Restructuring Credit Event for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified to be applicable in the Standard Terms with respect to the relevant Reference Entity and with respect to which a No Auction Announcement Date has occurred (in accordance with paragraph (b) of such definition), the option of the Issuer (to be exercised in its sole and absolute discretion) to apply to the Notes, for the purposes of determining the Credit Event Redemption Amount, the Parallel Auction Settlement Terms, if any. In order to exercise the Movement Option in the manner set out above, the Issuer must deliver an effective Notice to Exercise Movement Option to the Noteholders in accordance with Condition 14 (*Notices*) of the Notes on or prior to the Movement Option Cut-off Date. If no effective Notice to Exercise Movement Option is delivered by the Issuer to the Noteholders on or prior to the Movement Option Cut-off Date, the Notes will be settled in accordance with the Fallback Settlement Method.

**"Movement Option Cut-off Date"** means the date that is one Business Day prior to the Auction Date.

**"Multiple Holder Obligation"** means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event, is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which constitutes a Restructuring Credit Event **provided that** any Obligation that is a Bond shall be deemed to satisfy the requirements in (ii) of this definition of Multiple Holder Obligation.

**"No Auction Announcement Date"** means, with respect to a Credit Event, the date on which ISDA first publicly announces that (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published; (b) following the occurrence of a Restructuring in respect of which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified to be applicable in the Standard Terms with respect to the relevant Reference Entity, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary.

**"Notice Delivery Period End Date"** has the meaning ascribed thereto in Part A.



**"Notice to Exercise Movement Option"** means, where (a) either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable in the Standard Terms with respect to the relevant Reference Entity and (b) the Fallback Settlement Method would otherwise be applicable pursuant to the Auction Settlement provisions, an irrevocable notice from the Issuer to the Noteholders in accordance with Condition 14 (*Notices*) of the Notes that (i) specifies the Parallel Auction Settlement Terms applicable in accordance with the definition of Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

**"Obligation"** means (i) any obligation of a Reference Entity (either directly or as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee) determined pursuant to the method described in Condition 7(l) (but excluding any Excluded Obligation), (ii) each Reference Obligation, unless specified as an Excluded Obligation, and (iii) any other obligation of a Reference Entity specified as such.

**"Obligation Acceleration"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Obligation Currency"** means the currency or currencies in which an Obligation is denominated.

**"Obligation Default"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Parallel Auction"** means "Auction" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Cancellation Date"** means "Auction Cancellation Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Final Price Determination Date"** means the Auction Final Price Determination Date as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Date"** means "Auction Settlement Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Terms"** means, following the occurrence of a Restructuring where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions applicable to the Reference Transaction.

**"Permissible Deliverable Obligations"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included in the Final List pursuant to the Deliverable Obligation Terms applicable to the relevant Auction.

**"Payment Requirement"** means the amount specified as such or its equivalent in the relevant Obligation Currency, or if Payment Requirement is not so specified, USD1,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**"Portfolio"** means a portfolio of one or more Valuation Obligations with (i) in the case of Valuation Obligations that are Borrowed Money obligations, an outstanding principal balance (including (if Included Accrued Interest is specified) or excluding (if Exclude Accrued Interest is specified) accrued but unpaid interest as determined by the Issuer or the Calculation Agent acting in a commercially reasonable manner) or (ii) in the case of Valuation Obligations that are not Borrowed Money obligations, a Due and Payable Amount (or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount) (the **"Valuation Obligation Calculation Amount"**, which in aggregate shall not exceed the Reference Entity Calculation Amount (or, if a partial redemption is designated in respect of a Restructuring Credit Event, the relevant Partial Redemption Portion) as of the relevant Valuation Date), which is identified by the Issuer to the Calculation Agent not later than the third Business Day immediately preceding the relevant Valuation Date, **provided that** such Portfolio may be amended by the Issuer at the Issuer's discretion up to one Business Day prior to the Valuation Date.

**"Potential Failure to Pay"** means, in the sole and absolute determination of the Issuer, the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations in accordance with the terms of such Obligations at the time of such failure.

**"Potential Repudiation/Moratorium"** means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

**"Publicly Available Information"** means information that reasonably confirms any of the facts relevant to the determination that the Credit Event has occurred and which (i) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information; **provided that**, if the Issuer or the Calculation Agent or any of its respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless the Issuer or the Calculation Agent or its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (ii) is information received from or published by (a) a Reference Entity (or a Sovereign Agency in respect of a Reference Entity which is a Sovereign) or (b) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (iv) of the definition of Bankruptcy above against or by a Reference Entity or (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.

In relation to any information of the type described in (ii), (iii) or (iv) above, the Issuer and the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.

Publicly Available Information need not state (a) in relation to the definition of Downstream Affiliate above, the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity and (b) that such occurrence (1) has met the Payment Requirement or Default Requirement, (2) is the result of exceeding any applicable Grace Period or (3) has met the subjective criteria specified in certain Credit Events.

**"Public Source"** means each source of Publicly Available Information specified as such (or, if a source is not so specified, each of Bloomberg Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

**"Qualifying Affiliate Guarantee"** means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

**"Qualifying Guarantee"** means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **"Underlying Obligation"**) for which another party is the obligor (the **"Underlying Obligor"**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment).

**"Qualifying Participation Seller"** means any participation seller that meets the requirements specified. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**"Reference Price"** means the percentage specified or, if a percentage is not specified, one hundred percent.

**"Reference Transaction"** means a hypothetical credit derivative transaction (a) for which the Deliverable Obligation Terms and the Reference Obligation are (i) the same as the terms applicable for determining Valuation Obligations (the **"Valuation Obligation Terms"**) and the Reference Obligation specified in respect of the Notes or (ii) if and to the extent Valuation Obligation Terms and/or the Reference Obligation are not specified, the Deliverable Obligation Terms and Reference Obligation determined by the Calculation Agent in a commercially reasonable manner to be appropriate in respect of a credit derivative transaction linked to the relevant Reference Entity, (b) with a Scheduled Termination Date matching the Scheduled Maturity Date of the Notes, (c) with a Floating Rate Payer Calculation Amount matching the Reference Entity Calculation Amount, and (d) otherwise having such other characteristics as the Calculation Agent may in its sole discretion determine appropriate by reference to, without limitation, the Issuer's hedging arrangements and/or any credit derivative elections made in relation to the Notes.

**"Relevant City Business Day"** has the meaning given to that term in the Rules.

**"Replacement Reference Entity"** means, with respect to a Surviving Reference Entity, an Eligible Reference Entity selected by the Issuer in its sole and absolute discretion and notified as soon as reasonably practicable to the Noteholders in accordance with Condition 14.

**"Repudiation/Moratorium"** means (a) an authorised officer of a Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement and (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation Moratorium Evaluation Date.

**"Repudiation/Moratorium Evaluation Date"** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date, of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium **provided that**, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied.

**"Repudiation/Moratorium Extension Condition"**. The Repudiation/Moratorium Extension Condition is satisfied if (i) ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium for the purposes of the Reference Transaction has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) or (ii) otherwise, by the delivery of the Issuer to the Noteholders of a Repudiation/Moratorium Extension Notice and a Notice of Publicly Available Information in accordance with Condition 14 (*Notices*), in each case that are effective on or prior to the Business Day following the date that is fourteen calendar days after the Scheduled Maturity Date. In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium for purposes of the Reference Transaction with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium for purposes of the Reference Transaction has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan, Tokyo time)).

**"Repudiation/Moratorium Extension Notice"** means an irrevocable notice from the Issuer to the Noteholders delivered in accordance with Condition 14 (*Notices*) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign)). A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

**"Resolve"** has the meaning given to that term in the Rules, and "Resolved" and "Resolves" shall be interpreted accordingly.

**"Restructured Bond or Loan"** means an Obligation which is a Bond or Loan and in respect of which a Restructuring that is the subject of a Credit Event Notice has occurred.

**"Restructuring"**

- (a) **"Restructuring"** means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of (i) the Credit Event Backstop Date and (ii) the date as of which such Obligation is issued or incurred:
- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
  - (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
  - (iii) a postponement or other deferral of a date or dates for either (a) the payment or accrual of interest or (b) the payment of principal or premium;
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
  - (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency ("**Permitted Currency**" meaning (a) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership); or (b) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of the McGraw Hill Companies, Inc or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof).
- (b) Notwithstanding the provisions of (a) above, none of the following shall constitute a Restructuring:
- (i) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
  - (ii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
  - (iii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.
- (c) Unless Multiple Holder Obligation is specified as not applicable then, notwithstanding anything to the contrary in this definition of Restructuring, the

occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

- (d) For purposes of (a), (b) and (c) above, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in (a) above shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in (b) above shall continue to refer to the Reference Entity.

**"Restructuring Date"** means, with the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Restructuring Maturity Limitation Date"** means with respect to a Valuation Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, **provided that**, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **"Latest Maturity Restructured Bond or Loan"**) and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan. In the event that the Scheduled Maturity Date is later than (a)(i) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (ii) the 2.5-year Limitation Date, and, in either case, no Enabling Obligation exists or (b) the 20-year Limitation Date, the Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

**"Scheduled Maturity Date"** has the meaning ascribed thereto in Part A.

**"Sovereign"** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof.

**"Sovereign Agency"** means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

**"Sovereign Restructured Valuation Obligation"** means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the specified Valuation Obligation Category and, subject to Condition 7(m)(iv), having each of the specified Valuation Obligation Characteristics, if any, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Valuation Obligation Category or Valuation Obligation Characteristics after such Restructuring.

**"specified"** means, unless otherwise provided, as specified in Schedule 1 to the Pricing Supplement relating to the Notes and/or in the applicable Standard Terms.

**"Substitute Reference Obligation"** means one or more obligations of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that (i) a Reference Obligation is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortization or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (i) ranks *pari passu* in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date) and (ii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to one or more but not all of the Reference Obligations for such Reference Entity, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to all of the Reference Obligations for such Reference Entity, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- (e) If (i) more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to all the Reference Obligations of such Reference Entity and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations of such Reference Entity, or (ii) only one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under sub-section (a) of this definition of Substitute Reference Obligation has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the latest of the Maturity Date and the Grace Period Extension Date (if any).
- (f) For purposes of identification of a Reference Obligation, any change in a Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

"**Successor**" shall have the meaning determined in accordance with the following provisions:

- (a) In relation to a Reference Entity that is not a Sovereign, "**Successor**" means, subject to (j) below), the entity or entities, if any, determined as set forth below:
  - (i) if one entity directly or indirectly succeeds to 75 per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
  - (ii) if only one entity directly or indirectly succeeds to more than 25 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor;
  - (iii) if more than one entity each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will each be a Successor and (e) below will apply;
  - (iv) if one or more entities each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will be a Successor and (e) below will apply;
  - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
  - (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 14 calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable **provided that** the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in (a) above, and subparagraphs (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a



Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information.

- (b) **"Succession Event"** means an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, "Succession Event" shall not include any event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date (determined by reference to Greenwich Mean Time).
- (c) For purposes of interpreting this definition of Successor **"succeed"** means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to (a) above shall be made, in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged.
- (d) Where (i) a Reference Obligation has been specified with respect to a Reference Entity, (ii) one or more Successors to the Reference Entity have been identified and (iii) any one or more such Successors have not assumed the Reference Obligation, a Substitute Reference Obligation will be determined in accordance with the definition of Substitute Reference Obligation above.
- (e) Where, pursuant to (a)(iii) or (iv) above, more than one Successor has been identified then, subject to (j) below:
  - (i) each Successor will be treated as a Reference Entity;
  - (ii) the Reference Entity Calculation Amount in respect of each Successor will be the Reference Entity Calculation Amount divided by the number of Successors;
  - (iii) the provisions of Condition 7(j)(iii) shall apply; and
  - (iv) the Conditions will otherwise continue to apply except to the extent that modification is required, as determined by the Calculation Agent, in its sole and absolute discretion. The Calculation Agent will determine the Reference Obligation, Seniority and Transaction Type in its sole discretion in respect of each Successor.
- (f) **"Relevant Obligations"** means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the

Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

- (g) "**Best Available Information**" means:
- (i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information or, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of Successor, other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
  - (ii) in the case of a Reference Entity which does not file with its primary securities regulator or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of Successor.
- (h) Information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information.
- (i) In relation to a Sovereign Reference Entity, "**Successor**" means any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.
- (j) Subject to paragraph (k) below, where any Reference Entity (a "**Surviving Reference Entity**") (other than the Reference Entity which is the subject of the Succession Event) is a Successor to any Reference Entity (the "**Legacy Reference Entity**"), then such Surviving Reference Entity shall be deemed to be specified as a Reference Entity once only and the Reference Entity Calculation Amount in respect of such Reference Entity shall be the sum of the Reference Entity Calculation Amount applicable to that Reference Entity immediately prior to the Succession Event and the relevant portion of the Reference Entity Calculation Amount of the Legacy Reference Entity as provided in paragraph (e) above;
- (k) If Substitution is specified as applicable, where any Reference Entity (a "**Surviving Reference Entity**") (other than the Reference Entity which is the subject of the Succession Event) would otherwise be a Successor to any other Reference Entity (the "**Legacy Reference Entity**") pursuant to the foregoing provisions then, at the election of the Issuer at any time:

- (i) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and
- (ii) the Replacement Reference Entity selected by the Issuer shall be deemed to be a Successor to the Legacy Reference Entity pursuant to that Succession Event from and including the legally effective date of the Succession Event. The Standard Terms applicable to such Replacement Reference Entity shall be the then current standard terms applicable to such Replacement Reference Entity as at the day it is selected by the Issuer.

**"Succession Event Backstop Date"** means (i) the date that is 90 calendar days prior to the Succession Event Resolution Request Date (if any) (determined by reference to Greenwich Mean Time) or (ii) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Calculation Agent determines that a Succession Event has occurred and (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in subparagraphs (a) and (b) of the definition of "Succession Event Resolution Request Date" are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Calculation Agent determines that a Succession Event has occurred not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**"Succession Event Resolution Request Date"** means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Succession Event has occurred with respect to the relevant Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the legally effective date of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

**"Supranational Organisation"** means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

**"TARGET"** means the Trans-European Automated Real-time Gross settlement Express Transfer System.

**"Transaction Auction Settlement Terms"** means, with respect to a Credit Event, the Credit Derivatives Auction Settlement Terms for which the Reference Transaction would be an Auction Covered Transaction. **"USD"** means the lawful currency of the United States of America.

**"Valid Credit Event Resolution Request Date"** means a Credit Event Resolution Request Date which occurs on or prior to the 14th calendar day after the Extension Date (including prior to the Trade Date), **provided that** the Trade Date occurs on or prior to the Auction Final Price Determination Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, the Parallel Auction Final Price Determination Date (as applicable), the Auction Cancellation Date or, in the case of a Restructuring Credit Event

in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, the Parallel Auction Cancellation Date (as applicable), or the date that is 21 calendar days following the No Auction Announcement Date.

**"Valuation Date"** means the date specified as such in accordance with the applicable Settlement Method.

**"Valuation Obligation"** means, subject to Condition 7(n):

- (i) any obligation of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee determined pursuant to the method described in Condition 7(m) (but excluding any Excluded Valuation Obligation) that (A) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (B) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) in the definition of Credit Event above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor and (C) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Valuation Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being valued apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
- (ii) subject to the second paragraph of the definition of Not Contingent in Condition 7(m)(i)(2)(A), each Reference Obligation, unless specified as an Excluded Valuation Obligation;
- (iii) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Valuation Obligation (but excluding any Excluded Valuation Obligation) that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) of the definition of Credit Event above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Valuation Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being valued apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (v) any other obligation of a Reference Entity specified as a Valuation Obligation.

**"Voting Shares"** means those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**"Weighted Average Quotation"** means the weighted average of firm quotations obtained from selected dealers, each for an amount of the Valuation Obligation of as large a size as available but less than the Valuation Obligation Calculation Amount.

7(p) *Determinations by the Calculation Agent and Calculation Agent Free to Deal in Notes etc*

- (i) Whenever any matter falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's

opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Calculation Agent or such other person, as the case may be, acting in good faith and in a reasonably commercial manner. The Calculation Agent shall not be liable for any loss, liability, cost, claim, action, demand or expense (including without limitation, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) arising out of or in relation to or in connection with its appointment or the exercise of its functions, except such as may result from its own wilful default, negligence or bad faith or that of its officers or agents.

- (ii) Nothing contained herein shall prevent the Calculation Agent from dealing in the Notes or from entering into any related transactions, including without limitation any swap or hedging transactions, with the Issuer (or any of its respective Affiliates) or any holder of the Notes (or any of its Affiliates).

7(q) *Redemption following the occurrence of a Trigger Event*

- (i) From the date on which the Calculation Agent determines (in good faith) that a Trigger Event has occurred up to and including the tenth (10th) Business Day following the day of such determination (whether or not the Trigger Event is continuing), the Issuer may, by providing two (2) Business Days written notice (a "**Trigger Event Option Notice**"), elect to either (i) issue additional Notes with a principal amount equal to the Principal Increase Amount (an "**Additional Note Issuance**") or (ii) redeem the Notes (a "**Principal Shortfall Redemption**") (such option, the "**Trigger Event Option**").

For the avoidance of doubt, the Issuer may give a Trigger Event Option Notice whether or not it has already given a Credit Event Notice or taken any steps to exercise its option under Condition 7(b) (*Redemption for Taxation Reasons*) and any giving of a Trigger Event Option Notice (unless it is subsequently followed by an Additional Note Issuance) shall supersede and override any earlier Credit Event Notice or exercise of such option.

- (ii) If the Issuer elects to exercise the Additional Note Issuance, the Aggregate Principal Amount of the Notes shall be increased by the Principal Increase Amount on the date falling two (2) Business Days following the delivery of the Trigger Event Option Notice. For the avoidance of doubt, there will be no change to the Reference Entity Calculation Amount upon the Additional Note Issuance.
- (iii) If the Issuer elects to exercise the Principal Shortfall Redemption, the Issuer shall redeem all of the Notes on the date falling two (2) Business Days following the delivery of the Trigger Event Option Notice (such second Business Day, the "**Trigger Event Redemption Date**") at an amount equal to the Note Value as of the Trigger Event Redemption Date.
- (iv) A Trigger Event may occur more than once during the term of the Notes. Only one Trigger Event Option Notice may be delivered by the Issuer and an Additional Note Issuance or a Principal Shortfall Redemption can only occur once.

7(r) *Definitions relating to the occurrence of a Trigger Event*

"**Mark to Market Swap Value**" means, on any date, an amount equal to the market value of the Reference Transaction on such date calculated using the offered side of credit default swap rates, as determined by the Calculation Agent in good faith. The Mark to Market Swap Value will be positive if the Reference Transaction is in the money to the seller under such Reference Transaction.

"**Note Value**" has the meaning given to it in the relevant Pricing Supplement.

"**Principal Increase Amount**" means the amount specified as such in the relevant Pricing Supplement.

"**Trigger Event**" shall occur on any Business Day on which (i) the offered side spread on such day on the Reference Transaction is greater than the Trigger Level as determined by the Calculation Agent in good faith; and (ii) no Additional Note Issuance has occurred on such date.

"**Trigger Level**" means the percentage rate per annum specified as such in the relevant Pricing Supplement.

(3) **Payments**

Condition 9(d) (*Payments – General Provisions*) shall be amended by including the following sentence as the last sentence therein:

"Notwithstanding anything contained in these Conditions, if any relevant Condition requires any amounts in relation to a Note to be rounded as part of any calculations or determinations, then in the case of Notes which are for the time being represented by a Global Note, such calculation or determination shall be carried out in relation to the aggregate principal amount of the Notes so represented. Any rounding shall be carried out to the result thereof and the rounding shall not be carried out in relation to any calculations or determinations made on a *pro rata* or per Note basis."

(4) **Meetings of Noteholders, Modification and Substitution**

Condition 16 (*Meetings of Noteholders, Modification and Substitution*) shall be amended by:

- (a) inserting "; or" after the reference to "Notes" in the last line of sub-paragraph (c) and inserting thereafter the following as a new sub-paragraph (d):

"(d) to any modification of the Notes after the Issue Date required in connection with the listing of the Notes on any stock exchange"; and

- (b) inserting the following additional paragraph before the paragraph beginning with "The Issue Agent and the Issuer may also agree":

"The Calculation Agent may from time to time amend any provision of these Conditions to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent and the Issuer determine in a commercially reasonable manner are necessary to reflect market practice for credit derivative transactions."

**PRO FORMA PRICING SUPPLEMENT FOR CREDIT-LINKED NOTES (SINGLE NAME –  
LEVERAGED)**

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of Credit-Linked Notes (Single name – Leveraged) issued under the Programme.*

*(When completing any pricing supplement, or adding any other terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether supplemental listing particulars would be required in respect of such terms or information.)*

The terms and conditions of Credit-Linked Notes shall consist of the "Terms and Conditions of the Notes" set out in "Part B - Information relating to the Notes Generally" and "Part F – Additional Terms and Conditions relating to Credit-Linked Notes (Single Name – Leveraged)" of the Offering Memorandum (the "**Base Conditions**") as amended or supplemented by the terms set out in this Pricing Supplement (including the Schedules hereto) (the "**Pricing Supplement**"), (terms used in such provisions being deemed to be defined as such for the purposes of the Offering Memorandum).

**PRICING SUPPLEMENT**

Pricing Supplement dated: [•]

**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**

**[Further] Issue of**

**[Aggregate Principal Amount of Tranche] Leveraged Credit Linked Notes due [•] linked to [name of Reference Entity] [(Subordinated)]**

**[(to be consolidated and form a single series with the existing *[Insert details of existing Tranche(s)]* issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

**PART A - CONTRACTUAL TERMS**

This document constitutes the pricing supplement ("**Pricing Supplement**") relating to the issue of the Tranche of Notes described herein [for the purposes of listing on the Official List of the Irish Stock Exchange] and must be read in conjunction with the Offering Memorandum dated 18 June 2013 as supplemented from time to time (the "**Offering Memorandum**") [which, together with this Pricing Supplement, constitute listing particulars for the purposes of listing on the Global Exchange Market]. 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 such Offering Memorandum.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. The Offering Memorandum is available for viewing 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the "Prospectus Directive"). The Offering Memorandum has been prepared solely with regard to Notes that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2004/39/EC and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an offering document with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions (the "**2005/2006/2007/2008/2009/2010/2011/2012 Conditions**"), which are defined in, and incorporated by reference into, the Offering Memorandum and which are applicable to the Notes. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement, the 2005/2006/2007/2008/2009/2010/2011/2012 Conditions and the Offering Memorandum. The Offering Memorandum and the 2005/2006/2007/2008/2009/2010/2011/2012 Conditions are available for viewing during normal business hours at HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom and www.hsbc.com (please follow links to 'Investor relations', 'Fixed income securities', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

[For Notes offered and sold in the United States of America include:

#### **IMPORTANT NOTICES**

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATIONS) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATIONS. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("**RSA 421-B**") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

#### **AVAILABLE INFORMATION**

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

**It is advisable that investors considering acquiring any Notes understand the risks of transactions involving the Notes and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their**



**own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in the Offering Memorandum and this Pricing Supplement. Investors should consider carefully the risk factors set forth under "Risk Factors" in the Offering Memorandum.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.)*

1. Issuer: HSBC Bank plc
2. Tranche number: [ ]  
  
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).
3. Currency:
  - (i) Settlement Currency: [ ]
  - (ii) Denomination Currency: [*specify*/Settlement Currency]
4. Aggregate Principal Amount [of Notes admitted to trading]<sup>14</sup>:
  - [(i) Series:] [ ] plus, if an Additional Note Issuance has occurred, the Principal Increase Amount (subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event)  
  
Principal Increase Amount means [ ] (subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event).
  - [(ii) Tranche:] [ ]
5. (i) Issue Price: [ ] per cent. of each Note's pro rata share of the Aggregate Principal Amount [plus accrued interest from [*interest date*]][*In the case of fungible interest-bearing issues only, if applicable*]
  - (ii) Commission payable: [[ ] per cent/None<sup>15</sup>]
  - (iii) Selling concession: [[ ] per cent/None<sup>16</sup>]
6. (i) Denomination(s): [ ][, provided that, for so long as the Notes are represented by a Global Note and the clearing system so permits, the Notes shall be tradeable in minimum nominal amounts of [ ] and integral multiples of [ ] thereafter]

<sup>14</sup> Delete for debt securities with a denomination per unit of less than EUR 100,000.

<sup>15</sup> Fees and commissions are banned in respect of Notes that are offered and sold on the basis of investment advice provided by a distributor in the UK or to a resident of the UK.

<sup>16</sup> Fees and commissions are banned in respect of Notes that are offered and sold on the basis of investment advice provided by a distributor in the UK or to a resident of the UK.

(Condition 2(b))

- (ii) Calculation Amount<sup>17</sup>: Subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event, [ ]
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [specify/Issue Date/Not applicable]
8. Maturity Date: Subject to the occurrence of a Potential Credit Event, the earliest to occur of (i) [insert date] (the "**Scheduled Maturity Date**"), [subject to adjustment in accordance with the [insert] Business Day Convention,] (ii) if a Credit Event Notice Date occurs, the Credit Event Redemption Date, (iii) the Trigger Event Redemption Date and (iv) the date on which the Notes fall due for redemption pursuant to the occurrence of one or more of the events specified under Conditions 7(b), 7(h) and 11.  
(Condition 7(a))

Potential Credit Event: Notwithstanding anything to the contrary in the Additional Conditions, if facts exist which may result in the determination that a Credit Event has occurred or exists on or prior to the Extension Date (a "**Potential Credit Event**"), the Maturity Date shall be extended to (1) if a Credit Event Notice is delivered on or prior to the Notice Delivery Period End Date, the Credit Event Redemption Date, or (2) if no Credit Event Notice is delivered on or prior to the Notice Delivery Period End Date, the earlier of (a) the date on which the Issuer notifies the Noteholders that a Potential Credit Event no longer exists, and (b) the third Business Day after the Notice Delivery Period End Date (the "**Extended Maturity Date**").

"**Notice Delivery Period End Date**" means the fifth (5th) Business Day following (a) if a Valid Credit Event Resolution Request Date occurs, the later of (i) the 14th calendar day following the Extension Date and (ii) any of the following (I) if the relevant Credit Event is not a Restructuring, the date on which the Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred; (II) if the relevant Credit Event is a Restructuring, the relevant Exercise Cut-Off Date; (III) the day on which the Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Credit Event has occurred; or (IV) the day that is 14th calendar day following the date on which the Credit Derivatives

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<sup>17</sup> The applicable Calculation Amount (which is used for the calculation of the redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.

Determinations Committee has Resolved not to determine whether or not an event constitutes a Credit Event; or (b) otherwise the 14th calendar day following the Extension Date.

For the avoidance of doubt, if the Maturity Date is extended pursuant to the occurrence of a Potential Credit Event, no interest shall accrue in respect of the period from and including the Scheduled Maturity Date to and including the Extended Maturity Date.

9. Change of interest or redemption basis: Notwithstanding anything to the contrary in the Additional Conditions, in the event that the Notes are redeemed on the Credit Event Redemption Date, the redemption amount of the Notes shall be the Credit Event Redemption Amount, **provided that** in the event that the Notes are redeemed on the Trigger Event Redemption Date, the final redemption amount of the Notes shall be the Note Value [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*].

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

10. Fixed Rate Note provisions: [Applicable/Not applicable]  
(Condition 4)  
Rate(s) of Interest: [ ] per cent. per annum payable [on each Interest Payment Date] in arrear  
Interest Payment Date(s): [*specify payment dates*] in each year, commencing on and including the First Interest Payment Date and ending on the earliest to occur of (i) the Credit Event Redemption Date, (ii) the Scheduled Maturity Date and (iii) the Maturity Date, [in each case subject to adjustment in accordance with the [*specify*] Business Day Convention] / [not adjusted].  
First Interest Payment Date: [ ] ([subject to adjustment in accordance with the [*specify*] Business Day Convention] / [not adjusted])  
Fixed Coupon Amount(s): An amount equal to (a) the product of:  
(i) the Fixed Rate Calculation Amount; and  
(ii) the Rate of Interest,  
divided by (b) the number of Notes on the relevant Interest Payment Date, subject to the Day Count Fraction.  
"Fixed Rate Calculation Amount" means, on any date, the Reference Entity Calculation Amount.  
Each Fixed Coupon Amount will be [rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards)/other

- (*give details*)
- Day count fraction: [30/360/Actual/Actual (ICMA/ISDA)/Actual/360/  
*other (specify)*] [Not applicable] (as defined in  
Condition [1])
- Business Day Convention: [Following Business Day Convention/Modified  
Following Business Day Convention/Preceding  
Business Day Convention/*other (give details)*]
- Business Centre(s): [Not applicable/*give details*]
- Other terms relating to the method of calculating interest for Fixed Rate Notes: "**Interest Period**" means the period from and including an Interest Payment Date to and excluding the next succeeding Interest Payment Date, with the exception that the first such period shall commence on and include the Issue Date and the last such period shall end on but exclude the earliest of (i) the Credit Event Notice Date (if any), (ii) the Valid Credit Event Resolution Request Date (provided that a Credit Event Notice Date subsequently occurs), (iii) the Scheduled Maturity Date [(adjusted in accordance with the [Following] Business Day Convention)] and (iv) the Maturity Date, [provided that for the purposes of Interest Periods, the Interest Payment Dates shall not be subject to the *insert* Business Day Convention].
- [any other details]
11. Floating Rate Note Provisions: Applicable  
(*Condition 5*)
- (i) [Interest Period(s)] / [Specified Period]<sup>18</sup>: [The period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date, with the exception that the first such period shall commence on and include the Issue Date or, in respect of the Additional Libor Amount only, the day on which the Additional Note Issuance is effected, and the last such period shall end on but exclude the earliest to occur of (i) the Credit Event Notice Date (if any), (ii) the Valid Credit Event Resolution Request Date (**provided that** a Credit Event Notice Date subsequently occurs), (iii) the Scheduled Maturity Date [(adjusted in accordance with the [Following] Business Day Convention)] and (iv) the Maturity Date [provided that for the purposes of Interest Periods, the Interest Payment Dates shall not be subject to the *insert* Business Day Convention].]<sup>19</sup> / *specify*<sup>20</sup>
- (ii) Interest Payment Dates: [*specify payment dates*] in each year, commencing on and including the First Interest Payment Date

<sup>18</sup> Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

<sup>19</sup> This option is applicable when "Interest Period(s)" has been selected.

<sup>20</sup> Specify relevant period when "Specified Period" has been selected.

and ending on the earliest to occur of (i) the Credit Event Redemption Date, (ii) the Scheduled Maturity Date and (iii) the Maturity Date, [in each case subject to adjustment in accordance with the [specify] Business Day Convention] / [not adjusted].

- (iii) First Interest Payment Date: [ ] ([subject to adjustment in accordance with the [specify] Business Day Convention] / [not adjusted])
- (iv) Interest Amount An amount equal to the sum of the Initial Libor Amount and the Additional Libor Amount (if any).

**"Initial Libor Amount"** means:

- (a) the product of:
- (i) the Initial Libor Calculation Amount (subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event) for the relevant Interest Period; and
  - (ii) the relevant Rate of Interest,

divided by (b) the number of Notes on the relevant Interest Payment Date, subject to the Day Count Fraction.

**"Initial Libor Calculation Amount"** means, on any date, the Aggregate Principal Amount on such date (ignoring for such purposes any Principal Increase Amount).

**"Additional Libor Amount"** means:

- (a) the product of:
- (i) Additional Libor Calculation Amount (subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event) for the relevant Interest Period; and
  - (ii) the relevant Rate of Interest,

divided by (b) the number of Notes on the relevant Interest Payment Date, subject to the Day Count Fraction.

**"Additional Libor Calculation Amount"** means, on any date, the Principal Increase Amount (if any) on such date.

Each Interest Amount will be [rounded to the nearest sub-unit of the Settlement Currency (half a

- sub-unit being rounded upwards)/other (*give details*)]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (vi) Business Centre(s): [Not applicable/*give details*]
- (vii) Screen Rate Determination: [Applicable/Not applicable]
- (1) Reference Rate: [*specify LIBOR or other*]
- (2) Interest Determination Date(s): [ ]
- (3) Relevant Screen Page: [ ]
- (4) Relevant Financial Centre: [ ]
- (5) Designated Maturity: [[•], **provided that** the Designated Maturity in respect of the first Interest Period or, if applicable, in respect of the Additional Libor Amount only, the period in which the Additional Note Issuance is effected, shall be determined through the use of straight-line interpolation by reference to two rates based on the relevant Rate of Interest, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the Interest Period.]
- (viii) ISDA Determination: [Applicable/Not applicable]
- (1) Floating Rate Option: [ ]
- (2) Designated Maturity: [ ]
- (3) Reset Date: [ ]
- (ix) Margin(s): [[•] per cent. per annum or, in respect of the Additional Libor Amount only, a spread per annum to be determined in good faith and in a commercially reasonable manner by the Calculation Agent by reference to the then current funding levels.] (as defined in Condition [1])
- (x) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/Actual/360/*other (specify)*] (as defined in Condition [1])
- (xi) Relevant time: [ ]
- (xii) Minimum Rate of Interest: [[ ] per cent. per annum] [Not applicable]
- (xiii) Maximum Rate of Interest: [[ ] per cent. per annum] [Not applicable]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate [ ]

Notes, if different from those set out in the Conditions:

- |     |  |  |
|-----|--|--|
| 12. | Zero Coupon Note provisions:<br>( <i>Condition 6</i> )                             | [Applicable/Not applicable]<br><br><i>(If not applicable, delete the remaining subparagraphs of this paragraph).</i> |
|     | (i) Accrual Yield  | [[ ] per cent [per annum]]   |
|     | (ii) Zero Coupon Note Reference Price  | [ ]  |
|     | (iii) Day Count Fraction in relation to Early Redemption Amounts and last payments | [ ]  |
| 13. | Index-Linked Interest Note/Other Variable-Linked Interest Note provisions          | [Applicable/Not applicable]  |

**PROVISIONS RELATING TO REDEMPTION**

- |     |   |   |
|-----|---|---|
| 14. | Issuer's optional redemption (Call Option):<br>( <i>Condition 7(c)</i> )    | [Applicable/Not applicable]   |
| 15. | Noteholder's optional redemption (Put Option):<br>( <i>Condition 7(d)</i> ) | [Applicable/Not applicable]   |
| 16. | Final Redemption Amount:<br>( <i>Condition 7(a)</i> )                       | <p>(i) If (a) no Credit Event Notice Date has occurred, (b) no Trigger Event Option Notice has been delivered (unless, if a Trigger Event Option Notice has been delivered, an Additional Note Issuance has also occurred) and (c) no early redemption event has occurred, in each case on or prior to the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), 100 per cent. of Aggregate Principal Amount on the Maturity Date,</p> <p>(ii) if (a) a Credit Event Notice Date has occurred and (b) no Trigger Event Option Notice has been or is delivered (unless, if a Trigger Event Option Notice has been or is delivered, an Additional Note Issuance has also occurred or also occurs) on or prior to the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), an amount equal to the Credit Event Redemption Amount on the Credit Event Redemption Date;</p> <p>(iii) if a Trigger Event Option Notice has been delivered and the Issuer has elected a Principal Shortfall Redemption on or prior to the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), an amount equal</p> |

to the Note Value on the Trigger Event Redemption Date, or

- (iv) if (a) an early redemption event occurs, (b) no Credit Event Notice Date has occurred and (c) no Trigger Event Option Notice has been or is delivered (unless, if a Trigger Event Option Notice has been or is delivered, an Additional Note Issuance has also occurred or also occurs), in each case on or prior to the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), an amount determined in good faith by the Calculation Agent to be the fair market value of the Notes immediately prior to such early redemption, adjusted to account fully for any Hedging Costs, on the date on which the Notes fall due for redemption pursuant to the occurrence of such early redemption event (the "**Early Redemption Amount**").

The Final Redemption Amount will be [rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards)/other (*give details*)]

- |     |   |  |
|-----|---|--|
| 17. | Final Redemption Amount in cases where the final Redemption Amount is Index-linked to other variable linked:  | Not applicable   |
| 18. | Instalment Notes:<br>( <i>Condition 7(a)</i> )  | Not applicable   |
| 19. | Early Redemption Amount:  | Yes  |
|     | (i) Early Redemption Amount (upon redemption for taxation reasons, illegality or following an Event of Default) ( <i>Condition 7(b), 7(h) and Condition 11</i> ): | As specified in Section 16(iv) above.  |
|     | (ii) Other redemption provisions: ( <i>Condition 7(i)</i> )   | (I) If the Issuer gives a Credit Event Notice and no Trigger Event Option Notice has been or is delivered (unless, if a Trigger Event Option Notice has been or is delivered, an Additional Note Issuance has also occurred or also occurs) on or prior to the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), the Issuer shall be obliged to redeem the Notes in full or in part by payment of the Credit Event Redemption Amount to the Noteholders on the Credit Event Redemption Date. |

The Credit Event Notice shall describe the Credit Event and specify the Reference Entity in respect of which the



Credit Event has occurred. If ISDA has not publicly announced that an event that constitutes a Credit Event has occurred with respect to the Reference Entity, it will also include copies of relevant Publicly Available Information (two Public Sources) that support the occurrence of the Credit Event.

(1) Credit Event Redemption Date:

As defined in the Additional Conditions.

(2) Credit Event Redemption Amount:

Subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event, an amount equal to (i) the product of (a) the Aggregate Principal Amount minus the product of (a) the Reference Entity Calculation Amount and (b) (x) 100 per cent. minus (y) the Auction Final Price (if any) or the Final Price, to the extent the Fallback Settlement Method applies, less (ii) any Hedging Costs, subject to a minimum of zero.

(II) If a Trigger Event Option Notice has been delivered and the Issuer has elected a Principal Shortfall Redemption on or prior to the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), an amount equal to the Note Value on the Trigger Event Redemption Date.

(1) Trigger Event Redemption Date:

As defined in the Additional Conditions.

(2) Note Value:

On any date, an amount equal to the sum of (i) the Aggregate Principal Amount on such date and (ii) the Mark to Market Swap Value on such date minus (iii) the Hedging Costs on such date, **provided that**, solely for the purposes of the definition of "Note Value", on any date on which the Notes fall due for redemption, the Mark to Market Swap Value shall be the amount

determined two (2) Business Days prior to such date.

For the purposes of Condition 7(q) Redemption following the occurrence of a Trigger Event, **Trigger Level** means [ ].

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

20. Form of Notes:  
(Condition 2(a))
- (i) Form of Notes: [Bearer Notes/ Registered Notes/ Uncertificated Registered Notes]
- (ii) Bearer Notes exchangeable for Registered Notes: [Yes/No] [*Answer will be no where no Registered Notes or where the issue is wholly or partly a Rule 144A issue*]
21. [New Global Note][*(delete if Registered Note)*]/[Issued under the new safekeeping structure][*(delete if Bearer Note)*] [Yes/No]
22. If issued in bearer form:
- (i) Initially represented by a Temporary Global Note or Permanent Global Note: [Temporary Global Note/Permanent Global Note]
- [*Notes may only be represented initially by a Permanent Global Note if this Pricing Supplement specifies that TEFRA C Rules apply*]
- (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes: [specify] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances set out in the Permanent Global Note]  
(Condition 2(a))
- (iii) Permanent Global Note exchangeable at the option of the Issuer in circumstances where the Issuer would suffer material disadvantage following a change of law or regulation: [Yes/No] [*If yes, specify: The Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.*]
- (iv) Coupons to be attached to Definitive Notes<sup>21</sup>: [Yes/No/Not applicable] [*N.B. this will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems – see provisions contained in Permanent Global Note*]
- (v) Talons for future Coupons to be attached to Definitive Notes<sup>22</sup>: [Yes/No/Not applicable] [*N.B. the above comment applies here*]

<sup>21</sup> Definitive Notes will typically have coupons attached to them if interest bearing.

<sup>22</sup> Talons will be needed if there are 27 or more coupons.

23. Exchange Date for exchange of Temporary Global Note: [specify/Not earlier than 40 days following the Issue Date]
24. Payments:  
(Condition 9)
- (i) Relevant Financial Centre Day: A day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London [and specify any additional places] (as defined in Condition 1(Definitions))
25. Redenomination:  
(Condition 10) [Applicable/Not applicable]
26. Other terms: The "Additional Terms and Conditions relating to Credit-Linked Notes (Single name – Unleveraged)" (the "**Additional Conditions**") set out in the Offering Memorandum apply to the Notes, together with Schedules 1 and 2 hereto. The Notes are Unleveraged Credit-Linked Notes. In the event of any inconsistency between provisions set out in the Additional Conditions, this Part A of this Pricing Supplement and Schedule 1 hereto, the following hierarchy shall apply, namely (i) firstly, Part A of this Pricing Supplement, then (ii) Schedule 1 hereto and then (iii) the Additional Conditions.

**DISTRIBUTION**

27. (i) If syndicated, names of Relevant Dealer(s)/Lead Manager(s): Not applicable
- (ii) If syndicated, names, addresses and underwriting commitments of other Dealers/Managers (if any): Not applicable
28. Selling restrictions: [For Bearer Notes: TEFRA C Rules/TEFRA D Rules/TEFRA Not Applicable]
- United States of America: [Notes may not be offered or sold within the United States of America or, to or for the account or the benefit of, a US person (as defined in Regulation S)]
- [Notes may be offered or sold within the United States of America or to, or for the account or the benefit of, a US person (as defined in Regulation S) only in compliance with the provisions set forth under "Transfer Restrictions."]
- Exemption(s) from requirements under Directive 2003/71/EC (as amended) (the "**Prospectus Directive**"): [Not applicable. This offer is made exclusively to investors outside the European Economic Area]/[The denomination of the Notes is greater than or equal to EUR100,000 (or equivalent amount in another currency)]/[The offer is addressed solely to qualified investors (as such

term is defined in the Prospectus Directive)]/[The offer is addressed to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive)]/[The offer is addressed to investors who will acquire Notes for a consideration of at least EUR100,000 (or equivalent amount in another currency) per investor for each separate offer]

29. Additional selling restrictions:

*[Specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement]*

[/In offers of Credit-Linked Notes pursuant to Rule 144A insert.<sup>23</sup>

## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of this Pricing Supplement and the accompanying Offering Memorandum, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that this Pricing Supplement and the accompanying Offering Memorandum is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Pricing Supplement and the accompanying Offering Memorandum, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorized, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of this Pricing Supplement and the accompanying Offering Memorandum or any documents referred to herein.

Each purchaser of Notes sold in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Notes will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

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<sup>23</sup> Please note that the default selling restrictions are for Regulation S offers and sales only.

UNLESS OTHERWISE PROVIDED IN ANY SUPPLEMENTAL LISTING PARTICULARS OR APPLICABLE PRICING SUPPLEMENT, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "BENEFIT PLAN INVESTOR") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("SIMILAR LAW") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "SIMILAR LAW PLAN"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

- (4) Each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Offering Memorandum.]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

## PART B - OTHER INFORMATION

### 1. LISTING

- (i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of Irish Stock Exchange [on or around the Issue Date/ *insert date*]]. No assurance can be given as to whether or not, or when, such application will be granted] [Not applicable]
- (ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading on the Global Exchange Market with effect from [the Issue Date/ *insert date*]]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Notes admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*
- (iii) Estimated total expenses of admission to trading: [(specify amount)]

### 2. RATINGS

- Ratings: [The Notes are not rated.] [The Notes [have been][are expected on issue to be] rated [./:]]
- [Standard & Poor's Credit Market Services Europe Limited: [ ]]
- [Moody's Investors Service Limited: [ ]]
- [Fitch Ratings Limited: [ ]]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[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. 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. REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: [ ]
- (If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*
- (ii) Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses: *[Include breakdown of expenses]*

5. **[Fixed Rate Notes only - YIELD]**

Indication of yield: *[Calculated as [include details of method of calculation in summary form] on the Issue Date]*

*[As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price and the Rate of Interest. It is not an indication of future yield.]]*

6. **[Index-Linked or other variable-linked Interest Notes only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained.*

**OPERATIONAL INFORMATION**

7. ISIN Code: *[ ]/Not applicable]*

8. Common Code: *[ ]/Not applicable]*

9. CUSIP: *[ ]/Not applicable]*

10. Valoren Number: *[ ]/Not applicable]*

11. SEDOL: *[ ]/Not applicable]*

12. WKN: *[ ] [Not applicable]*

13. Intended to be held in a manner which would allow Eurosystem eligibility: *[Yes] [No]<sup>24</sup>*  
*[Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg[, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their*

<sup>24</sup> Under current ECB collateral eligibility requirements, in order to be eligible as collateral a security must, among other things, be denominated in Euro and listed on a regulated market or certain non-regulated markets such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the ECB's February 2011 "The Implementation of Monetary Policy in the Euro Area - General Documentation on Eurosystem monetary policy instruments and procedures" brochure.



*life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. [Include this text if "yes" selected, in which case bearer Notes must be issued in NGN form.]*

14. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [CREST/ None/specify other]
15. Delivery: Delivery [against/free of] payment
16. Settlement procedures: [Eurobond/Medium Term Note/ other (specify)]
17. Additional Paying Agent(s) (if any): [HSBC Bank plc] [specify other] [Not applicable]
18. Common Depository: [HSBC Bank plc] [Not applicable] [specify]
19. Calculation Agent: [HSBC Bank plc] [HSBC France] [other (specify)]
20. City in which specified office of Registrar to be maintained: [London] [Not applicable] [specify]  
(Condition 15)
21. ERISA Considerations: [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Offering Memorandum for further information] [give details] [Not applicable]



**SCHEDULE 1**  
**CREDIT-LINKED NOTE SPECIFICATIONS**

1. **General Terms**

Business Day:	[ ]
Business Day Convention:	[Modified] Following Business Day Convention, which shall apply to any date other than (a) the Credit Event Backstop Date or (b) the Succession Event Backstop Date, that falls on a day that is not a Business Day.
Reference Entity:	The entity specified in Schedule 2 and any Successor either (a) identified by the Calculation Agent pursuant to the definition of "Successor" on or following the Trade Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules. The Reference Entity has been designated as a particular "Transaction Type" in Schedule 2. References to "Standard Terms" mean, in respect of a Reference Entity, the standard terms set out in the Credit Derivatives Physical Settlement Matrix dated [insert date of the most recent Matrix], as published by ISDA on its website at <a href="http://www.isda.org">www.isda.org</a> , in relation to its Transaction Type.
Trade Date:	[ ].
Reference Obligation:	Subject to the occurrence of a Succession Event, the obligation(s) (if any) identified as such in respect of such Reference Entity in Schedule 2.
Substitution:	[Applicable/Not applicable]
All Guarantees:	Applicable or Not applicable as specified in the applicable Standard Terms.
Reference Price <sup>25</sup> :	[ ] per cent]

2. **Credit Event Provisions:**

Reference Entity Calculation Amount:	Subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event, [insert Aggregate Principal Amount of the Notes].
Credit Events:	In respect of a Reference Entity, the Credit Events specified in the applicable Standard Terms.
Obligation Category and Characteristics:	In respect of each Reference Entity, the Obligation Category and Obligation Characteristics specified in the applicable Standard Terms.
Excluded Obligations <sup>26</sup> :	[None]

<sup>25</sup> If a percentage is not specified, the Conditions provide that the Reference Price will be one hundred percent.

3. **Settlement Terms**

Settlement Method:	Auction Settlement
Fallback Settlement Method:	Cash Settlement
Terms relating to Cash Settlement (if the Fallback Settlement Method applies):	
Valuation Date:	Single Valuation Date.  A Business Day as selected by the Issuer in its sole and absolute discretion.
CDS Settlement Currency:	[[ ]/[None specified]]
Valuation Obligations:	["Exclude Accrued Interest" or "Include Accrued Interest" as specified in the applicable Standard Terms.]
Valuation Obligation Category and Characteristics:	In respect of each Reference Entity, the Deliverable Obligation Category and Deliverable Obligation Characteristics specified in the Standard Terms.
Determination of Final Price:	<p>The Final Price will be the weighted average of the highest firm bid price obtained for each Valuation Obligation in the Portfolio, expressed as a percentage, determined by the Calculation Agent.</p> <p>With respect to each Valuation Obligation, the Calculation Agent shall conduct a dealer poll of at least three dealers indicated by the Issuer to the Calculation Agent in its sole and absolute discretion from the Dealer List set out below, with the exception that the Issuer may select a dealer not on the Dealer List if such dealer is a market-maker in the relevant type of Valuation Obligation or other major credit derivatives market participant. On the Valuation Date, the Calculation Agent shall seek to obtain Full Quotations from the selected dealers for an outstanding principal amount of each Valuation Obligation equal to its Valuation Obligation Calculation Amount.</p> <p>To the extent that the Calculation Agent is unable to obtain at least two Full Quotations for a Valuation Obligation or a Weighted Average Quotation on any day during the ten Business Day period following the Valuation Date, the Calculation Agent shall wait ten Business Days (the last such Business Day, the "<b>Backup Valuation Date</b>") and shall then repeat the valuation process. In the event that the Calculation Agent is unable to obtain at least two Full Quotations or a Weighted Average Quotation during the four Business Day period following the Backup Valuation Date, the Final Price shall be deemed to be any Full Quotation obtained on such fourth Business Day or, if no full quotation is obtained, the weighted average of any firm quotations obtained on such fourth Business Day with respect to the aggregate portion of the</p>

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<sup>26</sup> Unless specified here as an Excluded Obligation, the Reference Obligation will be an Obligation.

amount for which such quotations were obtained, and a quotation deemed to be zero for the balance of the amount for which firm quotations were not obtained on such day.

4. Dealer List: [ABN Amro Bank NV  
Merrill Lynch International  
Barclays Bank PLC  
BNP Paribas  
Citibank, N.A., London Branch  
Commerzbank AG  
Credit Suisse Securities (Europe) Limited  
Deutsche Bank AG, London Branch  
Goldman Sachs International  
HSBC Bank plc  
The Hongkong and Shanghai Banking Corporation Limited  
HSBC Bank Middle East Limited  
HSBC Bank USA, National Association  
J.P. Morgan Securities plc  
Morgan Stanley & Co. International plc  
Société Générale  
The Royal Bank of Scotland plc  
UBS Limited  
[or any of their respective affiliates]/market makers selected at the Issuer's sole and absolute discretion]
- Interest until Credit Event Notice Date: [Applicable/Not applicable]
- Deduct Hedging Costs Applicable

**SCHEDULE 1**

<u>Reference Entity</u>	<u>Reference Obligation (ISIN)</u>	<u>Seniority</u>	<u>Transaction Type</u>
[ ]	[ ]	[ ]	[ ]

**ADDITIONAL TERMS AND CONDITIONS RELATING TO CREDIT-LINKED NOTES  
(BASKET)**

The section headed "*Terms and Conditions of the Notes*" of this Offering Memorandum shall be supplemented and modified by the following "*Additional Terms and Conditions Relating to Credit-Linked Notes (Basket)*" in respect of any issue of Credit-Linked Notes as amended or supplemented by the terms of each Tranche of Notes set out in the Pricing Supplement which are being specified as being "linked to a basket of Reference Entities" in the relevant Pricing Supplement. In the event of any inconsistency between the "*Terms and Conditions of the Notes*" and the "*Additional Terms and Conditions Relating to Credit-Linked Notes (Basket)*", such "*Additional Terms and Conditions Relating to Credit-Linked Notes (Basket)*" shall prevail and the "*Terms and Conditions of the Notes*" shall be amended accordingly.

**(1) Interest**

If Fixed Rate Note provisions are specified in the relevant Pricing Supplement as being applicable, then Condition 4 (*Fixed Rate Note Provisions*) will apply provided that any accrual of interest shall be subject to the conditions for the determination of Fixed Coupon Amounts pursuant to Condition 4(d) (*Calculation of interest amount*) as may be amended by Part A paragraph 15 of the Pricing Supplement.

If Floating Rate Note provisions are specified in the relevant Pricing Supplement as being applicable, then Condition 5 (*Floating Rate Note, Index-Linked Interest Note and other variable-linked interest Note Provisions*) will apply provided that any accrual of interest shall be subject to the conditions for the determination of the Interest Amounts pursuant to Condition 5(g) (*Calculation of Interest Amount*) as may be amended by Part A paragraph 16 of the Pricing Supplement.

**(2) Redemption and Purchase**

Condition 7 (*Redemption and Purchase*) shall apply with the following amendments:

- (i) The following provision shall be substituted for the existing Condition 7(a):

"7(a) *Final Redemption*

Subject as otherwise set out in the Conditions, the Notes will, unless previously redeemed in full or purchased and cancelled, be redeemed at the Final Redemption Amount on the Maturity Date specified in the relevant Conditions."

- (ii) The following Conditions 7(j), (k), (l), (m), (n), (o) and (p) shall be added to Condition 7 (Condition 7(i) being omitted):

"7(j) *Redemption following the occurrence of a Credit Event*

(i) Following the occurrence of a Credit Event in respect of a Reference Entity on or after a Credit Event Backstop Date (determined by reference to Greenwich Mean Time) and on or prior to the Scheduled Maturity Date, the Issuer may at any time on or before the Notice Delivery Period End Date in respect of such Reference Entity and irrespective of whether such Credit Event is continuing and/or any other Credit Event has occurred, give notice thereof to the Noteholders (such notice a "**Credit Event Notice**" and the date on which such notice is given, a "**Credit Event Notice Date**") in accordance with Condition 13 (*Notices*) and Part B of the Conditions. The Issuer shall be under no obligation to give notice of any Credit Event and no delay in giving, or omission to give, notice of any Credit Event shall prejudice the Issuer's right to give notice with respect to such (or any other) Credit Event provided such notice is given no later than on or prior to the Notice Delivery Period End Date in respect of a Credit Event in respect of a Reference Entity.

(ii) For the avoidance of doubt, the Issuer may give Credit Event Notices in respect of all, but not some only, of the Reference Entities, whether or not it has already taken any steps to exercise its option under Condition 7(b) (*Redemption for Taxation Reasons*), and any giving of such Credit Event Notices shall supersede and override any earlier exercise of such option.

If the Issuer gives a Credit Event Notice, and subject as provided in (iii) below the Issuer shall be obliged to redeem the relevant portion of the Notes by payment on the relevant Credit Event Redemption Date of the Credit Event Redemption Amount in respect of the relevant Reference Entity.

- (iii) This Condition 7(j)(iii) applies if the Reference Entity Calculation Amount in respect of a Reference Entity is required to be allocated as contemplated in paragraph (e) of the definition of Successor in Condition 7(o). In such circumstances:
  - (a) the Issuer shall be entitled under this Condition 7(j) to give multiple Credit Event Notices, one with respect to each Successor of the relevant Reference Entity;
  - (b) where a Credit Event Notice is so given, the provisions of Condition 7 will apply in respect of the relevant Successor; and
  - (c) save where the full principal amount of the Notes has been so redeemed, the Issuer shall remain entitled notwithstanding any such partial redemption to give one or more further Credit Event Notices with respect to any such Successor or any other Reference Entity in respect of which no Credit Event Notice has been effectively given.
- (iv) This Condition 7(j)(iv) applies if one or more Restructuring Credit Events occurs on or prior to the Scheduled Maturity Date (and whether or not such event is continuing). In such circumstances:
  - (a) the Issuer shall be entitled to give a Credit Event Notice with respect to the relevant Restructuring Credit Event and specify in such notice (A) that partial exercise in respect of the relevant Reference Entity is required and (B) the portion of the Reference Entity Calculation Amount (being an amount which is (x) less than such Reference Entity Calculation Amount and (y) at least 1,000,000 units of the currency (or if Japanese Yen, 100,000,000 units) in which the relevant Reference Entity Calculation Amount is denominated or an integral multiple thereof) in respect of which such partial exercise is required (such portion of the relevant Reference Entity Calculation Amount being the "**Partial Redemption Portion**" applicable with respect to such Credit Event Notice); and
  - (b) where a Credit Event Notice is given as contemplated in (a) above:
    - (i) the Reference Entity Calculation Amount in respect of the relevant Reference Entity shall thereafter be deemed reduced by an amount equal to the Partial Redemption Portion of the Reference Entity Calculation Amount immediately preceding the giving of the Credit Event Notice; and
    - (ii) the provisions of this Condition 7 will apply so as to require the Issuer to redeem the Notes in part only on the relevant Cash Settlement Date, by payment of an amount in aggregate equal to whichever is the greater of (1) the Partial Redemption Portion minus the relevant Cash Settlement Amount and (2) zero, and on payment of such amount (or, if such amount is zero, on the relevant Cash Settlement Date) the outstanding principal amount of the Notes shall be deemed to have been repaid in an amount equal to the Partial Redemption Portion.

The Issuer shall be entitled to require such a partial exercise in respect of a Reference Entity with respect to each Restructuring Credit Event which may occur and whether or not a partial exercise in respect of a Reference Entity has been required in respect of another Restructuring Credit Event in respect of such Reference Entity. For the avoidance of doubt, the Issuer shall, notwithstanding any such partial exercise in respect of a Reference Entity having been required in connection with a Restructuring Credit Event in respect of such Reference Entity, remain entitled to give a Credit Event Notice



with respect to any other Credit Event and redeem the Notes in accordance with the provisions of this Condition 7 applicable where a Credit Event Notice has been given.

"7(k) [RESERVED]"

"7(l) *Method for Determining Obligations*

For the purposes of the definition of Obligation in Condition 7(o) the term "**Obligation**" may be defined as each obligation of each Reference Entity described by the specified Obligation Category, and having the specified Obligation Characteristics, if any, in each case, as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice. The following terms shall have the following meanings:

- (1) "**Obligation Category**" means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified, and:
  - (A) "**Payment**" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
  - (B) "**Borrowed Money**" means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
  - (C) "**Reference Obligations Only**" means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
  - (D) "**Bond**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
  - (E) "**Loan**" means any obligation of a type included in the "Borrowed Money" Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
  - (F) "**Bond or Loan**" means any obligation that is either a Bond or a Loan.
- (2) "**Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, and:
  - (A) (aa) "**Not Subordinated**" means an obligation that is not Subordinated to (i) the most senior Reference Obligation in priority of payment or (ii) if no Reference Obligation is specified, any unsubordinated Borrowed Money obligations of the Reference Entity; **provided that**, if any of the events set forth under the definition of "Substitute Reference Obligation" has occurred with respect to all of the Reference Obligations or if, pursuant to the definition of "Successor" a Substitute Reference Obligation will be determined in accordance with the definition of "Substitute Reference Obligation" with respect to the Reference Obligation (each, in each case, a "**Prior Reference Obligation**") and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Valuation Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic

or Valuation Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date;

(bb) "**Subordination**" means, with respect to an obligation (the "**Subordinated Obligation**") and another obligation of the Reference Entity to which such obligation is being compared (the "**Senior Obligation**"), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. "**Subordinated**" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;

- (B) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such (or, if Specified Currency is specified and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be specified collectively as the "**Standard Specified Currencies**");
- (C) "**Not Sovereign Lender**" means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as "Paris Club debt";
- (D) "**Not Domestic Currency**" means any obligation that is payable in any currency other than the Domestic Currency;
- (E) "**Not Domestic Law**" means any obligation that is not governed by the laws of (1) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (2) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;
- (F) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (G) "**Not Domestic Issuance**" means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

If the Obligation Characteristic "Listed" is specified, the Conditions shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if bonds are covered by the selected Obligation Category.

In the event that an Obligation is a Qualifying Guarantee, the following will apply:

- (1) For purposes of the application of the Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
- (2) For purposes of the application of the Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the specified applicable Obligation Characteristics, if any, from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (3) For purposes of the application of the Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the specified applicable Obligation Characteristics, if any, from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (4) For purposes of the application of the Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor."

"7(m) *Method for Determining Valuation Obligations*

For the purpose of the definition of Valuation Obligation in Condition 7(o) the term "**Valuation Obligation**" may be defined as each obligation of each Reference Entity described by the specified Valuation Obligation Category, and having each of the specified Valuation Obligation Characteristics, if any, as of the Valuation Date subject as provided below. The following terms shall have the following meanings:

- (1) "**Valuation Obligation Category**" means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in Condition 7(l)(1), except that, for the purpose of determining Valuation Obligations, Condition 7(l)(1)(C) shall be amended to state that no Valuation Obligation Characteristics shall be applicable to Reference Obligations Only).
- (2) "**Valuation Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, and:
  - (A) "**Not Contingent**" means any obligation having as of the Valuation Date and all times thereafter an outstanding principal balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall satisfy the Not Contingent Valuation Obligation Characteristic if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (1) to convert or exchange such obligation or (2) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Valuation Date;

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Valuation Obligation only if the rights referred to in (1) and (2) above of this Condition 7(m)(i)(2)(A) have not been exercised (or such exercise has been effectively rescinded) on or before the Valuation Date;

- (B) "**Assignable Loan**" means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (C) "**Consent Required Loan**" means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (D) "**Direct Loan Participation**" means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of a third party, that provides such party with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between the relevant third party or its designee and either (x) the Issuer or its designee (to the extent the Issuer or such designee is then a lender or a member of the relevant lending syndicate), or (y) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);
- (E) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction **provided that** none of the following shall be considered contractual, statutory or regulatory restrictions:
  - (x) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
  - (y) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
- (F) "**Maximum Maturity**" means an obligation that has a remaining maturity from the Credit Event Redemption Date of not greater than the period specified;
- (G) "**Accelerated or Matured**" means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Valuation Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
- (H) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream, Luxembourg or any other internationally recognised clearing system.

If the Obligation Characteristic "Listed" is specified, the Conditions shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category.

If (a) either of the Valuation Obligation Characteristics "Listed" or "Not Bearer" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Valuation Obligation Category; (b) the Valuation Obligation Characteristic "Transferable" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Valuation Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Valuation Obligation Category); or (c) any of the Valuation Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Valuation Obligation Category;

If any of Payment, Borrowed Money, Loan, or Bond or Loan is specified as the Valuation Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Valuation Obligation Characteristics, the Valuation Obligations may include any Loan that satisfies any one of such Valuation Obligation Characteristics specified and need not satisfy all such Valuation Obligation Characteristics; and

In the event that a Valuation Obligation is a Qualifying Guarantee, the following will apply:

- (1) For purposes of the application of the Valuation Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
- (2) For purposes of the application of the Valuation Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the specified applicable Valuation Obligation Characteristics, if any, from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (3) For purposes of the application of the Valuation Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the specified applicable Valuation Obligation Characteristics, if any, from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (4) For purposes of the application of the Valuation Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (5) The terms "outstanding principal balance" and "Due and Payable Amount" (as they are used in various other Conditions), when used in connection with Qualifying Guarantees are to be interpreted to be the then "outstanding principal balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee."

"7(n) *Restructuring Maturity Limitation and Modified Restructuring Maturity Limitation*

If "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and

Restructuring is the only Credit Event specified in a Credit Event Notice, then a Valuation Obligation may be included in the Portfolio only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date.

If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Valuation Obligation may be included in the Portfolio only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date."

"7(o) *Credit-Linked Note Definitions*

**"Accreted Amount"** means, with respect to an Accreting Obligation, an amount equal to (i) the sum of (a) the original issue price of such obligation and (b) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (ii) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (i)(b) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Valuation Date. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent) only if "Include Accrued Interest" is specified as being applicable. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such obligation's yield to maturity is not specified in, nor implied from, the terms of such obligation, then, for purposes of (i)(b) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (1) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (2) the relevant Valuation Date. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable;

**"Accreting Obligation"** means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (i) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (ii) periodic cash interest is also payable. With respect to any Accreting Obligation, "outstanding principal balance" shall mean the Accreted Amount thereof.

**"Affiliate"** means in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

**"Auction"** has the meaning set forth in the relevant Transaction Auction Settlement Terms.

**"Auction Cancellation Date"** means the date on which an Auction is deemed to be cancelled pursuant to the Transaction Auction Settlement Terms with respect to the relevant Reference Entity.

**"Auction Covered Transaction"** has the meaning set forth in the Transaction Auction Settlement Terms.

**"Auction Final Price"** means, in respect of each Reference Entity in relation to which a Credit Event Notice Date has occurred, the price, if any, specified to be the Auction Final Price in the Transaction Auction Settlement Terms with respect to such Reference Entity (expressed as a

percentage) or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-Off Date, the price, if any, specified to be the Auction Final Price in the Parallel Auction Settlement Terms with respect to such Reference Entity (expressed as a percentage).

**"Auction Final Price Determination Date"** means the day, if any, on which the Auction Final Price is determined pursuant to the Transaction Auction Settlement Terms with respect to the relevant Reference Entity.

**"Auction Settlement Date"** means the date that is the number of Business Days specified in the Transaction Auction Settlement Terms (or, if a number of Business Days is not so specified, five Business Days) immediately following the Auction Final Price Determination Date.

**"Bankruptcy"** means a Reference Entity (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (iv) institutes or has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (a) results in a judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (b) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (i) to (vii) above (inclusive) of this definition of Bankruptcy.

**"Business Day"** shall have the meaning given to it in the relevant Pricing Supplement.

**"CDS Settlement Currency"** means the currency specified or, if no currency is so specified, the currency of denomination of the Reference Entity Calculation Amount.

**"Conditionally Transferable Obligation"** means a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Valuation Obligation other than Bonds, **provided, however, that** a Valuation Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Valuation Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Valuation Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Valuation Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Valuation Obligation shall not be considered to be a requirement for consent for purposes of this definition of Conditionally Transferable Obligation.

For purposes of determining whether a Valuation Obligation satisfies the requirements of the definition of Conditionally Transferable Obligation, such determination shall be made as of the Valuation Date, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents obtained.

**"Convertible Obligation"** means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**"Credit Derivatives Auction Settlement Terms"** means any Credit Derivatives Auction Settlement Terms published by ISDA, in accordance with the Rules, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time in accordance with the Rules.

**"Credit Derivatives Determinations Committees"** means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions, as more fully described in the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof (the **"Rules"**).

**"Credit Event"** means the occurrence of one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, as specified, as determined by the Issuer or the Calculation Agent in its sole and absolute discretion (save that such determination shall be confirmed by Publicly Available Information). If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon: (i) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, any Underlying Obligor to enter into any Underlying Obligation, (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described, (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described or (iv) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Credit Event Backstop Date"** means either (a) 60 calendar days prior to the Credit Event Resolution Request Date in respect of a Reference Entity (if any) or (b) otherwise, the date that is 60 calendar days prior to the earlier of (i) the Credit Event Notice Date in respect of such Reference Entity and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (C) the Credit Event Notice in respect of such Reference Entity is effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date in respect of such Reference Entity. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**"Credit Event Redemption Amount"** shall have the meaning given to it in the relevant Pricing Supplement;



**"Credit Event Redemption Date"** means in respect of each Reference Entity in relation to which a Credit Event Notice Date has occurred if an Auction Final Price Determination Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, a Parallel Auction Final Price Determination Date occurs, the fifth Business Day following the later of the Auction Settlement Date or the Parallel Auction Settlement Date (as applicable) and the relevant Credit Event Notice Date, **provided that if:**

- (1) an Auction Cancellation Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, a Parallel Auction Cancellation Date occurs;
- (2) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to sub-paragraph (b) of such definition, the Issuer has not exercised the Movement Option);
- (3) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine (A) whether or not an event constitutes a Credit Event with respect to the Reference Entity or Obligation thereof nor (B) the date of the occurrence of such event;
- (4) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that an event constitutes a Credit Event with respect to the Reference Entity or Obligation thereof and the date of the occurrence of such event and the Issuer determines in its sole and absolute discretion that a Reference Transaction would be settled in accordance with the Fallback Settlement Method; or
- (5) no Credit Event Resolution Request Date has occurred on or prior to the first Business Day prior to the Valuation Date,

the Credit Event Redemption Date shall be the tenth Business Day following the Valuation Date (or the Backup Valuation Date, as applicable) and the Issuer shall determine the Final Price in accordance with the Settlement Method set out in Schedule 1 (the **"Fallback Settlement Method"**).

**"Credit Event Resolution Request Date"** means, with respect to a notice to ISDA, delivered in accordance with the ISDA Credit Derivatives Determinations Committee Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (1) whether an event that constitutes a Credit Event has occurred with respect to the Reference Entity or Obligation thereof; and
- (2) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

the date, as publicly announced by ISDA to be the date that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the ISDA Credit Derivatives Determinations Committee Rules, of Publicly Available Information with respect to the DC Resolutions referred to in sub-clauses (a) and (b) above.

**"Currency Amount"** means, whenever an amount is denominated in a currency other than the CDS Settlement Currency and is to be determined under these Conditions by reference to a Currency Amount, such amount converted to the relevant CDS Settlement Currency using the Currency Rate.

**"Currency Rate"** means, whenever so required to be determined the rate for conversion of the currency of the Valuation Obligation into the CDS Settlement Currency determined by the Calculation Agent, as of the Valuation Date, in its sole discretion.

**"DC Resolution"** has the meaning given to that term in the Rules.

**"Default Requirement"** means the amount specified as such or its equivalent in the relevant Obligation Currency, or if no amount is so specified, USD10,000,000 or its equivalent in the relevant Obligation Currency in either case as of the occurrence of the relevant Credit Event.

**"Deliverable Obligation Provisions"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**"Deliverable Obligation Terms"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

**"Domestic Currency"** means the currency specified as such and any successor currency. If no currency is so specified, the Domestic Currency shall be the lawful currency and any successor currency of (i) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (ii) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

**"Downstream Affiliate"** means an entity whose outstanding Voting Shares were, at the date of the issuance of the Qualifying Guarantee, more than 50 percent owned, directly or indirectly, by the Reference Entity.

**"Due and Payable Amount"** means the amount that is due and payable under (and in accordance with the terms of) a Valuation Obligation as of the relevant Valuation Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

**"Eligible Reference Entity"** means an entity that is in the same Moody's, S&P or Additional Rating Agency industry group (the **"Industry Requirement"**) as the relevant Surviving Reference Entity, where:

**"Moody's"** means Moody's Investors Service, Inc.;

**"S&P"** means Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc; and

**"Additional Rating Agency"** means any rating agency selected by the Issuer in its sole discretion.

**"Eligible Transferee"** means:

any

- (i) bank or other financial institution;
- (ii) an insurance or reinsurance company;
- (iii) a mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in (iii)(a) below); and
- (iv) a registered or licensed broker or dealer (other than a natural person or proprietorship);

provided, however, in each case that such entity has total assets of at least USD500,000,000;

- (v) an Affiliate of an entity specified in (i) above;
- (vi) each of a corporation, partnership, proprietorship, organisation, trust or other entity
  - (1) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (A) has total assets of at least USD100,000,000 or (B) is one of a group of investment vehicles under common control or

management having, in the aggregate, total assets of at least USD100,000,000;  
or

- (2) that has total assets of at least USD500,000,000; or
- (3) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support or other agreement by an entity described in (i), (ii), (iii)(b) above or (iv) below; or

(vii) a Sovereign, Sovereign Agency or Supranational Organisation

(all references in this definition to USD including equivalent amounts in other currencies).

**"Enabling Obligation"** means an outstanding Valuation Obligation that is (a) a Fully Transferable Obligation or a Conditionally Transferable Obligation, as applicable, and (b) has a final maturity date occurring on or prior to the Scheduled Maturity Date and following the Limitation Date immediately preceding the Scheduled Maturity Date (or in circumstances where the Scheduled Maturity Date occurs prior to the 2.5-year Limitation Date, following the final maturity date of the Latest Maturity Restructured Bond or Loan, if any).

**"Equity Securities"** means:

- (1) in the case of a Convertible Obligation, equity securities (including options or warrants) of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and
- (2) in the case of an Exchangeable Obligation, equity securities (including options or warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time.

**"Exchangeable Obligation"** means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holder of such obligation). With respect to any Exchangeable Obligation that is not an Accreting Obligation, "outstanding principal balance" shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**"Excluded Obligation"** means any obligation of a Reference Entity specified as such (if any are so specified).

**"Excluded Valuation Obligation"** means any obligation of a Reference Entity specified as such (if any are so specified).

**"Exercise Cut-off Date"** means:

- (a) with respect to a Credit Event which is a Restructuring for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity and:
  - (i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is five Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules; or

- (ii) a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of No Auction Announcement Date, the date that is 21 calendar days following such No Auction Announcement Date; or
- (b) with respect to a Credit Event which is a Restructuring for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, either:
  - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
  - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
  - (iii) the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

"**Extended Maturity Date**" has the meaning ascribed thereto in Part A.

"**Extension Date**" means in respect of each Reference Entity the latest of (a) the Scheduled Maturity Date, (b) the Grace Period Extension Date if (i) Grace Period Extension is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (c) the Repudiation/Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in sub-paragraph (b) of the definition of Repudiation/Moratorium occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Repudiation/Moratorium Extension Condition is satisfied.

"**Failure to Pay**" means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure.

"**Fallback Settlement Method**" has the meaning given in the definition of Credit Event Redemption Date.

"**Final Price**" means a price determined in accordance with Schedule 1 to the Pricing Supplement.

"**Final List**" has the meaning given to such term in the Rules.

"**Full Quotation**" means each firm bid quotation obtained from a selected dealer for an amount of the Valuation Obligation equal to the Quotation Amount.

"**Fully Transferable Obligation**" means a Valuation Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Valuation Obligation other than Bonds.

Any requirement that notification of novation, assignment or transfer of a Valuation Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Valuation Obligation shall not be considered to be a requirement for consent for the purposes of this definition. For purposes of determining whether a Valuation Obligation satisfies the requirements of this definition, such determination shall be made as of the Valuation Date for the Valuation Obligation, taking into account only the terms of the Valuation Obligation and any related transfer or consent documents which have been obtained by the Issuer.

"**GBP**" means the lawful currency of the United Kingdom of Great Britain and Northern Ireland;

"**Governmental Authority**" means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

"**Grace Period**" means with respect to an Obligation the lesser of (i) the applicable grace period with respect to payments under the terms of such Obligation in effect as of the date as of which such obligation is issued or incurred and (ii) a period of thirty calendar days.

"**Grace Period Extension Date**" means, with respect to any Potential Failure to Pay, the date that is the number of days constituting the relevant Grace Period after the date of the commencement of such Potential Failure to Pay.

"**Hedging Costs**" means an amount equal to the aggregate costs to the Issuer and/or its affiliates (if any) of terminating, transferring, liquidating, obtaining or re-establishing in whole or in part any swap agreement, financing arrangement or other hedging transaction entered into by or on behalf of the Issuer in relation to the issuance of the Notes, as determined by the Issuer in its sole and absolute discretion.

"**ISDA**" means the International Swaps and Derivatives Association, Inc.

"**Limitation Date**" means the first of 20 March, 20 June, 20 September or 20 December in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the "**2.5-year Limitation Date**"), 5 years (the "**5-year Limitation Date**"), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the "**20 year Limitation Date**"), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention.

"**Modified Eligible Transferee**" means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

"**Modified Restructuring Maturity Limitation Date**" means, with respect to a Valuation Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date **provided that**, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. If the Scheduled Maturity Date is later than the 2.5-year Limitation Date and prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Maturity Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only. Subject to the foregoing, in the event that the Scheduled Maturity Date is later than (A) the 2.5-year Limitation Date and no Enabling Obligation exists or (B) the 20-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

"**Movement Option**" means with respect to a Restructuring Credit Event for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified to be applicable in the Standard Terms with respect to the relevant Reference Entity and

with respect to which a No Auction Announcement Date has occurred (in accordance with paragraph (b) of such definition), the option of the Issuer (to be exercised in its sole and absolute discretion) to apply, for the purposes of determining the Credit Event Redemption Amount, the Parallel Auction Settlement Terms, if any. In order to exercise the Movement Option in the manner set out above, the Issuer must deliver an effective Notice to Exercise Movement Option to the Noteholders in accordance with Condition 14 (*Notices*) of the Notes on or prior to the Movement Option Cut-off Date. If no effective Notice to Exercise Movement Option is delivered by the Issuer to the Noteholders on or prior to the Movement Option Cut-off Date, such Restructuring Credit Event will be settled in accordance with the Fallback Settlement Method.

**"Movement Option Cut-off Date"** means the date that is one Business Day prior to the Auction Date.

**"Multiple Holder Obligation"** means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event, is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which constitutes a Restructuring Credit Event **provided that** any Obligation that is a Bond shall be deemed to satisfy the requirements in (ii) of this definition of Multiple Holder Obligation.

**"No Auction Announcement Date"** means, with respect to a Credit Event, the date on which ISDA first publicly announces that (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published; (b) following the occurrence of a Restructuring in respect of which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified to be applicable in the Standard Terms with respect to the relevant Reference Entity, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary.

**"Notice Delivery Period End Date"** has the meaning ascribed thereto in Part A.

**"Notice to Exercise Movement Option"** means, where (a) either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable in the Standard Terms with respect to the relevant Reference Entity and (b) the Fallback Settlement Method would otherwise be applicable pursuant to the Auction Settlement provisions, an irrevocable notice from the Issuer to the Noteholders in accordance with Condition 14 (*Notices*) of the Notes that (i) specifies the Parallel Auction Settlement Terms applicable in accordance with the definition of Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

**"Obligation"** means (i) any obligation of a Reference Entity (either directly or as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee) determined pursuant to the method described in Condition 7(1) (but excluding any Excluded Obligation), (ii) each Reference Obligation, unless specified as an Excluded Obligation, and (iii) any other obligation of a Reference Entity specified as such.

**"Obligation Acceleration"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Obligation Currency"** means the currency or currencies in which an Obligation is denominated.

**"Obligation Default"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would

otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Parallel Auction"** means "Auction" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Cancellation Date"** means "Auction Cancellation Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Final Price Determination Date"** means the Auction Final Price Determination Date as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Date"** means "Auction Settlement Date" as defined in the relevant Parallel Auction Settlement Terms.

**"Parallel Auction Settlement Terms"** means, following the occurrence of a Restructuring where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions applicable to the Reference Transaction.

**"Permissible Deliverable Obligations"** has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included in the Final List pursuant to the Deliverable Obligation Terms applicable to the relevant Auction.

**"Payment Requirement"** means the amount specified as such or its equivalent in the relevant Obligation Currency, or if Payment Requirement is not so specified, USD1,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**"Portfolio"** means a portfolio of one or more Valuation Obligations with (i) in the case of Valuation Obligations that are Borrowed Money obligations, an outstanding principal balance (including (if Included Accrued Interest is specified) or excluding (if Exclude Accrued Interest is specified) accrued but unpaid interest as determined by the Issuer or the Calculation Agent acting in a commercially reasonable manner) or (ii) in the case of Valuation Obligations that are not Borrowed Money obligations, a Due and Payable Amount (or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount) (the **"Valuation Obligation Calculation Amount"**, which in aggregate shall not exceed the Reference Entity Calculation Amount (or, in respect of the designation of a Partial Redemption Portion following a Restructuring Credit Event, such Partial Redemption Portion) as of the relevant Valuation Date), which is identified by the Issuer to the Calculation Agent not later than the third Business Day immediately preceding the relevant Valuation Date, **provided that** such Portfolio may be amended by the Issuer at the Issuer's discretion up to one Business Day prior to the Valuation Date.

**"Potential Failure to Pay"** means, in the sole and absolute determination of the Issuer, the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations in accordance with the terms of such Obligations at the time of such failure.

**"Potential Repudiation/Moratorium"** means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

**"Publicly Available Information"** means information that reasonably confirms any of the facts relevant to the determination that the Credit Event has occurred and which (i) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a

fee to obtain such information; **provided that**, if the Issuer or the Calculation Agent or any of its respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless the Issuer or the Calculation Agent or its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (ii) is information received from or published by (a) a Reference Entity (or a Sovereign Agency in respect of a Reference Entity which is a Sovereign) or (b) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (iv) of the definition of Bankruptcy above against or by a Reference Entity or (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.

In relation to any information of the type described in (ii), (iii) or (iv) above, the Issuer and the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.

Publicly Available Information need not state (a) in relation to the definition of Downstream Affiliate above, the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity and (b) that such occurrence (1) has met the Payment Requirement or Default Requirement, (2) is the result of exceeding any applicable Grace Period or (3) has met the subjective criteria specified in certain Credit Events.

**"Public Source"** means each source of Publicly Available Information specified as such (or, if a source is not so specified, each of Bloomberg Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

**"Qualifying Affiliate Guarantee"** means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

**"Qualifying Guarantee"** means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **"Underlying Obligation"**) for which another party is the obligor (the **"Underlying Obligor"**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment).

**"Qualifying Participation Seller"** means any participation seller that meets the requirements specified. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**"Reference Price"** means the percentage specified or, if a percentage is not specified, one hundred percent.

**"Reference Transaction"** means a hypothetical credit derivative transaction (a) for which the Deliverable Obligation Terms and the Reference Obligation are (i) the same as the terms applicable for determining Valuation Obligations (the **"Valuation Obligation Terms"**) and the Reference Obligation specified in respect of the Reference Entity or (ii) if and to the extent Valuation Obligation Terms and/or the Reference Obligation are not specified, the Deliverable Obligation Terms and Reference Obligation determined by the Calculation Agent in a commercially reasonable manner to be appropriate in respect of a credit derivative transaction



linked to the relevant Reference Entity, (b) with a Scheduled Termination Date matching the Scheduled Maturity Date of the Notes and (c) otherwise having such other characteristics as the Calculation Agent may in its sole discretion determine appropriate by reference to, without limitation, the Issuer's hedging arrangements and/or any credit derivative elections made in relation to that portion of the Notes corresponding to the relevant Reference Entity.

"**Relevant City Business Day**" has the meaning given to that term in the Rules.

"**Replacement Reference Entity**" means, with respect to a Surviving Reference Entity, an Eligible Reference Entity selected by the Issuer in its sole and absolute discretion and notified as soon as reasonably practicable to the Noteholders in accordance with Condition 13.

"**Repudiation/Moratorium**" means (a) an authorised officer of a Reference Entity or a Governmental Authority (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement and (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation Moratorium Evaluation Date.

"**Repudiation/Moratorium Evaluation Date**" means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date, of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium **provided that**, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied.

"**Repudiation/Moratorium Extension Condition**". The Repudiation/Moratorium Extension Condition is satisfied if (i) ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium for the purposes of the Reference Transaction has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) or (ii) otherwise, by the delivery of the Issuer to the Noteholders of a Repudiation/Moratorium Extension Notice and a Notice of Publicly Available Information in accordance with Condition 14 (*Notices*), in each case that are effective on or prior to the Business Day following the date that is fourteen calendar days after the Scheduled Maturity Date. In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium for purposes of the Reference Transaction with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium for purposes of the Reference Transaction has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan, Tokyo time)).

**"Repudiation/Moratorium Extension Notice"** means an irrevocable notice from the Issuer to the Noteholders delivered in accordance with Condition 13 (*Notices*) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign)). A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

**"Resolve"** has the meaning given to that term in the Rules, and "Resolved" and "Resolves" shall be interpreted accordingly.

**"Restructured Bond or Loan"** means an Obligation which is a Bond or Loan and in respect of which a Restructuring that is the subject of a Credit Event Notice has occurred.

**"Restructuring"**

- (a) **"Restructuring"** means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of (i) the Credit Event Backstop Date and (ii) the date as of which such Obligation is issued or incurred:
- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
  - (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
  - (iii) a postponement or other deferral of a date or dates for either (a) the payment or accrual of interest or (b) the payment of principal or premium;
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
  - (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency ("**Permitted Currency**" meaning (a) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership); or (b) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of the McGraw Hill Companies, Inc or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof).
- (b) Notwithstanding the provisions of (a) above, none of the following shall constitute a Restructuring:
- (i) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;

- (ii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
  - (iii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.
- (c) Unless Multiple Holder Obligation is specified as not applicable then, notwithstanding anything to the contrary in this definition of Restructuring, the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.
- (d) For purposes of (a), (b) and (c) above, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in (a) above shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in (b) above shall continue to refer to the Reference Entity.

**"Restructuring Date"** means, with the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**"Restructuring Maturity Limitation Date"** means with respect to a Valuation Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, **provided that**, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **"Latest Maturity Restructured Bond or Loan"**) and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan. In the event that the Scheduled Maturity Date is later than (a)(i) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (ii) the 2.5-year Limitation Date, and, in either case, no Enabling Obligation exists or (b) the 20-year Limitation Date, the Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

**"Scheduled Maturity Date"** has the meaning ascribed thereto in Part A.

**"Shortfall Amount"** means, in respect of each Credit Event Redemption Amount and all Notes considered together, the excess of the Hedging Costs in respect of the relevant redemption over the applicable Recovery Amount.

**"Sovereign"** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof.

**"Sovereign Agency"** means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

**"Sovereign Restructured Valuation Obligation"** means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the specified Valuation Obligation Category and, subject to Condition 7(2), having each of the specified Valuation Obligation Characteristics, if any, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring

without regard to whether the Obligation would satisfy such Valuation Obligation Category or Valuation Obligation Characteristics after such Restructuring.

"**specified**" means, unless otherwise provided, as specified in Schedule 1 to the Pricing Supplement relating to the Notes and/or in the applicable Standard Terms.

"**Substitute Reference Obligation**" means one or more obligations of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that (i) a Reference Obligation is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortization or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (i) ranks *pari passu* in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date) and (ii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable, as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to one or more but not all of the Reference Obligations for such Reference Entity, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to all of the Reference Obligations for such Reference Entity, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- (e) If (i) more than one specific Reference Obligation is identified as a Reference Obligation with respect to a Reference Entity, any of the events set forth under (a) above has occurred with respect to all the Reference Obligations of such Reference Entity and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations of such Reference Entity, or (ii) only one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under sub-section (a) of this definition of Substitute Reference Obligation has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the

Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the latest of the Maturity Date and the Grace Period Extension Date (if any).

- (f) For purposes of identification of a Reference Obligation, any change in a Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

"**Successor**" shall have the meaning determined in accordance with the following provisions:

- (a) In relation to a Reference Entity that is not a Sovereign, "**Successor**" means, subject to (i) below), the entity or entities, if any, determined as set forth below:
- (i) if one entity directly or indirectly succeeds to 75 per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
  - (ii) if only one entity directly or indirectly succeeds to more than 25 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor;
  - (iii) if more than one entity each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will each be a Successor and (e) below will apply;
  - (iv) if one or more entities each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will be a Successor and (e) below will apply;
  - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
  - (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 14 calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable **provided that** the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in (a) above, and subparagraphs (a) and (b) of the definition of Succession Event Resolution

Request Date are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information.

- (b) **"Succession Event"** means an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement. Notwithstanding the foregoing, "Succession Event" shall not include any event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin off or other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date (determined by reference to Greenwich Mean Time).
- (c) For purposes of interpreting the definition of Successor **"succeed"** means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to (a) above shall be made, in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged.
- (d) Where (i) a Reference Obligation has been specified with respect to a Reference Entity, (ii) one or more Successors to the Reference Entity have been identified and (iii) any one or more such Successors have not assumed the Reference Obligation, a Substitute Reference Obligation will be determined in accordance with the definition of Substitute Reference Obligation above.
- (e) Where, pursuant to (a)(iii) or (iv) above, more than one Successor has been identified then, subject to (j) below:
  - (i) each Successor will be treated as a Reference Entity;
  - (ii) the Reference Entity Calculation Amount in respect of each Successor will be the Reference Entity Calculation Amount divided by the number of Successors;
  - (iii) the provisions of Condition 7(j)(iii) shall apply; and
  - (iv) the Conditions will otherwise continue to apply except to the extent that modification is required, as determined by the Calculation Agent in its sole and absolute discretion. The Calculation Agent will determine the Reference Obligation, Seniority, Transaction Type and Spread, if applicable, in its sole discretion in respect of each Successor.
- (f) **"Relevant Obligations"** means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any

of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

- (g) **"Best Available Information"** means:
- (i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information or, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of Successor, other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
  - (ii) in the case of a Reference Entity which does not file with its primary securities regulator or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of Successor.
- (h) Information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information.
- (i) In relation to a Sovereign Reference Entity, **"Successor"** means any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.
- (j) Subject to paragraph (j) below, where any Reference Entity (a **"Surviving Reference Entity"**) (other than the Reference Entity the subject of the Succession Event) is a Successor to any Reference Entity (the **"Legacy Reference Entity"**), then such Surviving Reference Entity shall be deemed to be specified as a Reference Entity once only and the Reference Entity Calculation Amount in respect of such Reference Entity shall be the sum of the Reference Entity Calculation Amount applicable to that Reference Entity immediately prior to the Succession Event and the relevant portion of the Reference Entity Calculation Amount of the Legacy Reference Entity as provided in paragraph (d) above
- (k) If Substitution is specified as applicable, where any Reference Entity (a **"Surviving Reference Entity"**) (other than the Reference Entity the subject of the Succession Event) would otherwise be a Successor to any other Reference Entity (the **"Legacy Reference Entity"**) pursuant to the foregoing provisions then, at the election of the Issuer at any time:
- (i) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and
  - (ii) the Replacement Reference Entity selected by the Issuer shall be deemed to be a Successor to the Legacy Reference Entity pursuant to that Succession Event from and including the legally effective date of the Succession Event. The Standard Terms applicable to such Replacement Reference Entity shall be the

then current standard terms applicable to such Replacement Reference Entity as at the day it is selected by the Issuer.

**"Succession Event Backstop Date"** means, in respect of each Reference Entity, (i) the date that is 90 calendar days prior to the Succession Event Resolution Request Date (if any) (determined by reference to Greenwich Mean Time) or (ii) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Calculation Agent determines that a Succession Event has occurred and (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of "Succession Event Resolution Request Date" are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Calculation Agent determines that a Succession Event has occurred not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**"Succession Event Resolution Request Date"** means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Succession Event has occurred with respect to the relevant Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the legally effective date of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

**"Supranational Organisation"** means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

**"TARGET"** means the Trans-European Automated Real-time Gross settlement Express Transfer System.

**"Transaction Auction Settlement Terms"** means, with respect to a Credit Event, the Credit Derivatives Auction Settlement Terms for which the Reference Transaction would be an Auction Covered Transaction.

**"USD"** means the lawful currency of the United States of America.

**"Valid Credit Event Resolution Request Date"** means, in respect of each Reference Entity, a Credit Event Resolution Request Date which occurs on or prior to the 14th calendar day after the Extension Date (including prior to the Trade Date), **provided that** the Trade Date occurs on or prior to the Auction Final Price Determination Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, the Parallel Auction Final Price Determination Date (as applicable), the Auction Cancellation Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, the Parallel Auction Cancellation Date (as applicable), or the date that is 21 calendar days following the No Auction Announcement Date.

**"Valuation Date"** means the date specified as such in accordance with the applicable Settlement Method.



**"Valuation Obligation"** means, in respect of each Reference Entity, subject to Condition 7(n):

- (i) any obligation of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified, as provider of any Qualifying Guarantee determined pursuant to the method described in Condition 7(m) (but excluding any Excluded Valuation Obligation) that (A) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (B) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) in the definition of Credit Event above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor and (C) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Valuation Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being valued apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
- (ii) subject to the second paragraph of the definition of Not Contingent in Condition 7(m)(2)(A), each Reference Obligation, unless specified as an Excluded Valuation Obligation;
- (iii) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Valuation Obligation (but excluding any Excluded Valuation Obligation) that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (i) to (iv) of the definition of Credit Event above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Valuation Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being valued apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (iv) any other obligation of a Reference Entity specified as a Valuation Obligation.

**"Voting Shares"** means those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

**"Weighted Average Quotation"** means the weighted average of firm quotations obtained from selected dealers, each for an amount of the Valuation Obligation of as large a size as available but less than the Valuation Obligation Calculation Amount."

"7(p) *Determinations by the Calculation Agent and Calculation Agent Free to Deal in Notes etc*

- (i) Whenever any matter falls to be determined, considered or otherwise decided upon by the Calculation Agent or any other person (including where a matter is to be decided by reference to the Calculation Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Calculation Agent or such other person, as the case may be, acting in good faith and in a reasonably commercial manner. The Calculation Agent shall not be liable for any loss, liability, cost, claim, action, demand or expense (including without limitation, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) arising out of or in relation to or in connection with its appointment or the exercise of its functions, except such as may result from its own wilful default, negligence or bad faith or that of its officers or agents.

- (ii) Nothing contained herein shall prevent the Calculation Agent from dealing in the Notes or from entering into any related transactions, including without limitation any swap or hedging transactions, with the Issuer (or any of its respective Affiliates) or any holder of the Notes (or any of its Affiliates)."

### Payments

Condition 9(d) (*Payments – General Provisions*) shall be amended by including the following sentence as the last sentence therein:

"Notwithstanding anything contained in these Conditions, if any relevant Condition requires any amounts in relation to a Note to be rounded as part of any calculations or determinations, then in the case of Notes which are for the time being represented by a Global Note, such calculation or determination shall be carried out in relation to the aggregate principal amount of the Notes so represented. Any rounding shall be carried out to the result thereof and the rounding shall not be carried out in relation to any calculations or determinations made on a *pro rata* or per Note basis."

### Meetings of Noteholders, Modification and Substitution

Condition 16 (*Meetings of Noteholders, Modification and Substitution*) shall be amended by:

- (1) inserting "; or" after the reference to "Notes" in the last line of sub-paragraph (c) and inserting thereafter the following as a new sub-paragraph (d):

"(d) to any modification of the Notes after the Issue Date required in connection with the listing of the Notes on any stock exchange"; and

- (2) inserting the following additional paragraph before the paragraph beginning with "The Issue Agent and the Issuer may also agree":

"The Calculation Agent may from time to time amend any provision of these Conditions to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent and the Issuer determine in a commercially reasonable manner are necessary to reflect market practice for credit derivative transactions."

## PRO FORMA PRICING SUPPLEMENT FOR CREDIT-LINKED NOTES (BASKET)

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Credit-Linked Notes (Basket) issued under the Programme.

(When completing any pricing supplement, or adding any other terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether supplemental listing particulars would be required in respect of such terms or information.)

The terms and conditions of Credit-Linked Notes shall consist of the "Terms and Conditions of the Notes" set out in "Part B – Information relating to the Notes Generally" and "Part F - Additional Terms and Conditions relating to Credit-Linked Notes (Basket)" of the Offering Memorandum (the "**Base Conditions**") as amended or supplemented by the terms set out in this Pricing Supplement (including the Schedules hereto) (the "**Pricing Supplement**"), (terms used in such provisions being deemed to be defined as such for the purposes of the Offering Memorandum).

### PRICING SUPPLEMENT

Pricing Supplement dated: [•]

**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**

**[Further] Issue of**

**[Aggregate Principal Amount of Tranche] Credit Linked Notes due [•] linked to a linear basket of [number of Reference Entities] Reference Entities**

**[(to be consolidated and form a single series with the existing [Insert details of existing Tranche(s)] issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

### PART A - CONTRACTUAL TERMS

This document constitutes the pricing supplement ("**Pricing Supplement**") relating to the issue of the Tranche of Notes described herein [for the purposes of listing on the Official List of the Irish Stock Exchange] and must be read in conjunction with the Offering Memorandum dated 18 June 2013 as supplemented from time to time (the "**Offering Memorandum**") [which, together with this Pricing Supplement, constitute listing particulars for the purposes of listing on the Global Exchange Market]. 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 such Offering Memorandum.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. The Offering Memorandum is available for viewing 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

**The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the "Prospectus Directive"). The Offering Memorandum has been prepared solely with regard to Notes that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2004/39/EC and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).**

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an offering document with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions (the "2005/2006/2007/2008/2009/2010/2011/2012 Conditions"), which are defined in, and incorporated by reference into, the Offering Memorandum and which are applicable to the Notes. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement, the 2005/2006/2007/2008/2009/2010/2011/2012 Conditions and the Offering Memorandum. The Offering Memorandum and the 2005/2006/2007/2008/2009/2010/2011/2012 Conditions are available for viewing during normal business hours at HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom and www.hsbc.com (please follow links to 'Investor relations', 'Fixed income securities', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

[For Notes offered and sold in the United States of America include:

#### **IMPORTANT NOTICES**

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT ("REGULATION S")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATIONS) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATIONS. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

#### **AVAILABLE INFORMATION**

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

**It is advisable that investors considering acquiring any Notes understand the risks of transactions involving the Notes and it is advisable that they reach an investment decision after carefully considering, with their financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Notes in light of their particular circumstances (including without limitation their**

**own financial circumstances and investment objectives and the impact the Notes will have on their overall investment portfolio) and the information contained in the Offering Memorandum and this Pricing Supplement. Investors should consider carefully the risk factors set forth under "Risk Factors" in the Offering Memorandum.**

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.)*

1. Issuer: HSBC Bank plc
2. Tranche number: [ ]  
  
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).
3. Currency:
  - (i) Settlement Currency: [ ]
  - (ii) Denomination Currency: [*specify*/Settlement Currency]
4. Aggregate Principal Amount [of Notes admitted to trading]<sup>27</sup>:
  - [(i) Series:] [ ]
  - [(ii) Tranche:] [ ]
  - [(iii) Outstanding Principal:] [[On any day, an amount equal to the Aggregate Principal Amount on such date minus (i) the aggregate of each Reference Entity Calculation Amount in respect of each Reference Entity in respect of which a Credit Event Notice Date has occurred (or, in respect of the designation of a Partial Redemption Portion following a Restructuring Credit Event, such Partial Redemption Portion) and (ii) the aggregate of any Shortfall Amount(s), subject to a minimum of zero, as determined by the Calculation Agent in its sole and absolute discretion.]
5.
  - (i) Issue Price: [ ] per cent. of each Note's pro rata share of the Aggregate Principal Amount [plus accrued interest from [*interest date*][*In the case of fungible interest-bearing issues only, if applicable*]
  - (ii) Commission payable: [[ ] per cent/None<sup>28</sup>]
  - (iii) Selling concession: [[ ] per cent/None<sup>29</sup>]

<sup>27</sup> Delete for debt securities with a denomination per unit of less than EUR 100,000.

<sup>28</sup> Fees and commissions are banned in respect of Notes that are offered and sold on the basis of investment advice provided by a distributor in the UK or to a resident of the UK.

<sup>29</sup> Fees and commissions are banned in respect of Notes that are offered and sold on the basis of investment advice provided by a distributor in the UK or to a resident of the UK.

6. (i) Denomination(s): [ ], provided that, for so long as the Notes are represented by a Global Note and the clearing system so permits, the Notes shall be tradeable in minimum nominal amounts of [ ] and integral multiples of [ ] thereafter]  
 (Condition 2(b))
- (ii) Calculation Amount<sup>30</sup>: Subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event, [ ]
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [specify/Issue Date/Not applicable]
8. Maturity Date: Subject to the occurrence of a Potential Credit Event, the earliest to occur of (i) [insert date] (the "Scheduled Maturity Date"), [subject to adjustment in accordance with the [insert] Business Day Convention,] (ii) if a Credit Event Notice Date has occurred with respect to all Reference Entities, the last Credit Event Redemption Date to occur and (iii) the date on which the Notes fall due for redemption pursuant to the occurrence of one or more of the events specified under Conditions 7(b), 7(h) and 11.  
 (Condition 7(a))

Potential Credit Event: Notwithstanding anything to the contrary in the Additional Conditions, if facts exist which may result in the determination that one or more Credit Events has occurred or exists on or prior to the Extension Date (a "**Potential Credit Event**"), the Maturity Date shall be extended to (1) if one or more Credit Event Notices are delivered on or prior to the applicable Notice Delivery Period End Date, the last Credit Event Redemption Date to occur, or (2) if no Credit Event Notices are delivered on or prior to the applicable Notice Delivery Period End Date, the earlier of (a) the date on which the Issuer notifies the Noteholders that no Potential Credit Events exist, and (b) the third Business Day after the last Notice Delivery Period End Date to occur (the "**Extended Maturity Date**").

"**Notice Delivery Period End Date**" means, in respect of each Reference Entity, the fifth (5th) Business Day following (a) if a Valid Credit Event Resolution Request Date occurs in respect of such Reference Entity, the later of (i) the 14th calendar day following the Extension Date in respect of such Reference Entity and (ii) any of the following (I) if the relevant Credit Event is not a Restructuring, the date on which the Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred in respect of

<sup>30</sup> The applicable Calculation Amount (which is used for the calculation of the redemption and interest amounts (if any)) will be (i) if there is only one Denomination, the Denomination; or (ii) if there are several Denominations, the highest common factor of those Denominations. Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for Paying Agents and/or ICSDs who should be consulted if such an amount is proposed.

such Reference Entity; (II) if the relevant Credit Event in respect of such Reference Entity is a Restructuring, the relevant Exercise Cut-Off Date; (III) the day on which the Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Credit Event has occurred in respect of such Reference Entity; or (IV) the day that is 14th calendar day following the date on which the Credit Derivatives Determinations Committee has Resolved not to determine whether or not an event constitutes a Credit Event in respect of such Reference Entity; or (b) otherwise the 14th calendar day following the Extension Date in respect of such Reference Entity.

For the avoidance of doubt, if the Maturity Date is extended pursuant to the occurrence of a Potential Credit Event, no interest shall accrue in respect of the period from and including the Scheduled Maturity Date to and including the Extended Maturity Date.

9. Change of interest or redemption basis: Notwithstanding anything to the contrary in the Additional Conditions, in the event that a portion of the Notes are redeemed on a Credit Event Redemption Date, the redemption amount of such portion of Notes shall be a pro rata share of the relevant Credit Event Redemption Amount.

**PROVISIONS RELATING TO INTEREST (IF ANY PAYABLE)**

10. Fixed Rate Note provisions: [Applicable/Not applicable]  
 (*Condition 4*)
- Rate(s) of Interest: [ ] per cent. per annum [plus the Margin] payable [on each Interest Payment Date] in arrear
- [Margin: [On any day, a percentage equal to the weighted average of the Spreads in respect of the Reference Entities, as determined using the following formula:
- (i) the aggregate of the amount in respect of each Reference Entity equal to the product of (A) the Spread applicable to such Reference Entity and (B) the Reference Entity Calculation Amount in respect of such Reference Entity (each as set out in Schedule [•]),
- divided by
- (ii) the aggregate of the Reference Entity Calculation Amounts in respect of the Reference Entities,

provided that the Reference Entity Calculation Amount in respect of any Reference Entity in respect of which a Credit Event Notice Date has occurred or, in respect of the designation of a Partial Redemption Portion following a Restructuring Credit Event, an amount equal to such Partial

Redemption Portion, will be deemed to be zero from the earlier of (i) the Credit Event Notice Date and (ii) the Credit Event Resolution Request Date]

[specify rate]% p.a..]

Interest Payment Date(s): [specify payment dates] in each year, commencing on and including the First Interest Payment Date and ending on the earlier of (i) the Scheduled Maturity Date and (iii) the Maturity Date, [in each case subject to adjustment in accordance with the [specify] Business Day Convention] / [not adjusted]

First Interest Payment Date: [ ] ([subject to adjustment in accordance with the [specify] Business Day Convention] / [not adjusted])

Fixed Coupon Amount(s): [Notwithstanding Condition 4(d) (*Calculation of interest amount*), an amount in respect of each Note equal to such Note's pro rata share of (a) the sum of all Daily Fixed Amounts in respect of the relevant Interest Period divided by (b) [ ]

["**Daily Fixed Amount**"] means, in respect of each day in an Interest Period, the product of (a) the applicable Fixed Rate Calculation Amount and (b) the applicable Rate of Interest for such day.]

["**Fixed Rate Calculation Amount**"] means, on any day, an amount equal to the Aggregate Principal Amount minus the Reference Entity Calculation Amount (or, in respect of the designation of a Partial Redemption Portion following a Restructuring Credit Event, such Partial Redemption Portion) in respect of each Reference Entity in respect of which a Credit Event Notice Date has occurred from the earlier to occur of (i) the relevant Credit Event Notice Date and (ii) the Credit Event Resolution Request Date.]

Day count fraction: [[30/360/Actual/Actual (ICMA/ISDA)/Actual/360/other (specify)] [Not applicable] (as defined in Condition [1])

Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]

Business Centre(s): [Not applicable/give details]

Other terms relating to the method of calculating interest for Fixed Rate Notes: "**Interest Period**" the period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date, with the exception that the first such period shall commence on and include the Issue Date.

[any other details]

11. Floating Rate Note Provisions: [Applicable / Not applicable] (*Condition 5*)

(i) [Interest Period(s)] / [The period from and including an Interest Payment Date to but excluding the next succeeding Interest



- [Specified Period]<sup>31</sup>: Payment Date, with the exception that the first such period shall commence on and include the Issue Date.]<sup>32</sup> / [specify]<sup>33</sup>
- (ii) Interest Payment Dates: [specify payment dates] in each year, commencing on and including the First Interest Payment Date and ending on the earliest to occur of (i) the Scheduled Maturity Date and (ii) the Maturity Date, [in each case subject to adjustment in accordance with the [specify] Business Day Convention] / [not adjusted]
- (iii) First Interest Payment Date: [ ] ([subject to adjustment in accordance with the [specify] Business Day Convention] / [not adjusted])
- (iv) Interest Amount: [Notwithstanding Condition 5(g) (*Calculation of Interest Amount*), in respect of an Interest Period, an amount per Calculation Amount equal to the product of:
- (i) an amount equal to each Calculation Amount's pro rata share of the weighted average of the Interest Calculation Amount;
  - (ii) the Rate of Interest; and
  - (iii) the Day Count Fraction.
- "Interest Calculation Amount"** means, on any day, an amount equal to the Aggregate Principal Amount minus the aggregate of the Reference Entity Calculation Amount(s) (or, in respect of the designation of a Partial Redemption Portion following a Restructuring Credit Event, such Partial Redemption Portion) in respect of each Reference Entity in respect of which a Credit Event Notice Date has occurred from the earlier to occur of (i) the relevant Credit Event Notice Date and (ii) the Credit Event Resolution Request Date.]
- [Notwithstanding Condition 5(g) (*Calculation of Interest Amount*), an amount in respect of each Note equal to such Note's pro rata share of (a) the sum of all Daily Floating Amounts in respect of the relevant Interest Period divided by (b) [ ]].
- "Daily Floating Amount"** means, in respect of each day in an Interest Period, the product of (a) the applicable Floating Rate Calculation Amount and (b) the applicable Rate of Interest for such day.
- "Floating Rate Calculation Amount"** means, on any day, an amount equal to the Aggregate Principal Amount minus the Reference Entity Calculation Amount (or, in respect of the designation of a

<sup>31</sup> Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

<sup>32</sup> This option is applicable when "Interest Period(s)" has been selected.

<sup>33</sup> Specify relevant period when "Specified Period" has been selected.

Partial Redemption Portion following a Restructuring Credit Event, such Partial Redemption Portion) in respect of each Reference Entity in respect of which a Credit Event Notice Date has occurred from the earlier to occur of (i) the relevant Credit Event Notice Date and (ii) the Credit Event Resolution Request Date.

Each Interest Amount will be [rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards)/other (*give details*)]

- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (vi) Business Centre(s): [Not applicable/*give details*]
- (vii) Screen Rate Determination: [Applicable/Not applicable]
- (1) Reference Rate: [*specify LIBOR or other*]
- (2) Interest Determination Date(s): [ ]
- (3) Relevant Screen Page: [ ]
- (4) Relevant Financial Centre: [ ]
- (5) Designated Maturity: [ ]
- (viii) ISDA Determination: [Applicable/Not applicable]
- (1) Floating Rate Option: [ ]
- (2) Designated Maturity: [ ]
- (3) Reset Date: [ ]
- (ix) Margin(s): [On any day, a percentage equal to the weighted average of the Spreads in respect of the Reference Entities, as determined using the following formula:
- (i) the aggregate of the amount in respect of each Reference Entity equal to the product of (A) the Spread applicable to such Reference Entity and (B) the Reference Entity Calculation Amount in respect of such Reference Entity (each as set out in Schedule [•]),

divided by

- (ii) the aggregate of the Reference Entity Calculation Amounts in respect of the Reference Entities,

**provided that** the Reference Entity Calculation Amount in respect of any Reference Entity in respect of which a Credit Event Notice Date has occurred or, in respect of the designation of a Partial Redemption Portion following a Restructuring Credit Event, an amount equal to such Partial Redemption Portion, will be deemed to be zero from the earlier of (i) the Credit Event Notice Date and (ii) the Credit Event Resolution Request Date]

[specify rate]% p.a..

- (x) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/Actual/360/other (specify)] (as defined in Condition [1])
  - (xi) Relevant time: [ ]
  - (xii) Minimum Rate of Interest: [[ ] per cent. per annum] [Not applicable]
  - (xiii) Maximum Rate of Interest: [[ ] per cent. per annum] [Not applicable]
  - (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
12. Variable Coupon Amount Note provisions (Condition 5) [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph).*
- (i) Interest Payment Dates: [ ]
  - (ii) Method of calculating interest: [ ]
  - (iii) Business Centre(s): [ Not applicable/give details]
13. Zero Coupon Note provisions: (Condition 6) [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph).*
- (i) Accrual Yield: [[ ] per cent [per annum]]
  - (ii) Zero Coupon Note Reference Price: [ ]

- (iii) Day Count Fraction in relation to Early Redemption Amounts and last payments: [ ]

See also Additional Conditions

14. Index-Linked Interest Note/Other Variable-Linked Interest Note provisions [Applicable/Not applicable]

**PROVISIONS RELATING TO REDEMPTION**

15. Issuer's optional redemption (Call Option): *(Condition 7(c))* [Applicable/Not applicable]

16. Noteholder's optional redemption (Put Option): *(Condition 7(d))* [Applicable/Not applicable]

17. Final Redemption Amount: *(Condition 7(a))* An amount in respect of each Note equal to such Note's *pro rata* share of the Outstanding Principal on the Maturity Date (after any reductions to be made thereto on such day).

Also see the provisions relating to Redemption following the occurrence of a Credit Event in the Additional Conditions and below.

18. Final Redemption Amount in cases where the final Redemption Amount is Index-linked to other variable linked: Not applicable

19. Instalment Notes: *(Condition 7(a))* Not applicable

20. Early Redemption Amount: Yes

- (i) Early Redemption Amount (upon redemption for taxation reasons, illegality or following an Event of Default) *(Condition 7(b), 7(h) and Condition 11)*: The Early Redemption Amount shall be determined in good faith by the Calculation Agent in its absolute discretion to be each Note's *pro rata* share of the fair market value of the Notes immediately prior to the early redemption date less each Note's *pro rata* share of any Hedging Costs, subject to a minimum of zero.

- (ii) Other redemption provisions: *(Condition 7(i))* If the Issuer gives a Credit Event Notice in respect of a Reference Entity, the Issuer shall be obliged to redeem the Notes in full (in respect of the last Credit Event Redemption Date to occur if a Credit Event Notice Date has occurred with respect to all of the Reference Entities) or in part in accordance with Condition 7, as the case may be, by payment of each Note's *pro rata* share, [rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards)/other (give details)], of the Credit Event Redemption Amount to the Noteholders on the Credit Event Redemption Date.

Each Credit Event Notice shall describe the relevant Credit Event and specify the Reference Entity in respect of which the Credit Event has occurred. If ISDA has not publicly announced that an event that constitutes a Credit Event has occurred with respect to the Reference Entity, it will also include copies of relevant Publicly Available Information (two Public Sources) that support the occurrence of the Credit Event in respect of such Reference Entity.

- |     |                                 |  |
|-----|---------------------------------|--|
| (1) | Credit Event Redemption Date:   | As defined in the Additional Conditions.   |
| (2) | Credit Event Redemption Amount: | <p>An amount (subject to a minimum of zero) equal to each Note’s pro rata share of:</p> <p>(i) the Recovery Amount; minus</p> <p>(ii) any Hedging Costs.</p> |

Any Credit Event Redemption Amount will be rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards)/other (give details)].

“**Recovery Amount**” means the product of (a) the Reference Entity Calculation Amount in respect of a Reference Entity in relation to which a Credit Event Notice Date has occurred (or, in respect of the designation of a Partial Redemption Portion following a Restructuring Credit Event, such Partial Redemption Portion), and (b) either (x) the relevant Auction Final Price (if any); or (y) the relevant Final Price, to the extent the Fallback Settlement Method applies.

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- |      |  |  |
|------|--|--|
| 21.  | Form of Notes:<br>(Condition 2(a))   |  |
| (i)  | Form of Notes:   | [Bearer Notes/ Registered Notes/ Uncertificated Registered Notes]  |
| (ii) | Bearer Notes exchangeable for Registered Notes:  | [Yes/No] [Answer will be no where no Registered Notes or where the issue is wholly or partly a Rule 144A issue]  |
| 22.  | [New Global Note][delete if Registered Note]/[Issued under the new safekeeping structure][delete if Bearer Note] | [Yes/No]   |
| 23.  | If issued in bearer form:  |  |
| (i)  | Initially represented by a Temporary Global Note or Permanent Global Note:                                       | <p>[Temporary Global Note/Permanent Global Note]</p> <p>[Notes may only be represented initially by a Permanent Global Note if this Pricing Supplement</p> |

*specifies that TEFRA C Rules apply]*

- (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes: *(Condition 2(a))* [specify] [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances set out in the Permanent Global Note]
- (iii) Permanent Global Note exchangeable at the option of the Issuer in circumstances where the Issuer would suffer material disadvantage following a change of law or regulation: [Yes/No] [If yes, specify: The Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.]
- (iv) Coupons to be attached to Definitive Notes<sup>34</sup>: [Yes/No/Not applicable] [N.B. this will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems – see provisions contained in Permanent Global Note]
- (v) Talons for future Coupons to be attached to Definitive Notes<sup>35</sup>: [Yes/No/Not applicable] [N.B. the above comment applies here]
24. Exchange Date for exchange of Temporary Global Note: [specify/Not earlier than 40 days following the Issue Date]
25. Payments: *(Condition 9)*
- (i) Relevant Financial Centre Day: A day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London [and [(specify any additional places)]] (as defined in Condition 1(Definitions))
26. Redenomination: *(Condition 10)* [Applicable/Not applicable]
27. Other terms: The "Additional Terms and Conditions relating to Credit-Linked Notes (Basket)" (the "**Additional Conditions**") set out in the Offering Memorandum apply to the Notes, together with Schedules 1 and 2 hereto. The Notes are Unleveraged Credit-Linked Notes linked to a basket of Reference Entities. In the event of any inconsistency between provisions set out in the Additional Conditions, this Part A of this Pricing Supplement and Schedule 1 hereto, the following hierarchy shall apply, namely (i) firstly, Part A of this Pricing Supplement, then (ii) Schedule 1 hereto and then (iii) the Additional

<sup>34</sup> Definitive Notes will typically have coupons attached to them if interest bearing.

<sup>35</sup> Talons will be needed if there are 27 or more coupons.

Conditions.

**DISTRIBUTION**

- |     |   |  |   |
|-----|---|--|---|
| 28. | (i)   | If syndicated, names of Relevant Dealer(s)/Lead Manager(s):                                      | Not applicable  |
|     | (ii)  | If syndicated, names, addresses and underwriting commitments of other Dealers/Managers (if any): | Not applicable  |
| 29. | Selling restrictions:   |  | [For Bearer Notes: TEFRA C Rules/TEFRA D Rules/TEFRA Not Applicable]  |
|     | United States of America:   |  | [Notes may not be offered or sold within the United States of America or, to or for the account or the benefit of, a US person (as defined in Regulation S)]  |
|     |   |  | [Notes may be offered or sold within the United States of America or to, or for the account or the benefit of, a US person (as defined in Regulation S) only in compliance with the provisions set forth under " <i>Transfer Restrictions</i> ."]   |
|     | Exemption(s) from requirements under Directive 2003/71/EC (as amended) (the " <b>Prospectus Directive</b> "): |  | [Not applicable. This offer is made exclusively to investors outside the European Economic Area]/[The denomination of the Notes is greater than or equal to EUR100,000 (or equivalent amount in another currency)]/[The offer is addressed solely to qualified investors (as such term is defined in the Prospectus Directive)]/[The offer is addressed to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive)]/[The offer is addressed to investors who will acquire Notes for a consideration of at least EUR100,000 (or equivalent amount in another currency) per investor for each separate offer] |
| 30. | Additional selling restrictions:  |  | [Specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement]   |

[In offers of Credit-Linked Notes pursuant to Rule 144A insert:<sup>36</sup>

## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of this Pricing Supplement and the accompanying Offering Memorandum, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that this Pricing Supplement and the accompanying Offering Memorandum is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Pricing Supplement and the accompanying Offering Memorandum, 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 this Pricing Supplement and the accompanying Offering Memorandum or any documents referred to herein.

Each purchaser of Notes sold in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Notes will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

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<sup>36</sup> Please note that the default selling restrictions are for Regulation S offers and sales only.



UNLESS OTHERWISE PROVIDED IN ANY SUPPLEMENTAL LISTING PARTICULARS OR APPLICABLE PRICING SUPPLEMENT, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "BENEFIT PLAN INVESTOR") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("SIMILAR LAW") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "SIMILAR LAW PLAN"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

- (4) Each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Offering Memorandum.]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

**PART B - OTHER INFORMATION**

**1. LISTING**

- (i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of Irish Stock Exchange [on or around the Issue Date/ *insert date*]]. No assurance can be given as to whether or not, or when, such application will be granted] [Not applicable]
- (ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading on the Global Exchange Market with effect from [the Issue Date/ *insert date*]]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Notes admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*
- (iii) Estimated total expenses of admission to trading: [(specify amount)]

**2. RATINGS**

- Ratings: [The Notes are not rated.] [The Notes [have been][are expected on issue to be] rated [./:]]
- [Standard & Poor's Credit Market Services Europe Limited: [ ]]
- [Moody's Investors Service Limited: [ ]]
- [Fitch Ratings Limited: [ ]]

**3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[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. 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. REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- (i) Reasons for the offer: [ ]
- (If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*
- (ii) Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses: *[Include breakdown of expenses]*

5. **[Fixed Rate Notes only - YIELD]**

Indication of yield: *[Calculated as [include details of method of calculation in summary form] on the Issue Date]*

*[As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price and the Rate of Interest. It is not an indication of future yield.]]*

6. **[Index-Linked or other variable-linked Interest Notes only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained.*

**OPERATIONAL INFORMATION**

7. ISIN Code: *[ ]/Not applicable]*

8. Common Code: *[ ]/Not applicable]*

9. CUSIP: *[ ]/Not applicable]*

10. Valoren Number: *[ ]/Not applicable]*

11. SEDOL: *[ ]/Not applicable]*

12. WKN: *[ ] [Not applicable]*

13. Intended to be held in a manner which would allow Eurosystem eligibility: *[Yes] [No]<sup>37</sup>*  
*[Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg[, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their*

<sup>37</sup> Under current ECB collateral eligibility requirements, in order to be eligible as collateral a security must, among other things, be denominated in Euro and listed on a regulated market or certain non-regulated markets such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the ECB's February 2011 "The Implementation of Monetary Policy in the Euro Area - General Documentation on Eurosystem monetary policy instruments and procedures" brochure.

*life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. [Include this text if "yes" selected, in which case bearer Notes must be issued in NGN form.]*

- 14. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [CREST/ None/specify other]
- 15. Delivery: Delivery [against/free of] payment
- 16. Settlement procedures: [Eurobond/Medium Term Note/ other (specify)]
- 17. Additional Paying Agent(s) (if any): [HSBC Bank plc] [specify other] [Not applicable]
- 18. Common Depositary: [HSBC Bank plc] [Not applicable] [specify]
- 19. Calculation Agent: [HSBC Bank plc] [HSBC France] [other (specify)]
- 20. City in which specified office of Registrar to be maintained: (Condition 15) [London] [Not applicable] [specify]
- 21. ERISA Considerations: [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Offering Memorandum for further information] [give details] [Not applicable]

**SCHEDULE 1  
CREDIT-LINKED NOTE SPECIFICATIONS**

**1. General Terms**

Business Day: [ ] [In respect of all the Reference Entities taken together, [ ]; In respect of each Reference Entity considered separately, each Business Day specified as such in respect of the relevant Reference Entity in Schedule 2].

Business Day Convention: [Modified] Following Business Day Convention, which shall apply to any date other than (a) the Credit Event Backstop Date or (b) the Succession Event Backstop Date, that falls on a day that is not a Business Day.

Reference Entity: Each entity specified in Schedule 2 and any Successor either (a) identified by the Calculation Agent pursuant to the definition of "Successor" on or following the Trade Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules. Each Reference Entity has been designated as a particular "Transaction Type" in Schedule 2. References to "**Standard Terms**" mean, in respect of each Reference Entity, the standard terms set out in the Credit Derivatives Physical Settlement Matrix dated [(specify relevant date)], as published by ISDA on its website at www.isda.org, in relation to its Transaction Type.

Trade Date: [ ].

Reference Obligation: Subject to the occurrence of a Succession Event in respect of a Reference Entity, the obligation(s) (if any) identified as such in respect of such Reference Entity in Schedule 2.

Substitution: [Applicable/Not applicable]

All Guarantees: Applicable or Not applicable as specified in the applicable Standard Terms.

Reference Price<sup>38</sup>: [[ ] per cent]

**2. Credit Event Provisions:**

Reference Entity Calculation Amount: Subject to the occurrence of a Succession Event or the designation of a Partial Redemption Portion following a Restructuring Credit Event, in respect of each Reference Entity an amount equal to the amount specified as such in respect of such Reference Entity in Schedule 2.

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<sup>38</sup> If a percentage is not specified, the Conditions provide that the Reference Price will be one hundred percent.

Credit Events:	In respect of each Reference Entity, the Credit Events specified in the applicable Standard Terms.
Obligation Category and Characteristics:	In respect of each Reference Entity, the Obligation Category and Obligation Characteristics specified in the applicable Standard Terms.
Excluded Obligations <sup>39</sup> :	[None]
<b>3. Settlement Terms</b>	
Settlement Method:	Auction Settlement
Fallback Settlement Method:	Cash Settlement
Terms relating to Cash Settlement (if the Fallback Settlement Method applies):	
Valuation Date:	Single Valuation Date.  A Business Day as selected by the Issuer in its sole and absolute discretion.
CDS Settlement Currency:	[[ ] / [None specified]]
Valuation Obligations:	["Exclude Accrued Interest" or "Include Accrued Interest" as specified in the applicable Standard Terms.]
Valuation Obligation Category and Characteristics:	In respect of each Reference Entity, the Deliverable Obligation Category and Deliverable Obligation Characteristics specified in the Standard Terms.
Determination of Final Price:	In respect of each Reference Entity in respect of which a Credit Event Notice Date has occurred, the Final Price will be the weighted average of the highest firm bid price obtained for each Valuation Obligation in the Portfolio, expressed as a percentage, determined by the Calculation Agent.  With respect to each Valuation Obligation, the Calculation Agent shall conduct a dealer poll of at least three dealers indicated by the Issuer to the Calculation Agent in its sole and absolute discretion from the Dealer List set out below, with the exception that the Issuer may select a dealer not on the Dealer List if such dealer is a market-maker in the relevant type of Valuation Obligation or other major credit derivatives market participant. On the Valuation Date, the Calculation Agent shall seek to obtain Full Quotations from the selected dealers for an outstanding principal amount of each Valuation Obligation equal to its Valuation Obligation Calculation Amount.  To the extent that the Calculation Agent is unable to obtain at least two Full Quotations for a Valuation Obligation or a Weighted Average Quotation on any day during the ten Business Day period following the Valuation Date, the Calculation Agent shall wait ten Business Days (the

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<sup>39</sup> Unless specified here as an Excluded Obligation, the Reference Obligation will be an Obligation.

last such Business Day, the "**Backup Valuation Date**") and shall then repeat the valuation process. In the event that the Calculation Agent is unable to obtain at least two Full Quotations or a Weighted Average Quotation during the four Business Day period following the Backup Valuation Date, the Final Price shall be deemed to be any Full Quotation obtained on such fourth Business Day or, if no full quotation is obtained, the weighted average of any firm quotations obtained on such fourth Business Day with respect to the aggregate portion of the amount for which such quotations were obtained, and a quotation deemed to be zero for the balance of the amount for which firm quotations were not obtained on such day.

Dealer List:

ABN Amro Bank NV  
 Merrill Lynch International  
 Barclays Bank PLC  
 BNP Paribas  
 Citibank, N.A., London Branch  
 Commerzbank AG  
 Credit Suisse Securities (Europe) Limited  
 Deutsche Bank AG, London Branch  
 Goldman Sachs International  
 HSBC Bank plc  
 The Hongkong and Shanghai Banking Corporation Limited  
 HSBC Middle East Limited  
 HSBC Bank USA, National Association  
 J.P. Morgan Securities plc.  
 Morgan Stanley & Co. International plc  
 Société Générale  
 The Royal Bank of Scotland plc  
 UBS Limited  
 [or any of their respective affiliates]/market makers selected at the Issuer's sole and absolute discretion]

Interest until Credit Event Notice Date:

[Applicable / Not applicable]

Deduct Hedging Costs

Applicable

**SCHEDULE 2**

<u>Referen ce Entity</u>	<u>Reference Obligation (ISIN)</u>	<u>Seniority</u>	<u>Transactio n Type</u>	<u>Reference Entity Calculation Amount</u>	<u>[Business Day]</u>	<u>[Spread]</u>
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]



## ADDITIONAL TERMS AND CONDITIONS RELATING TO EMERGING MARKET CREDIT-LINKED NOTES

The section headed "*Terms and Conditions of the Notes*" of this Offering Memorandum shall be supplemented and modified by the following "*Additional Terms and Conditions Relating to Emerging Market Credit-Linked Notes*" in respect of any issue of Credit-Linked Notes as amended or supplemented by the terms of each Tranche of Notes set out in the Pricing Supplement which are specified as being "Emerging Market Credit-Linked Notes" in the relevant Pricing Supplement. In the event of any inconsistency between the "*Terms and Conditions of the Notes*" and the "*Additional Terms and Conditions Relating to Emerging Market Credit-Linked Notes*", such "*Additional Terms and Conditions Relating to Emerging Market Credit-Linked Notes*" shall prevail and the "*Terms and Conditions of the Notes*" shall be amended accordingly.

### 1. Interest Amounts

On each Interest Payment Date, subject to no Early Redemption Event or Credit Event having occurred or subsisting, the Issuer will pay an amount of interest in respect of each Calculation Amount, in the Settlement Currency, equal to the quotient of:

- (i) (A) the amount actually received in the Reference Obligation Currency by the Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation on the immediately preceding Reference Obligation Coupon Payment Date (such amount, the "**Reference Obligation Coupon**") less (B) an amount equal to any applicable taxes and/or incidental transaction costs incurred in connection with the Notional Holder's holding and/or the payment of interest on such Reference Obligation and/or any conversion of any amounts received in connection with the Reference Obligation in the Reference Obligation Currency to the Settlement Currency, for the avoidance of doubt, without any double counting in respect of any Adjustment Event; and
- (ii) the aggregate of all the Calculation Amounts in respect of all Notes outstanding on such day, converted by the Calculation Agent from the Reference Obligation Currency at the Exchange Rate on the related Exchange Rate Calculation Date, (each an "**Interest Amount**").

### 2. Final Redemption

Subject to no Early Redemption Event or Credit Event having occurred or subsisting (in respect of which the Issuer intends to elect to redeem the Notes pursuant to paragraph 3 or paragraph 4, as applicable), on the Maturity Date the Issuer will pay an amount in respect of each Calculation Amount, in the Settlement Currency, equal to the quotient of:

- (i) (A) the amount actually received in the Reference Obligation Currency by a Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation on the Reference Obligation Redemption Date (the "**Reference Obligation Redemption Amount**") less (B) an amount equal to any applicable taxes and or transaction costs incurred in connection with the Notional Holder's holding and/or the redemption of such Reference Obligation and/or any conversion of any amounts received in connection with the Reference Obligation in the Reference Obligation Currency to the Settlement Currency, for the avoidance of doubt, without any double counting in respect of any Adjustment Event; and
- (ii) the aggregate of all the Calculation Amounts in respect of all Notes outstanding on such day, converted by the Calculation Agent from the Reference Obligation Currency at the Exchange Rate on the related Exchange Rate Calculation Date.

3. **Early Redemption as a result of a Credit Event**

As soon as reasonably practicable following the occurrence of a Credit Event, and:

(a) if "Issuer Option" is specified as being applicable in the relevant Pricing Supplement, the Issuer will notify the Noteholders:

- (i) of the occurrence of such Credit Event; and
- (ii) whether the Issuer will redeem all (but not some only) of the Notes as a result of the occurrence of such Credit Event.

If the Issuer elects to redeem the Notes, the Issuer will notify the Noteholders whether such redemption will be by way of Physical Settlement or Cash Settlement on or before the tenth Business Day following the occurrence of such Credit Event (such notice being either a "**Notice of Cash Settlement**" or "**Notice of Physical Settlement**"); or

(b) if "Physical Settlement" is specified as being applicable in the relevant Pricing Supplement, the Notes will be redeemed by way of Physical Settlement and the Issuer will deliver a Notice of Physical Settlement on or before the tenth Business Day following the occurrence of such Credit Event.

4. **Early Redemption as a result of an Early Redemption Event**

As soon as reasonably practicable following the occurrence of an Early Redemption Event, and:

(a) if "Issuer Option" is specified as being applicable in the relevant Pricing Supplement, the Issuer will notify the Noteholders:

- (i) of the occurrence of such Early Redemption Event; and
- (ii) whether the Issuer will redeem all (but not some only) of the Notes as a result of the occurrence of such Early Redemption Event.

If the Issuer elects to redeem the Notes, the Issuer will deliver a Notice of Cash Settlement or Notice of Physical Settlement (as applicable) to the Noteholders on or before the tenth Business Day following the occurrence of such Early Redemption Event; or

(b) if "Physical Settlement" is specified as being applicable in the relevant Pricing Supplement, the Notes will be redeemed by way of Physical Settlement and the Issuer will deliver a Notice of Physical Settlement on or before the tenth Business Day following the occurrence of such Early Redemption Event.

5. **Physical Settlement**

If Physical Settlement applies, the Issuer shall redeem all the Notes by Delivery (or procuring Delivery on its behalf) on or prior to the Physical Settlement Date to each Noteholder of such Noteholder's *pro rata* share (rounded down as necessary pursuant to the following paragraph) of an amount of Deliverable Obligations with an aggregate outstanding principal amount equal to (i) the Reference Obligation Principal Amount less (ii) an outstanding principal amount of Deliverable Obligations the sale proceeds of which the Calculation Agent (acting in a commercially reasonable manner) determines are required to cover all taxes, costs and expenses incurred by the Issuer (or its designated agent or affiliate) in relation to such Delivery. If it is illegal, impossible or impracticable to Deliver Deliverable Obligations to a Noteholder, Cash Settlement shall be deemed to apply in respect of the relevant Notes, *mutatis mutandis* and the Physical Settlement Date shall be deemed to be the date of the Notice of Cash Settlement.

If the nominal amount of the Deliverable Obligations to be Delivered in respect of each Note to be redeemed is not equal to an authorised denomination (or integral multiple thereof) of such Deliverable Obligations then the nominal amount of Deliverable Obligations to be Delivered will be rounded down to the nearest authorised denomination or multiple thereof, or, if none, zero. In such circumstances (a "**Partial Cash Settlement Event**"), the Issuer shall in addition pay an amount in respect of each Note on the Physical Settlement Date equal to such Note's *pro rata* share of an amount equal to the product of (i) the principal amount of such Deliverable Obligations and (ii) the Final Price (for which purposes the

Valuation Process shall be construed accordingly and the Valuation Date shall be two Business Days following the date of the Notice of Physical Settlement), less an amount equal to all taxes, costs and expenses incurred by the Issuer or its designated agent or affiliate in relation to such settlement, as determined by the Calculation Agent, acting in a commercially reasonable manner, converted into the Settlement Currency at the Exchange Rate on the day that is the number of days preceding the Physical Settlement Date in order for such conversion to settle on the Physical Settlement Date and rounded down to the nearest sub-unit of the Settlement Currency.

If the Calculation Agent determines, that it is unlawful, impossible, or otherwise impracticable to convert such amount, including but not limited to as a result of an Inconvertibility Event, notwithstanding the above, the Issuer may pay the relevant amount in the Reference Obligation Currency, rounded down to the nearest sub-unit of the Reference Obligation Currency.

#### 6. **Cash Settlement**

If Cash Settlement applies, the Issuer shall redeem all the Notes on the Cash Settlement Date by payment (or procuring payment on its behalf) to each Noteholder of such Noteholder's *pro rata* share of an amount equal to the product of (i) the Reference Obligation Principal Amount and (ii) the Final Price, less an amount equal to all taxes, costs and expenses incurred by the Issuer or its designated agent or affiliate in relation to such settlement, as determined by the Calculation Agent, acting in a commercially reasonable manner converted into the Settlement Currency at the Exchange Rate on the day that is the number of days preceding the Cash Settlement Date in order for such conversion to settle on the related Cash Settlement Date and rounded down to the nearest sub-unit of the Settlement Currency (the "**Cash Settlement Amount**").

If the Calculation Agent determines, that it is unlawful, impossible, or otherwise impracticable to redeem any outstanding Note by payment of the Cash Settlement Amount, including but not limited to as a result of an Inconvertibility Event, notwithstanding the above, the Issuer may redeem such Note by payment of the relevant amount in the Reference Obligation Currency, rounded down to the nearest sub-unit of the Reference Obligation Currency.

#### 7. **Adjustment Provisions**

Upon the occurrence of an Adjustment Event, notwithstanding anything to the contrary in the Conditions of the Notes, any amounts payable (or which subsequently become due and payable) by the Issuer in respect of each Note shall be reduced by such Note's *pro rata* share of any loss suffered, or costs or expenses incurred, by the Issuer (or its agents or affiliates) in connection with the Notes as a result of the occurrence of the Adjustment Event, so as to put the Issuer, its agents or affiliates, as the case may be, in the same position in which a Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation would have been but for the occurrence of the Adjustment Event, as determined by the Calculation Agent acting, acting in a commercially reasonable manner, and for the avoidance of doubt, without any double counting.

#### 8. **Local Settlement Provisions**

Each Noteholder must deliver a written notice (the "**Notice of Noteholder's Details**") to the Paying Agent and to Euroclear or Clearstream, Luxembourg, with a copy to the Issuer, no later than three Business Days following the delivery of the Notice of Cash Settlement or Notice of Physical Settlement, as the case may be. The Notice of Noteholder's Details must:

- (1) specify (i) all the "KYC Information" requested by the Issuer in the Notice of Cash Settlement or Notice of Physical Settlement, including the name and address of the relevant Noteholder; (ii) a valid local account in the specified Financial Centre ("**Noteholder's Local Account**") to be used by the Issuer to effect Cash Settlement or Physical Settlement, as the case may be, and (iii) a contact person from whom the Issuer may obtain any additional details for such Cash Settlement or Physical Settlement;
- (2) specify the nominal amount of Notes which are the subject of the Notice of Noteholder's Details and the number of the Noteholder's account at Euroclear or Clearstream, Luxembourg to be debited with such Notes and irrevocably instruct and authorise Euroclear or Clearstream,

Luxembourg, as the case may be, to debit the relevant Noteholder's account with such Notes on or before the redemption date;

- (3) authorise the production of such Notice of Noteholder's Details in any applicable administrative or legal proceedings; and
- (4) attach a screenshot from the relevant clearing system verifying that the Noteholder is the legal owner of the Notes and confirming that transfer of such Notes is blocked.

No Notice of Noteholder's Details may be withdrawn after receipt thereof by Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be. After delivery of a Notice of Noteholder's Details, the relevant Noteholder may not sell, transfer or assign the Notes which are the subject of such Notice for settlement purposes.

Failure to properly complete and deliver a Notice of Noteholder's Details may result in such notice being treated as null and void.

**Provided that** the Issuer has received a valid Notice of Noteholder's Details (and any additional information that the Issuer in its sole and absolute discretion, acting in a commercially reasonable manner, deems necessary to verify the ownership of the Notes), the Issuer shall redeem (or appoint an affiliate or agent to settle on its behalf) the Notes pursuant to paragraph 5 (*Physical Settlement*) and/or paragraph 6 (*Cash Settlement*) (as applicable) by paying and/or delivering to the Noteholder's Local Account on the redemption date.

Neither the Issuer nor its agent(s) or affiliate(s) shall be responsible for any delay in payment that is caused as a result of it or any agent or representative of it, taking reasonable steps to verify that the person delivering the notice is a Noteholder holding through Euroclear and shall pay no interest or other payment in respect of any such delay.

The Issuer is not obliged to effect Cash Settlement or Physical Settlement, as the case may be, through the relevant clearing system.

## 9. Additional Definitions

Capitalised terms used but not defined in these Additional terms and Conditions or in the Conditions shall have the meanings given to them in the relevant Pricing Supplement. In addition, the following terms shall have the following meanings:

**"Adjustment Event"** means the occurrence of any of the following events: (i) a Market Disruption Event; (ii) a Residual Risk Event; (iii) a Settlement Event; (iv) a Custodial Event; or (v) a Tax Event.

**"Applicable Currencies"** has the meaning given to it in the relevant Pricing Supplement.

**"Business Day"** means a day on which commercial banks and foreign exchange markets settle payments generally in London and:

- (i) in relation to any sum payable in euro, a Euro Business Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Business Centre and on which the relevant Clearing System is open for business; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in the principal financial centre of the relevant currency and in each (if any) Business Centre and on which the relevant Clearing System is open for business;

**"Cash Settlement Date"** means 5 Business Days following the date on which the Final Price is determined.

**"Credit Event"** means the occurrence of one or more of a Failure to Pay, an Obligation Default, an Obligation Acceleration, a Repudiation/Moratorium and a Restructuring (as determined by the Calculation Agent). If an occurrence would otherwise constitute a Credit Event, such occurrence will

constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation,
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation, however described,
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

**"Custodial Event"** means the Custodian is dissolved, becomes insolvent or is unable to pay its debts as they become due, makes a general assignment, arrangement or composition with or for the benefit of its creditors, institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any law, has a secured party take possession of all or substantially all its assets, or takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

**"Custodian"** means, if the Issuer or any of its affiliates (or any agent thereof) is holding the Reference Obligation by way of a custody arrangement with a custodian (howsoever described), such custodian or any custodian appointed by the custodian.

**"Dealer"** means a dealer (other than the Issuer or a Noteholder or any affiliate thereof) in obligations of the same type as the Reference Obligation for which Full Quotations are to be obtained, selected by the Calculation Agent in good faith and in a commercially reasonable manner.

**"Default Requirement"** means USD 1,000,000 or its equivalent in any other currency, as of the occurrence of the relevant Credit Event, as determined by the Calculation Agent.

**"Deliver"** means to deliver, novate, transfer, assign or sell, as appropriate, in the manner customary for the settlement of the relevant Deliverable Obligation (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Deliverable Obligations to the Noteholders free and clear of any and all liens, charges, claims or encumbrances (including, without limitation, any counterclaim, defence or right of set-off by or of the Reference Entity) **provided that** to the extent that the Deliverable Obligations consist of Direct Loan Participations, **"Deliver"** means to create (or procure the creation) of a participation in favour of the Noteholder. **"Delivery"** and **"Delivered"** will be construed accordingly. In the case of a loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such loan at that time.

**"Deliverable Obligations"** shall mean either Obligations or Reference Obligations as specified in the relevant Pricing Supplement;

**"Direct Loan Participation"** means a loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favor of the Noteholder that provides the Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant loan which are received by such participation seller, any such agreement to be entered into between the Noteholder and the Issuer.

**"Early Redemption Event"** means the occurrence of an Inconvertibility Event.

**"Exchange Rate"** means, on any date, the spot exchange rate at or around the Determination Time on such date at which the Issuer is actually able to convert the Reference Obligation Currency into the Settlement Currency for delivery in two Business Days, as determined by the Calculation Agent, acting in a commercially reasonable manner.

**"Exchange Rate Calculation Date"** means each date on which a Notional Holder would actually receive a Reference Obligation Redemption Amount or a Reference Obligation Coupon, or if such day is not a Business Day, the next following Business Day.

**"Failure to Pay"** means the failure by the Reference Entity to make, when and where due, without regard to any applicable grace period, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations.

**"Final Price"** means the price of the Reference Obligation, expressed as a percentage, determined in accordance with the Valuation Process.

**"Full Quotation"** means each firm quotation obtained at 11.00 a.m. (London time) by the Calculation Agent from a Dealer, expressed as a percentage, for an amount of the Reference Obligation equal to the Reference Obligation Principal Amount for settlement in accordance with the then current market practice in respect of the Reference Obligation, as determined by the Calculation Agent.

**"Governmental Authority"** means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

**"Hard Currency"** means any of the lawful currencies of Canada, the Federal Republic of Germany, Japan, the Republic of France, the Republic of Italy, the United Kingdom and the United States of America and the Euro (and any successor currency to any such currency).

**"Inconvertibility Event"** means the occurrence of any event or existence of any condition, including without limitation any such event or condition that occurs as a result of the enactment, promulgation, execution, ratification, interpretation or application of any change in or amendment to any law, rule or regulation by the Government of the Reference Obligation Jurisdiction, any political subdivision thereof or authority of any kind in the Reference Obligation Jurisdiction, whether or not such authority is acting as de facto or de jure government, that generally:

- (i) has the direct or indirect effect of hindering, limiting or restricting the convertibility of the Reference Obligation Currency (including the proceeds of any obligations) into Hard Currency, or the transfer of Hard Currency from the Reference Obligation Jurisdiction to other countries (including, without limitation, by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on repatriation of the Reference Obligation Currency into Hard Currency); or
- (ii) results in the unavailability of Hard Currency in the interbank foreign exchange market located in the Reference Obligation Jurisdiction in accordance with normal commercial practice; or
- (iii) has the direct or indirect effect of hindering, limiting or restricting the Applicable Currencies' spot FX market.

**"Interest Payment Date"** means two Business Days following each Reference Obligation Coupon Payment Date.

**"Market Disruption Event"** means on any Business Day, the occurrence or existence of an event on such day, due to market conditions (including but not limited to (i) market volatility, (ii) market liquidity, and (iii) regulatory or artificial market limitations), pursuant to which the Calculation Agent is unable to determine any amount or rate falling to be determined by it pursuant to the Conditions.

**"Notional Holder"** means a notional broker dealer domiciled in the same jurisdiction and with the same tax status as the Issuer and/or any other jurisdiction where any affiliate of the Issuer which may hold the Reference Obligation may be domiciled and with the same tax status, as determined by the Calculation Agent, acting in a commercially reasonable manner. References in these Conditions to amounts being "actually received" (or similar) by the Notional Holder shall be deemed to mean amounts that would be received by the Notional Holder if it were the holder of the Reference Obligation.

**"Obligation"** means any obligation of a Reference Entity for the payment or repayment of money (whether such obligation is present or future, contingent or otherwise), including, without limitation, the Reference Obligation.

**"Obligation Acceleration"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Obligation Default"** means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise become due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

**"Obligation Exchange"** means the voluntary or mandatory transfer (other than in accordance with the terms in effect as of the later of the Issue Date or date of issuance of the relevant Obligation) of any securities, obligations or assets to holders of Obligations in exchange for such Obligations. When so transferred, such securities, obligations, or assets will be deemed to be Obligations.

**"Payment Requirement"** means USD 1,000,000 or its equivalent in any other currency, as of the occurrence of the relevant Failure to Pay, as determined by the Calculation Agent.

**"Permitted Currency"** means (1) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership) or (2) the legal tender of any country which, as of the date of such change, is a member of the Organization for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof.

**"Physical Settlement Date"** means 10 Business Days following the date of the Notice of Physical Settlement, or if a Partial Cash Settlement Event has occurred, the date the Final Price is determined, if later.

**"Reference Entity"** has the meaning given to it in the relevant Pricing Supplement, or any Successor thereto.

**"Reference Obligation"** means the following obligation of the Reference Entity specified as such in the Pricing Supplement. If the Reference Obligation is subdivided, consolidated, reclassified or altered, or any other similar event occurs as determined by the Calculation Agent, then the Calculation Agent will make such adjustments to the Conditions of the Notes, including to amounts payable hereunder and any other terms as it determines appropriate to account for such event and preserve the economic integrity of the Notes to the extent practicable. If the Reference Obligations are converted into other securities in accordance with the terms of any voluntary or involuntary exchange or restructuring program following the occurrence of an Early Redemption Event, then such other securities shall become the Reference Obligation (it being understood that any elections under the terms of any such exchange or restructuring shall, for the purposes of the Notes, be deemed to be made by the Calculation Agent).

**"Reference Obligation Coupon Payment Date"** means each date on which a Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation would actually receive a payment of interest or other distribution (howsoever described) in respect of the Reference Obligation. Such dates are expected to be (but may not be the dates specified as such in the relevant Pricing Supplement).

**"Reference Obligation Currency"** has the meaning given to it in the relevant Pricing Supplement.

**"Reference Obligation Jurisdiction"** has the meaning given to it in the relevant Pricing Supplement.

**"Reference Obligation Principal Amount"** has the meaning given to it in the relevant Pricing Supplement.

**"Reference Obligation Redemption Date"** means the date on which a Notional Holder of the Reference Obligation Principal Amount of the Reference Obligation would actually receive a payment in respect of the final redemption in whole of the Reference Obligation.

**"Repudiation/Moratorium"** means an event pursuant to which an authorised officer of a Reference Entity or a Governmental Authority (x) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount not less than the Default Requirement, or (b) declares or imposes a moratorium, standstill or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement.

**"Residual Risk Event"** means any event, action or circumstance which:

- (i) results in (or is likely to result in) the Notional Holder or its agents or affiliates receiving less than the full value of any principal, interest or other amounts due on the Reference Obligations on the date such amounts are due; or
- (ii) affects in any way (or is likely to affect in any way) the cost to the Notional Holder or its agent of acquiring, holding or redeeming the Reference Obligation, or of hedging, directly or indirectly, the obligations of the Issuer or any of its affiliates in respect of these Notes, or of converting any amount of Reference Obligation Currency into Hard Currency (or any other freely convertible and transferable currency) or vice versa.

**"Restructuring"** means, with respect to one or more Obligations, including as a result of an Obligation Exchange, and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form which binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation, or is announced (or otherwise decreed) by the Reference Entity or any Governmental Authority in a form that binds all holders of such Obligation, and such event is not provided for under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
- (iv) a change in the ranking in priority of payment of any Obligation, causing the subordination of such Obligation; or
- (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

Notwithstanding the above, none of the following shall constitute a Restructuring with respect to any Obligation:

- (a) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business, and
- (b) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

If an Obligation Exchange has occurred, the determination as to whether one of the events described in (i) to (v) above has occurred will be based on a comparison of the terms of the Obligation immediately before such Obligation Exchange and the terms of the resulting Obligation immediately following such Obligation Exchange.

**"Settlement Currency"** has the meaning given to it in the relevant Pricing Supplement.



**"Settlement Event"** means the failure of the Custodian to do any of the following:

- (i) deliver or credit any Reference Obligation Currency amount, or Obligations owned by the Notional Holder, to the account of the Notional Holder (or any of its agents or affiliates) as instructed by the Notional Holder (or any of its agents or affiliates);
- (ii) deliver Reference Obligation Currency to a third party when requested to do so by the Notional Holder (or any of its agents or affiliates);
- (iii) surrender any Obligations owned by the Notional Holder (or any of its agents or affiliates) when requested to do so by the Notional Holder (or any of its agents or affiliates);
- (iv) purchase or sell any Obligations or take any other action when instructed to do so by the Notional Holder (or any of its agents or affiliates); or
- (v) perform in a full and timely manner all of its obligations to the Notional Holder under any custodial or similar arrangements entered into by the Notional Holder (or any of its agents or affiliates) at any time in relation to Obligations and/or Reference Obligation Currency (which shall include, for the avoidance of doubt, a repudiation or termination of any such arrangements without the prior consent of the Issuer (or any of its agents or affiliates)).

**"Successor"** means the direct or indirect successor to the Reference Obligation, as determined by the Calculation Agent.

**"Tax Event"** means:

- (i) (A) the enactment, promulgation, execution, ratification or adoption of, or any change in or amendment to, any rule, law, regulation or statute (or in the applicability or official interpretation of any rule, law, regulation or statute) by any Governmental Authority, (B) the issuance of any order or decree by any Governmental Authority, (C) any action being taken by a taxing authority in any jurisdiction, or (D) the occurrence of any other act or event at any time relating to withholding or deduction for or on account of tax in relation to any directly or indirectly holding of the Reference Obligations, which (in the case of (A), (B), (C) or (D) above) will (or there is a substantial likelihood that it will) adversely affect the economic value of the Notes and/or any hedging transaction to the Issuer;
- (ii) the imposition of taxes on the transfer of any Hard Currency out of the jurisdiction of the Reference Obligation Jurisdiction;
- (iii) the imposition of any additional taxes on debt of the Reference Entity issued in the Reference Obligation Jurisdiction, or
- (iv) the imposition of any taxes on any conversion of Domestic Currency into Hard Currency,

unless an amount equal to such taxes are deducted from the Reference Obligation Coupon and/or the Reference Obligation Redemption Amount for the purposes of determining the interest amount and/or the final redemption amount (as the case may be) of the Notes.

**"Trade Date"** has the meaning given to it in the relevant Pricing Supplement.

**"Valuation Date"** means two Business Days following the date of the Notice of Cash Settlement (or, if Conditions 7(b), 7(h) or 11 apply, following the date of the relevant event giving rise to the redemption of the Notes).

**"Valuation Process"** means the process of determining the Final Price, as follows. On the Valuation Date the Calculation Agent shall attempt to obtain Full Quotations from three or more Dealers. If the Calculation Agent obtains one or more Full Quotations, the highest Full Quotation obtained by the Calculation Agent shall be the Final Price. If the Calculation Agent does not obtain any Full Quotations, the Calculation Agent shall attempt to obtain Full Quotations from three or more Dealers on each day for the following four Business Days. If the Calculation Agent obtains one or more Full Quotations on any such day, the highest Full Quotation obtained by the Calculation Agent shall be the Final Price. If the Calculation Agent does not obtain any Full Quotations, the Final Price shall be zero. The Calculation

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Agent shall, as soon as practicable after obtaining all Full Quotations, notify the Noteholders in writing of each such Full Quotation that it receives in connection with the calculation of the Final Price and shall provide to the Noteholders a written computation showing its calculation of the Final Price.

## PRO FORMA PRICING SUPPLEMENT FOR EMERGING MARKET CREDIT-LINKED NOTES

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Emerging Market Credit-Linked Notes issued under the Programme.

(When completing any pricing supplement, or adding any other terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently whether supplemental listing particulars would be required in respect of such terms or information.)

The terms and conditions of Credit-Linked Notes shall consist of the "Terms and Conditions of the Notes" set out in "Part B - Information relating to the Notes Generally" and "Part F – Additional Terms and Conditions relating to Emerging Market Credit-Linked Notes" of the Offering Memorandum (the "**Base Conditions**") as amended or supplemented by the terms set out in the Pricing Supplement (including the Schedules hereto) (the "**Pricing Supplement**"), (terms used in such provisions being deemed to be defined as such for the purposes of the Offering Memorandum).

### PRICING SUPPLEMENT

Pricing Supplement dated: [•]

**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**

**[Further] Issue of**

**[Aggregate Principal Amount of Tranche] Credit Linked Notes due [•] linked to [name of Reference Entity] [(Subordinated)]**

**[(to be consolidated and form a single series with the existing [Insert details of existing Tranche(s)] issued pursuant to HSBC Bank plc's Programme for the Issuance of Notes and Warrants]**

### PART A - CONTRACTUAL TERMS

This document constitutes the pricing supplement ("**Pricing Supplement**") relating to the issue of the Tranche of Notes described herein [for the purposes of listing on the Official List of the Irish Stock Exchange] and must be read in conjunction with the Offering Memorandum dated 18 June 2013 as supplemented from time to time (the "**Offering Memorandum**") [which, together with this Pricing Supplement, constitute listing particulars for the purposes of listing on the Global Exchange Market]. 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 such Offering Memorandum.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum. The Offering Memorandum is available for viewing 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', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

**The Offering Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC as amended (the "Prospectus Directive"). The Offering Memorandum has been prepared solely with regard to Notes that are (i) not to be admitted to listing or trading on any regulated market for the purposes of Directive 2004/39/EC and not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).**

*The following alternative language applies if the first tranche of an issue which is being increased was issued under an offering document with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the [2005/2006/2007/2008/2009/2010/2011/2012] Conditions (the "2005/2006/2007/2008/2009/2010/2011/2012 Conditions"), which are defined in, and incorporated by reference into, the Offering Memorandum and which are applicable to the Notes. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement, the 2005/2006/2007/2008/2009/2010/2011/2012 Conditions and the Offering Memorandum. The Offering Memorandum and the 2005/2006/2007/2008/2009/2010/2011/2012 Conditions are available for viewing during normal business hours at HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom and www.hsbc.com (please follow links to 'Investor relations', 'Fixed income securities', 'Issuer programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

*[For Notes offered and sold in the United States of America include:*

#### **IMPORTANT NOTICES**

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) AND (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF NOTES PURSUANT TO CLAUSE (A) ABOVE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

#### **AVAILABLE INFORMATION**

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Notes, the Issuer will promptly furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if, at the time of such request, the Issuer is neither a reporting company under Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.]

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

*(Include whichever of the following apply or specify as "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.)*

1. Issuer: HSBC Bank plc
2. Tranche number: 1
3. Currency:
  - (i) Settlement Currency: [ ]
  - (ii) Denomination Currency: *[specify/Settlement Currency]*
4. Aggregate Principal Amount [of Notes admitted to trading]:
  - (i) Series: [ ]
  - (ii) Tranche: [ ]
5. (i) Issue Price: [ ] per cent. of each Note's pro rata share of the Aggregate Principal Amount
  - (ii) Commission payable: None<sup>40</sup>
  - (iii) Selling concession: None<sup>41</sup>
6. (i) Denomination(s) *(Condition 2(b))*: [ ] [, provided that, for so long as the Notes are represented by a Global Note and the clearing system so permits, the Notes shall be tradeable in minimum nominal amounts of [ ] and integral multiples of [ ] thereafter]
  - (ii) Calculation Amount: [ ]
7. (i) Issue Date: [ ]
  - (ii) Interest Commencement Date: Not applicable
8. Maturity Date: *(Condition 7(a))* Two Business Days following the Reference Obligation Redemption Date, subject to the provisions of paragraph 3 (*Early Redemption as a result of a Credit Event*) and paragraph 4 (*Early Redemption as a result of an Early Redemption Event*) of "*Part F – Additional Terms and*

<sup>40</sup> Fees and commissions are banned in respect of Notes that are offered and sold on the basis of investment advice provided by a distributor in the UK or to a resident of the UK.

<sup>41</sup> Fees and commissions are banned in respect of Notes that are offered and sold on the basis of investment advice provided by a distributor in the UK or to a resident of the UK.

*Conditions relating to Emerging Market Credit-Linked Notes*" of the Offering Memorandum, subject to the provisions of this Pricing Supplement.

9. Interest basis:  
(*Conditions 4 to 6*) Amounts will be payable to the Noteholders pursuant to paragraph 1 (*Interest Amounts*) of "*Part F – Additional Terms and Conditions relating to Emerging Market Credit-Linked Notes*" of the Offering Memorandum, subject to the provisions of this Pricing Supplement.
10. Redemption basis:  
(*Condition 7*) Unless redeemed or purchased and cancelled earlier, and save as otherwise provided herein, the Notes will be redeemed pursuant to paragraph 2 (*Final Redemption*) of "*Part F – Additional Terms and Conditions relating to Emerging Market Credit-Linked Notes*" of the Offering Memorandum, subject to the provisions of this Pricing Supplement.
11. Change of interest or redemption basis: [Applicable/Not applicable]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

12. Fixed Rate Note provisions:  
(*Condition 4*) Not applicable
13. Floating Rate Note provisions:  
(*Condition 5*) Not applicable
14. Zero Coupon Note provisions:  
(*Condition 6*) Not applicable
15. Index-Linked Interest Note/other variable-linked interest Note Provisions: Not applicable

**PROVISIONS RELATING TO REDEMPTION**

16. Issuer's optional redemption (Call Option):  
(*Condition 7(c)*) [Applicable/Not applicable]
17. Noteholder's optional redemption (Put Option):  
(*Condition 7(d)*) [Applicable/Not applicable]
18. Final Redemption Amount:  
(*Condition 7(a)*) The Notes will be redeemed pursuant to Condition 7(a) (*Final Redemption*).
19. Final Redemption Amount in cases where the Final Redemption Amount is Index-Linked or other variable-linked: Not applicable
20. Instalment Notes:  
(*Condition 7(a)*) Not applicable
21. Early Redemption Amount: Yes
- (i) Early Redemption Amount (upon redemption for taxation reasons, illegality or following an Event Subject to paragraph 26(ii) below and the delivery of a Notice of Cash Settlement by the Issuer in accordance with paragraph 4 (Early Redemption as

- of Default):  
(Conditions 7(b), 7(h) or 11)
- a result of an Early Redemption Event) of "Part F – Additional Terms and Conditions relating to Emerging Market Credit-Linked Notes", an amount in respect of each Calculation Amount equal to such Calculation Amount's pro rata share of the Cash Settlement Amount determined in, and payable in the manner set out in, "Part F – Additional Terms and Conditions relating to Emerging Market Credit-Linked Notes", as amended in Schedule 1 hereto.
- (ii) Other redemption provisions:  
(Condition 7(i))
- In Condition 7(b) (*Redemption for Taxation Reasons*), the words "(each, a "Tax Redemption Event")" shall be inserted at the end of paragraph (ii) of that Condition before the semi-colon.
- In Condition 7(h) (*Illegality*), the words "(the "Illegality Redemption Event")" shall be inserted at the end of the second sentence in that Condition before the full stop.
- Notwithstanding any other provisions of Condition 7(b), (*Redemption for Taxation Reasons*), 7(f) (*Illegality*) or 11 (*Events of Default*), a Tax Redemption Event, an Illegality Redemption Event and an Event of Default shall, for the purposes of this Series of Notes, be deemed to be an Early Redemption Event and the provisions of paragraph 4 (*Early Redemption as a result of an Early Redemption Event*) of "Part F – Additional Terms and Conditions relating to Emerging Market Credit-Linked Notes" of the Offering Memorandum shall, in each case, apply accordingly.
- (iii) Settlement options:  
(paragraphs 3 and 4 of Part F – Additional Terms and Conditions relating to Emerging Market Credit-Linked Notes))
- [Issuer Option]/[Physical Settlement]
- (iv) Deliverable Obligations:  
(paragraph 5 (Physical Settlement) of Part F – Additional Terms and Conditions relating to Emerging Market Credit-Linked Notes))
- [Obligations]/[Reference Obligations]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

22. Form of Notes:  
(Condition 2(a))
- (i) Form of Notes: [Bearer Notes/Registered Notes]
- (ii) Bearer Notes exchangeable for Registered Notes: [No/Not applicable]
23. New Global Note: No
24. If issued in bearer form: [Not applicable]

- (i) Initially represented by a Temporary Global Note  
Temporary Global Note or  
Permanent Global Note:
- (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes: *(Condition 2(a))* Yes, the Temporary Global Note will be exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in certain circumstances specified in the Permanent Global Note.
- (iii) Permanent Global Note exchangeable at the option of the Issuer in circumstances where the Issuer would suffer material disadvantage following a change of law or regulation: [Yes/No] *[If yes, specify: The Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.]*
- (iv) Coupons to be attached to Definitive Notes: Yes
- (v) Talons for future Coupons to be attached to Definitive Notes: No
25. Exchange Date for exchange of Temporary Global Note: [Not earlier than 40 days following the Issue Date/Not applicable]
26. Payments: *(Condition 9)*  
Relevant Financial Centre Day: *[specify all places]*
27. Redenomination: *(Condition 10)* [Applicable/Not applicable]
28. Other terms: As set out in Schedule 1hereto
29. Valuation Date: Not applicable

#### DISTRIBUTION

30. (i) If syndicated, names of Relevant Dealer(s)/Lead Manager(s): Not applicable
- (ii) If syndicated, names of other Dealers/Managers (if any): Not applicable
31. Selling restrictions: [For Bearer Notes: TEFRA C Rules/TEFRA D Rules/TEFRA Not Applicable]
- United States of America: [Notes may not be offered or sold within the United States of America or, to or for the account or the benefit of, a US person (as defined in Regulation S)]
- [Notes may be offered or sold within the United States of America or to, or for the account or the benefit of, a US person (as defined in Regulation S) only in compliance with the provisions set forth under "Transfer Restrictions."]
- Exemption(s) from requirements under Directive 2003/71/EC (as amended) (the [Not applicable. This offer is made exclusively to investors outside the European Economic



**"Prospectus Directive"):**

Area)/[The denomination of the Notes is greater than or equal to EUR100,000 (or equivalent amount in another currency)]/[The offer is addressed solely to qualified investors (as such term is defined in the Prospectus Directive)]/[The offer is addressed to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive)]/[The offer is addressed to investors who will acquire Notes for a consideration of at least EUR100,000 (or equivalent amount in another currency) per investor for each separate offer]

32. Additional selling restrictions:

*[Specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement]*

*[In offers of Credit-Linked Notes pursuant to Rule 144A insert:<sup>42</sup>*

**TRANSFER RESTRICTIONS**

Because of the following restrictions, purchasers of Notes offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Notes.

Each prospective purchaser of Notes offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of this Pricing Supplement and the accompanying Offering Memorandum, will be deemed to have represented and agreed with respect to such Notes as follows:

- (a) such 144A Offeree acknowledges that this Pricing Supplement and the accompanying Offering Memorandum is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Pricing Supplement and the accompanying Offering Memorandum, 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 this Pricing Supplement and the accompanying Offering Memorandum or any documents referred to herein.

Each purchaser of Notes sold in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.

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<sup>42</sup> Please note that the default selling restrictions are for Regulation S offers and sales only.

- (3) The purchaser understands that certificates representing Restricted Notes will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR ANY STATE SECURITIES LAWS OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS OTHERWISE PROVIDED IN ANY SUPPLEMENTAL LISTING PARTICULARS OR APPLICABLE PRICING SUPPLEMENT, EACH PURCHASER OR TRANSFEREE OF THIS NOTE (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS NOTE (OR ANY INTEREST HEREIN) TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE) (A) AN "**EMPLOYEE BENEFIT PLAN**" AS DESCRIBED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "**PLAN ASSETS**" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY US FEDERAL, STATE OR LOCAL LAW OR NON-US LAW ("**SIMILAR LAW**") THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) IT IS A SIMILAR LAW PLAN (THAT IS NOT A BENEFIT PLAN INVESTOR) AND ITS PURCHASE, HOLDING AND DISPOSITION OF THIS NOTE (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*."

- (4) Each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, the transferor will be required to provide the Registrar with written certification as to compliance with the transfer restrictions referred to in items (B) or (C) of the second paragraph of the legend set forth above. See "*Summary of Provisions relating to the Notes While in Global Form*" in the accompanying Offering Memorandum.]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

**SCHEDULE 1**  
**ADDITIONAL PRICING SUPPLEMENT FOR EMERGING MARKET CREDIT-LINKED NOTES**

Trade Date:

Financial Centre (for purposes of paragraph 8(1)):

Business Centres (for purposes of definition of Business Day (paragraph 9)):

Settlement Currency:

**Terms relating to determination of Exchange Rate (paragraph 9):**

Determination Time:  [a.m/p.m.] ( time)

**Terms relating to Inconvertibility Event (paragraph 9):**

Applicable Currencies:

**Terms relating to Reference Entity and Reference Obligation:**

Name of Reference Entity:

Reference Obligation:

Maturity:

Coupon:  per cent.

Minimum Denomination:

CUSIP/ISIN/Bloomberg:

Expected Reference Obligation Coupon Payment Dates: , , , .

Reference Obligation Currency:

Reference Obligation Jurisdiction:

Reference Obligation Principal Amount:

**PART B - OTHER INFORMATION**

**1. LISTING**

- (i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of Irish Stock Exchange [on or around the Issue Date/ *insert date*]]. No assurance can be given as to whether or not, or when, such application will be granted] [Not applicable]
- (ii) Admission to trading: [Application [will be/has been] made for the Notes to be admitted to trading on the Global Exchange Market with effect from [the Issue Date/ *insert date*]]. No assurance can be given as to whether or not, or when, such application will be granted.] [Application has been made to have the Notes admitted to trading on the PORTAL System of the US National Association of Securities Dealers.] [Not applicable]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*
- (iii) Estimated total expenses of admission to trading: [(specify amount)]

**2. RATINGS**

- Ratings: [The Notes are not rated.] [The Notes [have been][are expected on issue to be] rated [./:]]
- [Standard & Poor's Credit Market Services Europe Limited: [ ]]
- [Moody's Investors Service Limited: [ ]]
- [Fitch Ratings Limited: [ ]]

**3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[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. 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. REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- (i) Reasons for the offer: [ To make a profit and hedge certain risks]
- (If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*
- (ii) Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses: *[Include breakdown of expenses]*

5. **[Fixed Rate Notes only - YIELD]**

Indication of yield: *[Calculated as [include details of method of calculation in summary form] on the Issue Date]*

*[As set out above, the] [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]]*

6. **[Index-Linked or other variable-linked Interest Notes only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained.*

**OPERATIONAL INFORMATION**

7. ISIN Code: *[ ]/Not applicable]*

8. Common Code: *[ ]/Not applicable]*

9. CUSIP: *[ ]/Not applicable]*

10. Valoren Number: *[ ]/Not applicable]*

11. SEDOL: *[ ]/Not applicable]*

12. WKN: *[ ] [Not applicable]*

13. Intended to be held in a manner which would allow Eurosystem eligibility: *[Yes] [No]<sup>43</sup>*  
*[Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the Common Safekeeper acting as agent for Euroclear or Clearstream, Luxembourg[, and registered in the name of a nominee of one of Euroclear or Clearstream Luxembourg acting as common safekeeper [(include this text for Registered Notes)]] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon*

<sup>43</sup> Under current ECB collateral eligibility requirements, in order to be eligible as collateral a security must, among other things, be denominated in Euro and listed on a regulated market or certain non-regulated markets such as STEP and Luxembourg EUR MTF. Accordingly, choose "No" if the Notes are not denominated in Euro or not listed on regulated market or any of the relevant non-regulated market as specified in Chapter 6 of the ECB's February 2011 "The Implementation of Monetary Policy in the Euro Area - General Documentation on Eurosystem monetary policy instruments and procedures" brochure.

*satisfaction of the Eurosystem eligibility criteria.][Include this text if "yes" selected, in which case bearer Notes must be issued in NGN form.]*

- |     |  |   |
|-----|--|---|
| 14. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | [CREST/ DTC/None/specify other]   |
| 15. | Delivery:  | Delivery [against/free of] payment  |
| 16. | Settlement procedures:   | [Eurobond/Medium Term Note/ other (specify)]  |
| 17. | Additional Paying Agent(s) (if any):   | [HSBC Bank plc] [specify other] [Not applicable]  |
| 18. | Common Depository:   | [HSBC Bank plc] [DTC] [Not applicable] [specify]  |
| 19. | Calculation Agent:   | [HSBC Bank plc] [HSBC France] [other (specify)]   |
| 20. | City in which specified office of Registrar to be maintained:<br>(Condition 15)                                    | [London] [New York] [Not applicable] [specify]  |
| 21. | ERISA Considerations:  | [The Notes may not be purchased by "benefit plan investors". See "Certain ERISA Considerations" in the Offering Memorandum for further information] [give details] [Not applicable] |

**REGISTERED AND HEAD  
OFFICE OF THE ISSUER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**PRINCIPAL PAYING  
AGENT, PRINCIPAL  
WARRANT AGENT, ISSUE  
AGENT, REGISTRAR,  
TRANSFER AGENT AND  
AUTHENTICATION  
AGENT**

**DEALER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**CALCULATION AGENT**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**HSBC France**  
15, rue Vernet  
75008 Paris  
France

**REGISTRAR**

**HSBC Bank USA, National  
Association Corporate Trust**  
452 Fifth Avenue  
New York, New York, 10018  
USA

**LEGAL ADVISERS TO THE  
ISSUER AND THE DEALER**

*as to English law*

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