



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").** Application has been made for this Offering Memorandum to be approved by the Irish Stock Exchange and the securities to be admitted to the Irish Stock Exchange's Official List and to trading on its Global Exchange Market. 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.

This 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. This Offering Memorandum has been prepared solely with regard to Notes and Warrants that are 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**"); Aa2 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 ("**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 and 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-U.S. persons in offshore transactions in reliance on Regulation S. Prospective purchasers are hereby notified that the sellers of Notes and 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.

Programme Arranger, Dealer and Manager
HSBC

12 June 2015

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 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 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, 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.

United States

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") NOR ANY U.S. STATE OR FOREIGN SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED OF THE NOTES OR 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 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 U.S. person nor holding such Notes or Warrants for the account or benefit of a U.S. person unless the Notes and Warrants are being offered and sold in accordance with Rule 144A.

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

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

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

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B ("RSA 421-B") OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF

STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with resales of the Notes or Warrants, the Issuer will promptly furnish, upon request of a holder of a Note or 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.

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

United Kingdom

All applicable provisions of the United Kingdom Financial Services and Markets Act, 2000 (as amended) ("FSMA") must be complied with in respect of anything done in relation to any Notes 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.

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.

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.

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 if (i) the relevant Pricing Supplement for the Credit-Linked Note specifies "*Part F – Product Supplement for Credit-Linked Notes (2003 ISDA Credit Definitions Version)*" is applicable, "*Part F – Product Supplement for Credit-Linked Notes (2003 ISDA Credit Derivative Definitions Version)*" or, if (ii) the relevant Pricing Supplement for the Credit-Linked Notes specifies "*Part G –*

Product Supplement for Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)" is applicable, "Part G – Product Supplement for Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)".

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 28 April 2015 (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.

Risks relating to the Issuer

A description of the risk factors relating to the Issuer that may affect the ability of the Issuer to fulfil its obligations under the Notes and Warrants are set out in (i) the section entitled "Risk Factors" on pages 1 to 19 of the Registration Document (as defined in the section headed "Incorporation by Reference" below).

Risks relating to the Notes and Warrants

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

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

<i>Name of sub-section</i>	<i>Applicable to</i>	<i>Explanation</i>
		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 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.	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 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 markets and/or settled 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)) (" Equity-Linked Notes and Warrants "); or (ii) linked to one or more indices (" Index-Linked Notes and Warrants ").	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 linked to the performance of one or	This sub-section will be relevant for all issues of Notes and Warrants linked to the performance of one or more commodities or

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

<i>Name of sub-section</i>	<i>Applicable to</i>	<i>Explanation</i>
Notes and Warrants	more commodities or commodity indices.	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, 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 to which Part F – Product Supplement for Credit-Linked Notes (2003 ISDA Credit Derivatives Definitions Version) applies	Notes linked to the credit of one or more entities and to which Part F – Product Supplement for Credit-Linked Notes (2003 ISDA Credit Derivatives Definitions Version) applies	This sub-section will be relevant for all issues of Notes linked to the credit of one or more entities for which Part F – Product Supplement for Credit-Linked Notes (2003 ISDA Credit Derivatives Definitions Version) applies. <i>In addition, risk factors from the above sub-sections may be relevant to an issue of such Notes.</i>
(11) Risks relating to Credit-Linked Notes to which Part G – Product Supplement for Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version) applies	Notes linked to the credit of one or more entities and to which Part G – Product Supplement for Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version) applies	This sub-section will be relevant for all issues of Notes linked to the credit of one or more entities for which Part G – Product Supplement for Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version) applies. <i>In addition, risk factors from the above sub-sections may be relevant to an issue of such Notes.</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

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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 is 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.

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

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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 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 Factor, 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.

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(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 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 of 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

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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 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.

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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.

Amounts converted from another currency into the Settlement Currency or calculated by reference to an underlying currency pair

The Pricing Supplement in relation to some Notes may specify that Conversion provisions apply in relation to specified payments under the Notes, in which case the amounts of such payments will be converted into the Settlement Currency in accordance with provisions set out in the relevant Pricing Supplement. The relevant Pricing Supplement may also specify in relation to a Series of Notes or Warrants that certain amounts payable in respect of the Notes or Warrants are to be determined by reference to the exchange rate(s) between one or more underlying currencies. In any such case, the exchange rate and exchange control risks set out above in relation to the Settlement Currency and the Investor's Currency may apply to the Settlement Currency and the underlying currency and/or such underlying currency pair(s).

In addition, if FX Disruption is specified in the relevant Pricing Supplement as being applicable to any Notes or Warrants, then an FX Disruption (as defined in the Conditions) (which includes the imposition of exchange controls and other events disrupting the relevant currency market(s)) may result in exchange rates prevailing at later times being used to calculate amounts payable under the Notes or Warrants (which may decrease the amount payable to the investors), in changes being made to the Notes or Warrants (including as to the due dates for any payments in respect thereof) or in the Notes or Warrants being terminated early and investors receiving an amount equal to their Fair Market Value.

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 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*".

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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. 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. Investors will have to rely on their procedures for transfer, payment and communication with the Issuer to receive payment under the Notes and Warrants. Investors are therefore subject to the risk of those settlement procedures failing such that payments due under the Notes or Warrants may be delayed and that book entries or entries in the register are entered incorrectly which may lead to difficulties with an investor asserting ownership of its 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.

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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.

The Notes and Warrants will be subject to the bail-in tool under the Banking Act.

The Issuer is subject to the "Special Resolution Regime" under the UK Banking Act 2009, as amended (the "**Banking Act**"), which gives wide powers in respect of UK banks and their parent and other group companies to HM Treasury, the Bank of England (the "**BoE**"), the Prudential Regulation Authority (the "**PRA**") and the FCA (each a "**UK resolution authority**") in circumstances where a UK bank has encountered or is likely to encounter financial difficulties.

On 1 January 2015, the Banking Act and other primary and secondary legislative instruments were amended to give effect to the Directive 2014/59/EU (the "**BRRD**") in the UK. The stated aim of the BRRD is to provide supervisory authorities, including the relevant UK resolution authority, with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' contributions to bank bail-outs and/or exposure to losses. In particular, the Banking Act was amended to implement the power to write-down and convert capital instruments (the "**capital instruments write-down and conversion power**") and a "**bail-in tool**", both of which may be exercised by the BoE.

The capital instruments write-down and conversion power may be exercised independently of, or in combination with, the exercise of a resolution tool (other than the bail-in tool, which would be used instead of the capital instruments write-down and conversion power), and it allows resolution authorities to cancel all or a portion of the principal amount of capital instruments and/or convert such capital instruments into common equity Tier 1 instruments when an institution is no longer viable. The point of non-viability for such purposes is the point at which the BoE or the PRA determines that the institution meets the conditions for resolution or will no longer be viable unless the relevant capital instruments are written down or extraordinary public support is provided and without such support the appropriate authority determines that the institution would no longer be viable. The BoE will exercise the capital instruments write-down and conversion power in accordance with the priority of claims under normal insolvency proceedings such that common equity Tier 1 items will be written down before additional Tier 1 and Tier 2 instruments, successively, are written down or converted into common equity Tier 1 instruments. The capital instruments write-down and conversion power does not include a safeguard designed to leave no creditor worse off than in the case of insolvency.

Similarly, where the conditions for resolution exist, the BoE may use the bail-in tool (in combination with other resolution tools under the Banking Act) to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities of a failing financial institution and/or convert certain debt claims into another security, including ordinary shares of the surviving entity. In addition, the BoE may use the bail-in tool to, among other things, replace or substitute the Issuer as obligor in respect of debt instruments, modify the terms of debt instruments (including altering the maturity (if any) and/or the amount of interest payable and/or imposing a temporary suspension on payments) and discontinue the listing and admission to trading of financial instruments. The BoE must apply the bail-in tool in

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accordance with a specified preference order. In particular, the Banking Act requires resolution authorities to write-down or convert debts in the following order: (i) additional Tier 1 instruments, (ii) Tier 2 instruments, (iii) other subordinated claims that do not qualify as additional Tier 1 or Tier 2 instruments and (iv) eligible senior claims. Unlike the capital instruments write-down and conversion power, the bail-in tool has a safeguard designed to leave no creditor worse off than in the case of insolvency.

As a result, the Notes and Warrants will be subject to the bail-in tool and may be subject to a partial or full write-down or conversion to common equity Tier 1 instruments.

Moreover, to the extent the bail-in tool is exercised, the Issuer does not expect any securities issued upon conversion of the Notes or Warrants to meet the listing requirements of any securities exchange. Any securities received upon conversion of the Notes and/or Warrants (whether debt or equity) may not be listed for at least an extended period of time, if at all, or may be on the verge of being delisted by the relevant exchange. Additionally, there may be limited, if any, disclosure with respect to the business, operations or financial statements of the issuer of any securities issued upon conversion of the Notes and/or Warrants, or the disclosure with respect to any existing issuer may not be current to reflect changes in the business, operations or financial statements as a result of the exercise of the capital instruments write-down and conversion power or the bail-in tool. In addition, the exercise of the bail-in tool and/or other actions implementing the bail-in tool may require interests in the Notes and/or Warrants to be held or taken, as the case may be, through clearing systems, intermediaries or persons other than the Depository Trust Company or Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme*. As a result, there may not be an active market for any securities held after the exercise of the bail-in tool.

Noteholders and Warrantheolders should consider the risk that they may lose all of their investment, including the principal amount plus any accrued interest, if the bail-in tool is acted upon or that any remaining outstanding Notes or Warrants (as applicable) or securities into which the Notes or Warrants (as applicable) are converted may be of little value at the time of conversion and thereafter. In addition, trading behaviour, including prices and volatility, may be affected by the threat of bail-in and, as a result, the Notes and Warrants are not necessarily expected to follow the trading behaviour associated with other types of securities. See also "*—Other powers contained in the Special Resolution Regime under the Banking Act may affect noteholders' and warrant holders' rights under, and the value of noteholders' and warrant holders' investment in, the Notes or Warrants (as applicable).*"

Other powers contained in the Special Resolution Regime under the Banking Act may affect noteholders' and warrant holders' rights under, and the value of noteholders' and warrant holders' investment in, the Notes or Warrants (as applicable).

The "Special Resolution Regime" under the Banking Act also includes 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 the Notes and Warrants), to a commercial purchaser or, in the case of securities, into temporary public ownership (to HM Treasury or an HM Treasury nominee), or, in the case of property, rights or liabilities, to a bridge bank (an entity owned by the BoE); (b) together with another resolution tool only, transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down; (c) 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; (d) commence certain insolvency procedures in relation to a UK bank; and (e) override, vary or impose contractual obligations, for reasonable consideration, between a UK bank or its parent and its group undertakings (including undertakings which have ceased to be members of the group), in order to enable any transferee or successor bank of the UK bank to operate effectively.

The Banking Act also gives power to HM Treasury to make further amendments to the law for the purpose of enabling it to use the Special Resolution Regime powers effectively, potentially with retrospective effect.

In addition, the Issuer is a banking group company under the Banking Act in relation to other entities within the group of companies consisting of HSBC Holdings plc and its subsidiary undertakings, which include UK banks, EU institutions or third-country institutions under the Banking Act. As a result, the Issuer may be subject to the exercise of Special Resolution Regime powers if any such entity is failing or is likely to fail, notwithstanding that the Issuer is not failing or is not likely to fail.

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The powers set out in the Banking Act could affect how credit institutions (and their parent companies) and investment firms are managed as well as, in certain circumstances, the rights of creditors. Accordingly, the taking of any actions contemplated by the Banking Act may affect noteholders' and warrant holders' rights under the Notes or Warrants (as applicable), and the value of the Notes and Warrants may be affected by the exercise of any such powers or threat thereof.

Noteholders' and warrant holders' rights may be limited in respect of the exercise of the resolution powers under the Banking Act.

There may be limited protections, if any, that will be available to holders of notes and warrants subject to the resolution powers under the Banking Act (including the Notes and Warrants) and to the broader resolution powers of the relevant UK resolution authority. For example, although under the Banking Act the BoE's resolution instrument with respect to the exercise of the bail-in tool must set out the provisions allowing for securities to be transferred, cancelled or modified (or any combination of these), the resolution instrument may make any other provision that the BoE considers to be appropriate in exercising its specific powers. Such other provisions are expected to be specific and tailored to the circumstances that have led to the exercise of the bail-in tool under the Banking Act and there is uncertainty as to the extent to which usual processes or procedures under English law will be available to holders of securities (including the Notes and Warrants). Accordingly, noteholders and warrant holders may have limited or circumscribed rights to challenge any decision of the BoE or other relevant UK resolution authority to exercise its resolution powers under the Banking Act.

The circumstances under which the relevant UK resolution authority would exercise its resolution powers under the Banking Act or future legislative or regulatory proposals are uncertain, which may affect the value of the Notes and/or Warrants.

There remains significant uncertainty regarding the manner in which the resolution powers under the Banking Act (and any other resolution powers or tools enacted under future legislative or regulatory proposals) would affect the Issuer, the Notes and the Warrants if such powers were exercised.

For example, although the exercise of resolution tools under the Banking Act is subject to certain pre-conditions thereunder, there remains uncertainty regarding the specific factors (including, but not limited to, factors outside the Issuer's control or not directly related to the Issuer) which the BoE would consider in deciding whether to exercise such powers with respect to the Issuer, the Notes or the Warrants. In particular, because the Banking Act allows for the BoE to exercise its discretion in choosing which resolution tool or tools to apply, it will be difficult to predict whether the exercise of the BoE's resolution powers will result in a principal write-off or conversion to equity. Noteholders and Warrant holders may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such resolution powers and consequently its potential effect on the Issuer, the Notes or the Warrants (as applicable).

Accordingly, it is not yet possible to assess the full impact of the exercise of the resolution powers under the Banking Act on the Issuer, and there can be no assurance that the taking of any actions contemplated therein would not adversely affect Noteholders' and Warrant holders' rights, the price or value of Noteholders' and Warrant holders' investment in the Notes or Warrants (as applicable) and/or the Issuer's ability to satisfy its obligations under the Notes and Warrants.

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.

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U.S. – FATCA Withholding

In certain circumstances payments made on or with respect to the Notes or Warrants after 31 December 2016 may be subject to U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (commonly referred to as "**FATCA**").

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 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 registered holder of the Notes and Warrants through its nominee) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries.

France – French Financial Transactions Tax

Pursuant to article 235 ter ZD of the French tax code, acquisitions of equity securities within the meaning of article L 212-1 A of the French Monetary and Financial Code or similar instruments within 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 capitalisation 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 an acquisition of securities (irrespective of which entity issued such securities) when these securities represent French Qualifying Securities ("**Synthetic French Qualifying Securities**"). If applicable, the cost of the French FTT may be deducted from the amounts payable to the Warrantheolders and/or Noteholders.

The French FTT could also 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. If applicable, the cost of this French FTT may be deducted from the amounts payable to the Warrantheolders and/or Noteholders.

If physical settlement of the Notes or Warrants would give rise to an acquisition of French Qualifying Securities or Synthetic French Qualifying Securities, the French FTT would apply to this acquisition (assuming none of the French FTT exemptions provided for by Article 235 ter ZD of the French tax code applies) and the corresponding cost may be charged to the Noteholders or Warrantheolders (as applicable).

Italy – Italian Financial Transactions Tax

Italian financial transaction tax may apply to Notes and Warrants linked to Reference Assets that are securities issued by Italian Issuers.

A financial transaction tax has been introduced under Italian law, ("**Italian FTT**"), pursuant to Article 1, Law 24 December 2012, no. 228, as implemented by Ministerial Decree issued on 21 February 2013. The Italian FTT applies, *inter alia*, on cash settled derivatives ("**Italian FTT on Derivatives**") executed or modified on or after 1 September 2013, both traded or not on Qualifying Markets (as defined below)

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and unlisted, whose underlying are mainly shares or participated financial instruments issued by Italian resident companies or value of shares issued by Italian resident companies, including warrants and certificates. The condition is met when more than 50 per cent. of the equity portion of the underlying is represented by the market value of shares or participated financial instruments issued by Italian resident companies.

Accordingly, there is a risk that the Italian 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. The residence and nationality of the Issuer and any holder of the Affected Instrument and the place of execution of the Affected Instrument would be irrelevant as the application of the Italian FTT on Derivatives is exclusively dependent on the residence of the issuer of the underlying Reference Asset or of the securities underlying a Reference Index.

The Italian FTT on Derivatives applies at a fixed amount, due from 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; and
- 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 per cent. where the transaction is implemented in a regulated market or in a multilateral trading facility. An investor in the Affected Instrument 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.

The issuance of financial instruments qualifying as transferable securities ("*valori mobiliari*") according to article (1)(1-ter)(c) or article (1)(1-ter)(d) of Legislative Decree no. 58 of 24 February 1998, is exempt from Italian FTT on Derivatives. The Italian Ministry of finance clarified that, following the issuance, if a number of intermediate transfers (e.g. intermediate transfers between financial intermediaries) are required before the initial placement of the notes or warrants to the ultimate investors, said intermediate transfers are exempt from Italian FTT. However, Italian FTT will apply to the transactions following the initial placement. In the case of cash-settled transferable securities, the cash settlement of such transferable securities is a transaction outside the scope of Italian FTT on Derivatives.

Besides the Italian 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 ("*Italian FTT on Shares*"), both traded or not on Qualifying Markets (as defined below) and unlisted.

Italian FTT on Shares applies on transactions negotiated and settled as from 1 March 2013. Accordingly, there is a risk that the Italian FTT on Shares could be triggered where the Issuer and/or its affiliates 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 Italian FTT requirement ("*in-scope securities*"). The 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 Italian FTT on Shares is exclusively dependent on the residence of the issuer of the in-scope securities.

The Italian 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.

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

- 0.1 per cent. of the acquisition price on transfers transacted on a Qualifying Market (as defined below); and
- 0.2 per cent. of the acquisition price 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/EC of the European Parliament and Council of 21 April 2004; and
- (ii) markets recognised by the Italian regulator Consob, established in an EU Member State or a state which allows for an adequate exchange of information with Italy.

Italian FTT on Derivatives and Italian FTT on Shares are required to be levied and subsequently paid to the Italian tax authority by financial intermediaries (e.g. banks, trusts and investment companies) or other subjects involved in the execution of the transaction. Where more intermediaries are involved in the execution of the transaction, Italian FTT on Derivatives and Italian FTT on Shares is payable by the subject who receives the order of execution directly from the ultimate purchaser or counterparty. Intermediaries and other non Italian resident subjects having no permanent establishment in Italy which are liable to collect and pay Italian FTT on Derivatives and Italian FTT on Shares to the Italian tax authority may appoint an Italian tax representative for the purposes of collecting and paying Italian FTT on Derivatives and Italian FTT on Shares. If no intermediary or other subjects are involved in the transaction, Italian FTT on Derivatives and Italian FTT on Shares is directly paid by the ultimate purchaser or counterparty.

An investor in the Notes and/or Warrants is subject to the risk that payments under the Affected Instruments will be adversely affected by the Italian FTT as these charges may be deducted from the Cash Settlement Amount or Final Redemption Amount.

Korea

Filing with Korean government in connection with the issuance of Warrants

In order for the Issuer to issue Warrants linked to the lawful currency of Korea (the "**Korean Won**"), the Issuer is required to file a prior report of the issuance with the Ministry of Strategy and Finance (the "**MOSF**"). In addition, the Issuer is also required to submit a report to the MOSF upon receipt of the full proceeds from the offering of the Warrants promptly after the issuance of the Warrants. Unless and until the MOSF accepts the prior report, the issuance of the Warrants is not permitted and the trade will be deemed to be no trade at all. If the Issuer issues the Warrants without such prior report being filed and accepted, it may be subject to criminal penalties and administrative sanctions.

People's Republic of China – China Connect

General

In respect of Notes linked to China Connect Underlyings that are eligible securities listed and traded on any stock exchange (each a "**China Connect Market**") in the PRC which are acceptable to SEHK under any securities trading and clearing links programme developed by SEHK, any such China Connect Market, the HKSCC and the CSDCC for the establishment of mutual market access between SEHK and any such China Connect Market ("**China Connect**", such securities being "**China Connect Underlying**" and the trading of China Connect Underlying through SEHK being "**Northbound Trading**"), such Notes reflect the risks of an investment in such Underlyings by an investor (a "**China Connect Investor**") purchasing such Underlyings through Northbound Trading under China Connect.

If the rules and regulations relating to China Connect become subject to change in the future, the Calculation Agent may determine that a Hedging Disruption or Change in Law has occurred and redeem the Notes at fair market value or terminate the Notes at an amount that the Calculation Agent determines to be fair in the circumstances, by way of compensation to the Noteholders. The China Connect Investor is subject to the risk that such value may be less than what the Noteholders have expected. Furthermore,

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if a China Connect Share Disqualification or a China Connect Service Termination occurs, the Issuer may, at its sole and absolute discretion, determine to adjust certain terms of the Notes or terminate the Notes early. Noteholders may suffer a loss of some or of all of their investment as a result of such adjustment or early termination (as the case may be) and will forego any future appreciation in the relevant Underlying that may occur following such redemption.

Regulatory Requirement

Investments by China Connect Investors under Northbound Trading are subject to, amongst other things, restrictions on maximum percentage holding of the shares issued by a PRC listed company (both on a single foreign investor basis and on an aggregate foreign investor basis).

The investor in the Notes and Warrants will be subjected to the effect of equivalent restrictions and controls to those imposed on China Connect Investors. Therefore, if China Connect Investors became unable to invest directly in or alternatively hold China Connect Underlying or China Connect Investors were not allowed to sell or receive proceeds from the sale of such China Connect Underlying, the value of the Notes and Warrants may be adversely affected and, in the worst case, may become worthless.

Trading Quotas under China Connect

Purchases of China Connect Underlying through China Connect are subject to certain quota controls as detailed below. Unlike the Qualified Foreign Institutional Investor ("QFII") programme (where a certain amount of investment quota is granted to each QFII licence holder), the Aggregate Quota and Daily Quota (as defined below) under China Connect are applicable to the whole market and will be used by all China Connect Investors on a "first-come-first-served" basis. As a result, there is no assurance that a buy order can be successfully placed through China Connect. The aggregate quota (the "**Aggregate Quota**") caps the absolute amount of funds inflow into the PRC under Northbound Trading at a level specified by the SEHK and the China Connect Market. The daily quota (the "**Daily Quota**") caps the net buy value of cross-boundary trades under China Connect on each trading day. The Aggregate Quota or the Daily Quota may change from time to time and investors are advised to refer to the Hong Kong Exchanges and Clearing ("**HKEx**") website and other information published by the HKEx for up-to-date information.

Under the SEHK rules, it will be possible to sell China Connect Underlyings through China Connect irrespective of whether there is a breach of the Aggregate Quota or Daily Quota. If Northbound Trading is suspended as a result of a breach of the Aggregate Quota or Daily Quota, none of the entities in the HSBC Group will be able to submit any further buy orders and any buy orders received but not yet routed to the market may be rejected or delayed until sufficient quota is available. The regulators may also announce further requirements on China Connect which may vary, amend or supplement the requirements as currently known. Any corporate action adjustment shall be determined by the Calculation Agent in accordance with the terms of the Notes and Warrants, with reference to the then applicable laws, rules, regulations and guidance in relation to China Connect. Therefore, if China Connect Investors became unable to invest directly in or alternatively hold China Connect Underlying or China Connect Investors were not allowed to sell or receive proceeds from the sale of such China Connect Underlying, the value of the Notes and Warrants may be adversely affected and, in the worst case, may become worthless.

Taxation Issues

The amount of a payment to the investor under the Notes and Warrants may be decreased to take into account the effect of taxes (including financial transaction taxes, any PRC taxes, duties and similar charges, including, without limitation, any enterprise income tax, any business tax or value-added tax) on or in connection with an investment in the Reference Assets. There is a risk that tax law or practice will change in the future resulting in the imposition of or increase in tax on an investment in, or disposition of, Reference Assets. This will result in a decrease of the amounts payable under the Notes or Warrants.

On 14 November 2014, the PRC Ministry of Finance, the State Administration of Taxation and China Securities Regulatory Commission jointly released Caishui [2014] No.81 dated 31 October 2014 granting temporary exemption from income tax (EIT) and business tax for the gains arising from the sale of shares in a PRC company listed on the Shanghai Stock Exchange and traded through the China Connect, effective 17 November 2014. It is uncertain whether or when such exemptions may expire. If any PRC taxes, duties and similar charges (including, without limitation, any enterprise income tax, any business tax or value-added tax) are applicable to the trading of Reference Assets, it may result in a Hedging

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Disruption or an Increased Cost of Hedging and the Issuer will determine in its sole and absolute discretion whether to terminate the Notes. If the Issuer determines to terminate the Notes, the Calculation Agent may make such adjustments as it, in its sole and absolute discretion, determines to be appropriate to the terms of the Notes. This may result in a lower payment by the Issuer to the Noteholders or Warrant holders.

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.

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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.

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

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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.

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.

(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.

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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.

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,

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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.

(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.

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(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 (the "**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 relating to all issues of Notes and Warrants – Exchange rate risks and exchange control risks".

Specific risks relating to Notes and Warrants linked to Reference Asset(s) denominated in Offshore RMB and traded outside the PRC and Notes and Warrants settled in Offshore RMB outside the PRC

Notes and Warrants linked to Reference Asset(s) denominated in Offshore RMB and traded outside the PRC and Notes and Warrants settled in Offshore RMB outside the PRC may be issued under the Programme. For the purpose of those Notes and Warrants and where the context requires, "**Offshore RMB**" shall refer to Chinese RMB 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 and Warrants. Set out below is a description of some of the risks that should be taken into consideration by prospective investors in such Notes and Warrants.

(a) *RMB is not freely convertible; Restrictions on RMB conversion through relevant 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 and conversion between RMB and foreign currencies, including the Hong Kong dollar, may be subject to certain exchange controls and restrictions from time to time in effect. As a result, any RMB related products may be subject to exchange rate risks (including, but not limited to, lower liquidity and higher volatility) and disruption and liquidity risks which are less common with respect to freely convertible currencies. This may

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adversely affect the liquidity of the Notes and Warrants and thus the value of the Notes and Warrants.

(b) *RMB interest rate risk*

The PRC Government has gradually liberalised its regulation of interest rates in recent years. 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. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

(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 the Alternative Payment Currency 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 the Final Redemption Amount and/or Cash Settlement Amount (as applicable) as a result of Offshore RMB Disruption (as defined in the Conditions), the Issuer shall be entitled to settle any such payment in the Alternative Payment Currency specified in the relevant Pricing Supplement on the due date at the Alternative Payment Currency Equivalent (as defined in the Conditions) of any such Final Redemption Amount and/or Cash Settlement Amount (as applicable). In this case, the risk factors in the section entitled "(1) Risks relating to all issues of Notes and Warrants - Exchange rate risks and exchange control risks" would apply as if the relevant Alternative Payment Currency were the Settlement Currency.

(e) 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 the 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 Warrantholders (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.

In relation to China Connect Underlying, in the case of early closure of the relevant exchange (the "**China Connect Market**"), disruption of such exchange or suspension of trading on such exchange including the early closure or disruption of the securities trading and clearing links programme developed or to be developed by The Stock Exchange of Hong Kong Limited (the "**SEHK**"), the China Connect Market, the Hong Kong Securities Clearing Company Limited and the China Securities Depository and Clearing Corporation for the establishment of mutual market access with SEHK and the China Connect Exchange.

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;

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- **"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;
- **"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;
- **"China Connect Share Disqualification"** may occur where the Underlying Securities cease to be accepted as "China Connect Securities" (as defined in the rules of SEHK) for the purpose of the China Connect Service; and
- **"China Connect Service Termination"** may occur where one or more of the China Connect Market, SEHK, the China Securities Depository and Clearing Corporation, Hong Kong Securities Clearing Company Limited or any regulatory authority with competent jurisdiction permanently suspends or terminates the China Connect Service or a part thereof for any reason which materially affects the routing of orders in respect of, or holding of, the Underlying Securities through the China Connect Service.

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.

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 which is the same entity as the Issuer or an entity within the HSBC group. The role of the Issuer as Index Sponsor 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 the index sponsor, 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, HSBC Bank plc may have economic interests adverse to those of the Warrantholders and Noteholders, including with respect to certain

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determinations and judgments that the Index Sponsor 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 or Warrantholders.

The Reference Indices are calculated by a third party calculation agent as defined in the relevant index rules or summary thereof. The Index Sponsor has no responsibility for the calculation of the Reference Indices and does not guarantee or represent or warrant the accuracy or completeness of the Reference Indices or the data comprised therein.

In respect of any Notes or Warrants linked to HSBC-managed Reference Indices, this Offering Memorandum contains either a full set of the relevant index rules (see "*Annex 1 to Part D – HSBC Managed Indices Rules*") or a summary of the relevant index rules (see "*Annex 2 To Part D – Summaries of HSBC Managed Indices Rules*"). Notes or Warrants linked to one or more Reference Indices managed by HSBC are subject to any applicable risk factors and disclaimers set out in the index rules or the summary of the index rules provided in this Offering Memorandum. To the extent this Offering Memorandum does not contain the full index rules for any HSBC managed Reference Indices, these are available from the Issuer upon request.

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.

U.S. withholding tax may apply to Notes or Warrants linked to Reference Assets that are securities issued by U.S. issuers

Where Notes or Warrants are linked to Reference Assets that are securities issued by U.S. issuers, certain payments on the Notes or Warrants could be subject to U.S. withholding tax (up to 30%, depending on the applicable treaty). In addition, as currently proposed, U.S. withholding tax could be imposed on non-

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U.S. holders of the Notes or Warrants to the extent U.S.-source dividends are paid on the Reference Assets, even if no corresponding payment is made on the Notes or Warrants to such non-U.S. holders.

If U.S. withholding tax is required on Notes or Warrants linked to Reference Assets that are securities issued by U.S. issuers, the Issuer will not be required to pay any additional amounts with respect to the withheld amounts. See "*Taxation— United States Taxation— Withholding on Dividend Equivalent Payments*" below.

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) the relevant fund is (or is to be) wound-up or similar, or makes a restructuring arrangement with its creditors or certain insolvency proceedings or similar are commenced against the fund;
- (ii) 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;
- (iii) resignation, termination or replacement of the fund adviser;
- (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 from those prevailing on the Issue Date;
- (v) 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;
- (vi) it becomes impractical or impossible for the Issuer to hedge its obligations under the Notes or Warrants, as applicable;
- (vii) 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;
- (viii) 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;
- (ix) 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;
- (x) it becomes impractical or impossible for the Calculation Agent to be able to determine the value of the units in the fund and this is likely to continue for the foreseeable future, or there is an information failure which would make it difficult to monitor the fund;
- (xi) the Calculation Agent has determined that it has become illegal to hold the units in the fund or that the Issuer would incur a materially increased cost in performing its obligations under the Notes or Warrants;
- (xii) the Issuer would incur a materially increased amount of tax on its hedge of the Notes and Warrants except for where this is solely due to a deterioration in the Issuer's creditworthiness; or
- (xiii) the index underlying a fund is cancelled, or there is a material change in the formula or method of calculating the underlying index or other material modification of the relevant index, or the index sponsor fails to calculate and announce the underlying index.

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

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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 affect on the value of the Notes or Warrants and any amounts payable thereunder.

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.

Additional considerations/ risk factors set out in offering documents relating to funds

Investors in the Notes and/or Warrants which are linked to funds (including, but not limited to, exchange-traded funds) should note that there may be particular investment considerations and risk factors set out in the offering documentation relating to such funds and are advised to read and consider such offering

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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. 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 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

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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.

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

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certain adjustments that need to be made to the Commodity Index, in order to retain an investment position in the commodity contracts. These adjustments, which are described below and primarily include the mechanic of "rolling" may have a positive or negative effect on the level of the Commodity Index. This feature of a Commodity Index is discussed below – see *risk factor, "Exposure to "Rolling" and its impact on the performance of a Commodity Index"*. As a result, these adjustments may, in certain instances, cause a discrepancy between the performance of the Commodity Index, and the performance of the commodity contracts underlying such Commodity Index. Accordingly, purchasers in Notes that reference Commodity Indices may receive a lower payment upon redemption of such Notes than such purchaser would have received if he or she had invested directly in commodities underlying such Commodity Indices, or a Note whose redemption amount was based upon the spot price of physical commodities or commodity contracts that were scheduled to expire on the maturity date of the Notes.

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

(i) *"Rolling"*

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

(ii) *"Backwardation"*

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

(iii) *"Contango"*

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

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

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

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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 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 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

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- (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 to which Part F-Product Supplement for Credit-Linked Notes (2003 ISDA Credit Derivatives Definition Version) applies

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
- (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

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affiliates) would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation) submitting bids, offers and physical settlement requests with respect to the relevant Deliverable Obligations. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), the Calculation Agent (or an affiliate of it) will be under no obligation to consider the interests of any Noteholder.

- (b) In respect of a Credit Event relating to Credit-Linked Notes, a Credit Event may not be triggered unless either (i) a request is submitted to ISDA within 60 calendar days of the occurrence of such potential Credit Event for the relevant Credit Derivatives Determinations Committee to consider whether the relevant event constitutes a Credit Event (and the Credit Derivatives Determinations Committee subsequently Resolves that such event does constitute a Credit Event) or (ii) a Credit Event Notice (and, if applicable copies of relevant Publicly Available Information) is delivered by the Issuer to the Noteholders within 60 calendar days of the occurrence of such Credit Event and is effective during the Notice Delivery Period. For Succession Events, the look-back mechanics operate in a similar way to the above to provide a cut-off date for any Succession Event to apply to the relevant Credit-Linked Notes. The actual look-back period for a Succession Event is either (i) 90 calendar days from the date on which a request is given to a Credit Derivatives Determinations Committee regarding a Succession Event (if the Credit Derivatives Determinations Committee subsequently Resolves that a Succession Event has occurred) or (ii) 90 calendar days from the date on which the Calculation Agent determines that a Succession Event has occurred. These provisions mean that both (i) there is a time limit on the ability to act on a Credit Event or Succession Event and (ii) it is possible that the Notes could be affected by a Credit Event or Succession Event that took place prior to the Trade Date.
- (c) If the Fallback Settlement Method applies, under the terms of the Notes, the Issuer will be free to select for the purposes of constituting the Portfolio any obligations of the reference entity in respect of which such Credit Event has occurred (whether as principal, guarantor or otherwise) which satisfy the requirements for a Valuation Obligation. Such obligations are likely to be in default at the time of delivery. Furthermore, in selecting such obligations the Issuer will not be required to consider the interests of the Noteholders or mitigate their losses. The Issuer will have complete discretion to select the cheapest, most illiquid obligations of the reference entity so long as such obligations satisfy the requirements for a Valuation Obligation under the terms of the Notes.

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

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

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

No representation by Issuer or Calculation Agent

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

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Dealings by Issuer, Calculation Agent and affiliates

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

No disclosure of information

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

Potential conflict of interest

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

Credit risk

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

Amendments by Calculation Agent

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

No post-issuance information

Unless otherwise specified in the relevant 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

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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 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.

(11) Risks relating to Credit-Linked Notes to which Part G – Product Supplement for Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version) applies

General

The Issuer may issue Notes where the amount of principal and/or interest payable is dependent upon whether certain events ("**Credit Events**") have occurred in respect of one or more entities (together "**Reference Entities**" and each, a "**Reference Entity**") and, if so, on the value of certain specified assets of such Reference Entity(ies) or, where, if such events have occurred, the Issuer's obligation is to deliver certain specified assets upon redemption of the Notes. In this respect, the Notes provide investors with a return linked to the credit of the Reference Entity or Reference Entities, as well as the credit risk of the Issuer in performing its obligations under the Notes, and will not provide protection of principal or a guarantee of interest.

Prospective investors in any such Notes should be aware that depending on the terms of the Credit-Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected, and (iii) they may lose all or a substantial portion of their investment. It is the responsibility of investors to ensure that their

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accounting, regulatory and all other treatments of the Notes are consistent with the conditional nature of their entitlement to receive payments under the Notes.

The market price of such Notes may be volatile and will be affected by factors that interrelate in complex ways, including amongst other things, the Issuer's creditworthiness, the time remaining to the redemption date and the creditworthiness of the Reference Entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions. It is important for investors to understand that the effect of one factor may offset the increase in the market price of the Notes caused by another factor, and that the effect of one factor may exacerbate the decrease in the market price 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. The market price of the Notes may be zero.

Part G (Product Supplement for Credit-Linked Notes – Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)) of this Offering Memorandum contains Additional Terms and Conditions for Credit-Linked Notes with terms based on the 2014 ISDA Credit Derivatives Definitions (the "**2014 ISDA Definitions**"). This is different from Part F (Product Supplement for Credit-Linked Notes – Additional Terms and Conditions relating to Credit-Linked Notes) of this Offering Memorandum, which contains Additional Terms and Conditions for Credit-Linked Notes with terms based on the 2003 ISDA Credit Derivatives Definitions (as supplemented) (the "**2003 ISDA Definitions**").

The Issuer's obligations in respect of Credit-Linked Notes are irrespective of the existence or amount of the Issuer's and/or any affiliates' credit exposure to a Reference Entity and the Issuer and/or any affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

The holders of Credit-Linked Notes will be exposed to the credit of one or more Reference Entities, which exposure shall be, unless otherwise stated in the relevant Pricing Supplement, to the full extent of their investment in such Notes. Upon the occurrence of any of the default events comprising a Credit Event with respect to any Reference Entity, the Noteholders may suffer significant losses at a time when losses may be suffered by a direct investor in obligations of such Reference Entity. However, the holding of a Note is unlikely to lead to outcomes which exactly reflect the impact of investing in an obligation of a Reference Entity, and losses could be considerably greater than would be suffered by a direct investor in the obligations of a Reference Entity and/or could arise for reasons unrelated to such Reference Entity. Noteholders should also note that a Credit Event may occur even if the obligations of a Reference Entity are unenforceable or their performance is prohibited by any applicable law or exchange controls.

The Calculation Agent may exercise its right to deliver a Credit Event Notice even if the relevant Credit Event is no longer continuing and Noteholders will have no right to compel the exercise of this right or to control the timing of a Credit Event Determination Date. Notwithstanding this, in most cases a Credit Event can only be triggered (whether by an ISDA Credit Derivatives Determinations Committee determination or the Calculation Agent) if the relevant event occurred within a 60 calendar day look-back period. These provisions mean that there is a time limit on the ability to act on a Credit Event and that it is possible that the Notes could be affected by a Credit Event that took place prior to the Trade Date.

Not all of the Credit Events require an actual default with respect to the Reference Entity's obligations. Thus Noteholders may bear losses based on a deterioration in the credit of a Reference Entity short of default. Also, not all 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, subject to certain Credit Derivatives Determinations Committee determinations, the Calculation Agent's determination will be binding on the Issuer and Noteholders and may be different from the view of Noteholders, other financial institutions and/or commentators.

The Issuer may determine that certain terms of the Notes (for example the applicable Credit Events, Deliverable Obligations and Obligations) be those set in the Credit Derivatives Physical Settlement Matrix for the Transaction Type(s) specified in the Pricing Supplement for the Reference Entity(ies), rather than being specified in the Pricing Supplement. The Physical Settlement Matrix sets out a number of terms which, depending on the Transaction Type specified, will apply to standard credit derivatives transactions if incorporated into the documentation for those transactions and is published by ISDA on its website at www.isda.org (or any successor website thereto). If applicable to the Notes, the version of the Physical Settlement Matrix which will apply will be that dated the date specified in the relevant Pricing Supplement.

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Redemption following a Credit Event

Where cash settlement or auction settlement applies, the occurrence of a Credit Event in relation to any Reference Entity from time to time may result in a redemption of the Notes in a reduced nominal amount or at zero, and interest-bearing Credit-Linked Notes may cease to bear interest on or prior to the date of occurrence of such circumstance. The value of obligations of the relevant Reference Entity which will affect the amount (if any) due on such redemption may substantially decrease in value during the period between the Credit Event and settlement of the Notes.

Where cash settlement applies and the amount (if any) due on redemption of the Notes is to be calculated by reference to the value of one or more Valuation Obligations of the relevant Reference Entity, the Issuer will select the relevant Valuation Obligations in its sole and absolute discretion irrespective of their market value or liquidity and will not be obliged to consider the interests of Noteholders or mitigate their losses.

Where physical settlement is intended to apply, unless the Issuer does not deliver a Notice of Physical Settlement following the occurrence of a Credit Event because it determines that it would not have any relevant assets to deliver or that all of the relevant assets would be impossible, illegal or impractical to deliver (in which case auction or cash settlement will apply as above), the occurrence of a Credit Event may result in the redemption of the Notes by delivery of certain direct or indirect obligations of the affected Reference Entity and/or obligations received under certain transactions which may be entered into by the Issuer and/or its affiliates in connection with the Issuer's obligations under the Notes, which obligations are likely to have a market value which is substantially less than their par amount (and may substantially decrease in value during the period between the Credit Event and settlement of the Notes), and interest-bearing Credit-Linked Notes may cease to bear interest on or prior to the date of occurrence of such circumstance. Where the Notes provide for physical delivery and the Issuer delivers a Notice of Physical Settlement, the Calculation Agent may nonetheless determine that the specified assets to be delivered are either (a) assets which, for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans), are impossible, illegal or impractical to deliver on the specified settlement date, or (b) assets which the Issuer and/or any affiliate has not received under the terms of any transaction entered into by the Issuer and/or such affiliate in connection with the Issuer's obligations under the Notes. Any such determination may delay settlement in respect of the Notes (in the case of paragraph (b)) and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount (if any) which, in either case, may affect the value of the Notes and, in the case of payment of a cash amount, will affect the timing of the valuation of such Notes and as a result, the amount of principal payable on redemption. In this respect investors should note that neither the Issuer nor its affiliates are under any obligation to acquire any assets for delivery under the Notes and if no such assets are held for these purposes the Notes will be redeemed by payment of a cash amount (if any). Prospective Investors should review the "*Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)*" and the relevant Pricing Supplement to ascertain whether and how such provisions should apply to the Notes.

Investors in the Notes are accordingly exposed, as to both principal and (if applicable) interest, to the credit risk of the Reference Entity. The maximum loss to an investor in the Notes is 100 per cent. of their initial principal investment, together with (if applicable) any accrued interest amounts.

A Credit Event may occur prior to the Trade Date

As mentioned above, holders of the Notes may suffer a loss of some or all principal amount of the Notes in respect of one or more Credit Events that occur prior to the Trade Date or the Issue Date. Neither the Calculation Agent nor the Issuer nor any of their respective affiliates has any responsibility to inform any Noteholder, or avoid or mitigate the effects of a Credit Event that has taken place prior to the Trade Date or the Issue Date.

Increased credit risk is associated with Basket Credit-Linked Notes

Where the Notes are Basket Credit-Linked Notes, the Notes may be subject to redemption in paras described above upon the occurrence of a Credit Event in relation to each Reference Entity in respect of which a Credit Event occurs. The credit risk to Noteholders may further be increased as a result of the

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concentration of Reference Entities in a particular industry sector or geographic area or the exposure of the Reference Entities to similar financial or other risks.

Investors' exposure to the credit performance of the Reference Entities may not correspond to actual market recovery on such Reference Entities.

Interest and principal repayments on the Notes may be calculated by reference to the Adjusted Credit Outstanding Nominal Amount. As at the Issue Date the Adjusted Credit Outstanding Nominal Amount is an amount equal to the Aggregate Principal Amount. If a Credit Event occurs in respect of a Reference Entity, then the Adjusted Credit Outstanding Nominal Amount will be reduced by (i) an amount equal to a predefined portion of the Aggregate Principal Amount (reflecting the Notes' exposure to such Reference Entity) and (ii) if the hedging costs arising in relation to the Issuer's and/or any of its affiliates' hedging arrangements in connection with the partial redemption of the Notes exceed the Recovery Value, such excess. Therefore, investors' exposure to each Reference Entity may exceed the exposure that they might incur in respect of having entered into a standard single name credit default swap as protection seller in respect of each Reference Entity and investors may lose the entire principal amount invested.

Successors

A Reference Entity may be replaced as Reference Entity by one or more Successor(s). For these purposes the relevant Succession Date must occur within a 90 calendar day look-back period, other than in the case of a universal succession, where the Succession Date must have occurred on or after 1 January 2014. These provisions mean that there is a time limit on the ability to act on a succession and that it is possible that the Securities could be affected by a succession that took place prior to the Trade Date.

The Calculation Agent may, if it determines appropriate, select an alternative Transaction Type for any Successor to a Reference Entity and adjust such of the Conditions, the Credit Linked Conditions and/or the relevant Pricing Supplement as it determines appropriate to reflect such new Transaction Type and determine the effective date of any such change and adjustment.

In addition, where more than one Successor to a Reference Entity has been identified the Calculation Agent shall adjust such of Conditions, the Credit Linked Conditions and/or the relevant Pricing Supplement as it shall determine to be appropriate (including, without limitation, the relevant Reference Entity Notional Amount and (if applicable) the relevant Transaction Type) to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment.

Maturity Date extension, interest postponement and settlement suspension

Investors should note that the maturity of the Notes may be extended beyond the Scheduled Maturity Date in circumstances where a Credit Event may have occurred in relation to a Reference Entity or a Potential Credit Event has or may have occurred in relation to a Reference Entity. As a result, repayment to the Noteholders may be delayed for a significant period of time even in circumstances where it transpires no Credit Event has occurred. In addition, the maturity of the Notes may be extended and ongoing interest payments may be delayed if there is a pending Credit Derivatives Determinations Committee decision at the relevant time.

The Credit Linked Conditions also provide that if, following the determination of a Credit Event Determination Date but prior to a cut-off date, there is a DC Credit Event Meeting Announcement, the Calculation Agent may at its option determine that the applicable timing requirements of the Credit Linked Conditions and the definitions of Credit Event Redemption Date, Credit Event Payment Date, Valuation Date, Maturity Date, Physical Settlement Period and PSN Cut-off Date and any other Credit Linked Condition as determined by the Calculation Agent, shall toll and be suspended and remain suspended (such period of suspension, a "**Suspension Period**") until the date of the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal. At that point, the relevant timing requirements of the Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by the DC Secretary.

In the event of any such Suspension Period, the Calculation Agent may make (i) such consequential or other adjustment(s) or determination(s) to or in relation to the Credit Linked Conditions as may be

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desirable or required either during or following any relevant Suspension Period to account for or reflect such suspension, and (ii) determine the effective date of such adjustment(s) or determination(s).

In the case of interest-bearing Credit-Linked Notes:

- (a) if a Suspension Period falls in any one or more Interest Period(s), then no interest shall accrue during each portion of an Interest Period during which a Suspension Period exists; and
- (b) if an Interest Payment Date falls in a Suspension Period, payment of the relevant interest will be deferred until after the end of the Suspension Period.

Amendment of Credit Linked Conditions in accordance with market convention

The Calculation Agent may from time to time amend any provision of the Credit Linked Conditions (i) to incorporate and/or reflect further or alternative documents or protocols 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, including without limitation, in relation to settlement, credit events and successors, and/or (ii) in any manner which the Calculation Agent determines in a commercially reasonable manner is necessary or desirable to reflect or account for market practice for credit derivative transactions and/or reflect hedging arrangements of the Issuer.

ISDA Credit Derivatives Definitions

Whilst there are many similarities between the terms used in this Offering Memorandum (in particular, in Part G (Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version))) and the terms used in the 2014 ISDA Definitions, there are many substantial differences and a prospective investor should understand that the complete terms and conditions of the Notes are as set out in the relevant sections of this Offering Memorandum and the relevant Pricing Supplement and that the 2014 ISDA Definitions are not incorporated by reference herein. Consequently, investing in Credit-Linked Notes is not necessarily equivalent to investing a credit default swap that incorporates the 2014 ISDA Definitions.

While ISDA has published and, where appropriate, supplemented the 2014 ISDA Definitions in order to facilitate transactions and promote uniformity in the credit derivatives market, the credit derivatives market has evolved over time and is expected to continue to change. Consequently, the 2014 ISDA Definitions and the terms applied to credit derivatives generally, including Credit-Linked Notes are subject to further evolution. Past events have shown that the view of market participants may differ as to how sets of ISDA Definitions operate or should operate. As a result of the continued evolution of the market, the Credit-Linked Notes may not conform to future market standards. Such a result may have a negative impact on the Credit-Linked Notes and there can be no assurances that changes to the terms applicable to credit derivatives generally will be predicable or favourable to the Issuer or the Noteholders.

Differences between the 2003 ISDA Definitions and the 2014 ISDA Definitions

There are a number of important differences between the 2003 ISDA Definitions and the 2014 ISDA Definitions. In particular, the 2014 ISDA Definitions have:

- (a) introduced a new Credit Event of "Governmental Intervention", which is intended to capture "bail-in" procedures to which financial institutions may be subject;
- (b) made certain amendments to the Restructuring Credit Event to provide for the possibility of a Euro exit;
- (c) reduced the number of buckets applicable in circumstances where Mod Mod R is applicable and deleted the concept of the "Enabling Obligation" which was previously applicable to both Mod R and Mod Mod R;
- (d) introduced the concept of Asset Package Delivery in respect of certain Financial Reference Entities and Sovereigns. This provides that if Deliverable Obligations are exchanged into non-Deliverable assets or written-down in part or in full, in certain circumstances, the credit protection buyer will be able to deliver the resultant package of Assets or the written-down Deliverable Obligation to realise its protection;

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- (e) split credit protection between senior and subordinated coverage in respect of a Governmental Intervention and Restructuring Credit Event for Financial Reference Entities, i.e. a Senior Transaction will only be triggered by a Restructuring or Governmental Intervention of Senior Obligations and a Subordinated Transaction will not be capable of being triggered by a Restructuring or Governmental Intervention of an obligation which is Subordinated to the Subordinated Reference Obligation;
- (f) made a number of changes to the provisions for determining a Successor to a Reference Entity, particularly with respect to Financial and Sovereign Reference Entities;
- (g) provided for a new election of "Standard Reference Obligation" which, if chosen, will mean that the Reference Obligation will be the obligation of the relevant seniority level published in respect of the relevant Reference Entity on a List maintained by ISDA. A transaction on the terms of the 2014 ISDA Definitions may elect not to apply that election such that the Reference Obligation would remain as chosen by the parties, although, if this is the case, the procedure for selecting a Substitute Reference Obligation has also changed significantly in the 2014 ISDA Definitions;
- (h) replaced the Not Contingent Deliverable Obligation Characteristic with the concept of Outstanding Principal Balance. In order for an obligation (including the Reference Obligation) to constitute a Deliverable Obligation, it must have an Outstanding Principal Balance greater than zero;
- (i) amended the definition of "Qualifying Guarantee" to expand the universe of guarantees that can constitute Qualifying Guarantees (with a particular emphasis on including, to some extent, guarantees with caps or transfer provisions); and
- (j) introduced a large number of technical and other changes.

These changes in the 2014 ISDA Definitions as compared to the 2003 ISDA Definitions have been reflected in the Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version) in Part G of this Offering Memorandum, but in each case subject to important differences, including to reflect the nature of the Notes as compared to "over-the-counter" transactions and to reflect any hedging arrangements the Issuer may put in place. Some changes, such as the inclusion of a new Credit Event, may have significant economic effect on the Credit-Linked Notes and may mean the value of the Credit-Linked Notes and the return (if any) to investors is significantly different from Credit-Linked Notes using the Additional Terms and Conditions relating to Credit-Linked Notes in Part F of this Offering Memorandum. Some changes may be disadvantageous to Noteholders and prospective investors should review carefully the terms of any issue of Notes and, where in any doubt, take advice from suitably qualified professional advisers.

Risks relating to Auction Settlement of Credit-Linked Notes

Where an Auction Final Price Determination Date occurs in respect of Credit-Linked Notes, the Auction Final Price will be determined according to an auction procedure set out in the applicable Transaction Auction Settlement Terms, a form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time-to-time. The Auction Final Price determined pursuant to an auction may be less than the market value that would otherwise have been determined in respect of the relevant Reference Obligation.

The Issuer and the Noteholders may have little or no influence in outcome of any such auction. However, there is a possibility that the Issuer or the Calculation Agent (or one of their 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): (a) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the auction; and (b) 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), neither the Issuer nor the Calculation Agent (or any of their affiliates) shall be under any obligation to consider the interests of any Noteholder.

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No representation by Issuer, Calculation Agent and affiliates

None of the Issuer, the Calculation Agent nor any of their respective affiliates makes any representation whatsoever with respect to any Reference Entity, Reference Obligation(s) or other underlying obligation(s).

Dealings by Issuer, Calculation Agent and affiliates

The Issuer, the Calculation Agent and any of their respective affiliates may deal in Reference Obligation(s) or other underlying obligation(s) of any Reference Entity 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, any Reference Entity, any affiliate of any Reference Entity, and/or any other person or entity having obligations relating to any Reference Entity and may act with respect to such business in the same manner as each of them would if the Notes had not been issued, regardless of whether any such action might have an adverse effect on any Reference Entity, Reference Obligation(s) or other 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 any of their respective affiliates may, whether by virtue of the types of relationships described herein or otherwise, on the issue date of any Notes or at any time thereafter, be in possession of information in relation to any Reference Entity, Reference Obligation(s) or other underlying obligation(s) thereof that is or may be material in the context of the issue of Notes and that may or may not be publicly available or known to Noteholders. There is no obligation on the part of the Issuer, the Calculation Agent or any such affiliates to disclose to the Noteholders any such relationship or information (whether or not confidential).

Potential conflicts of interest

HSBC Bank plc as Calculation Agent or Issuer will be entitled to make certain determinations and actions and exercise certain discretions under the Credit Linked Conditions including (*inter alia*) as to whether an event constituting a Credit Event has occurred. In doing so, 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 fiduciary for or as an adviser to any of the Noteholders in respect of any such or otherwise.

No post-issuance information

The Issuer will not provide investors with any post-issuance information regarding any Reference Entity, Reference Obligation(s) or other underlying obligation(s). In addition, prospective investors should understand that historical performance of a Reference Entity, Reference Obligation or other underlying obligation should not be viewed as predictive of future results.

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 currency of any relevant underlying obligation(s) of a Reference Entity, and (iii) the relevant local currency of the investor's domicile.

Additional risks relating to Leveraged Credit-Linked Notes

Leveraged Credit-Linked Notes provide investors with a leveraged exposure to the credit of the relevant Reference Entity 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 each Note's *pro rata* share of 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,

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investors in Leveraged Credit-Linked Notes risk losing all or some of their investment as a result of movements in the credit spreads relating to the Reference Entity even if no Credit Event occurs.

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 2014 Annual Report and Accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2014 (the "**2014 Annual Report and Accounts**") and the additional financial information document in relation to the year ended 31 December 2014 submitted to and filed with the Irish Stock Exchange (the "**Additional Information**"). The Additional Information is additional financial information, which is intended to be read in conjunction with the 2014 Annual Report and Accounts, but which is not required to be included in the 2014 Annual Report and Accounts by either the UK Companies Act 2006 (the "**Companies Act**") or by International Financial Reporting Standards. It includes commentary on the results of the Issuer and its subsidiaries (the "**Group**") in 2013 versus 2012 and certain statistics and other information. The Additional Information has been published by the Issuer together with the 2014 Annual Report and Accounts;
- (b) the 2013 Annual Report and Accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2013 submitted to and filed with the Irish Stock Exchange ("**ISE**") (the "**2013 Annual Report and Accounts**") and the additional financial information document in relation to the year ended 31 December 2013 submitted to and filed with the ISE (the "**2013 Additional Information**"). The 2013 Additional Information is additional financial information, which is intended to be read in conjunction with the 2013 Annual Report and Accounts, but which is not required to be included in the 2013 Annual Report and Accounts by either the Companies Act or by International Financial Reporting Standards. It includes commentary on the results of the Group in 2012 versus 2011 and certain statistics and other information, including adjusted 2012 and 2011 segmental information comparatives to reflect changes to the Issuer's management structure. The 2013 Additional Information has been published by the Issuer together with the 2013 Annual Report and Accounts;
- (c) the registration document relating to the Issuer dated 28 April 2015 and filed with the Irish Stock Exchange (the "**Registration Document**");
- (d) the articles of association of the Issuer dated 20 October 2010;
- (e) 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**");
- (f) 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**");
- (g) 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**");
- (h) 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**");
- (i) 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**");
- (j) 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**");

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- (k) 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**");
- (l) 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**"); and
- (m) the Terms and Conditions of the Notes contained at pages B-1 to B-36, B-53 to B-61, D-3 to D-35, E-3 to E-11, F-5 to F-33, F-54 to F-86, F-111 to F-138, F-161 to F-170 and the Terms and Conditions of the Warrants contained at C-1 to C-23, C-35 to C-40, D-66 to D-90 and E-29 to E-37, in the Offering Memorandum of the Issuer dated 18 June 2013 (the "**2013 Conditions**"),
- (n) the Terms and Conditions of the Notes contained at pages B-1 to B-37, B-54 to B-62, D-1 to D-34, E-3 to E-11, F-2 to F-31, F-52 to F-88, F-111 to F-144, F-168 to F-196 and the Terms and Conditions of the Warrants contained at C-1 to C-23, C-25 to C-40, D-67 to D-92 and E-29 to E-37, in the Offering Memorandum of the Issuer dated 18 June 2014 (the "**2014 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 this 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 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 (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 depositary or safekeeping links have been established with Euroclear, Clearstream, Luxembourg, DTC and CREST to facilitate the initial issuance of Notes and Warrants and, in relation to Euroclear, Clearstream, Luxembourg and DTC only, cross-market transfers of Notes and Warrants between investors associated with secondary market trading. Transfers within Euroclear, Clearstream, Luxembourg, DTC and CREST will be in accordance with the usual rules and operating procedures of the relevant system.

CREST

Please 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 and Warrants 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 or Warrants. Consequently, the ability to transfer interests in a Global Registered Note or Warrant 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 Warrant to pledge such interest to

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persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

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

In respect of Registered Notes and Warrants, 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 or Warrants (as applicable) 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 or Warrants 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 and 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 Unrestricted Global Registered Notes and Warrants and a Restricted Global Registered Notes and Warrants will be in uncertificated book-entry form. Purchasers electing to hold book-entry interests in the Notes or Warrants through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional eurobonds. Book-entry interests in the Global Registered Notes or Warrants 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 or Warrants 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 or Warrants following confirmation of receipt of payment to the Issuer on the relevant issue date.

Secondary Market Trading in relation to Global Registered Notes and Warrants

Trading between Euroclear and/or Clearstream, Luxembourg participants: Secondary market sales of book-entry interests in the Notes and Warrants held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes and Warrants 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 a of a transfer of an interest in the Notes or Warrants from accountholders of a beneficial interest in an Unrestricted Global Registered Note or Warrant to an accountholder wishing to purchase a beneficial interest in a Restricted Global Registered Note or Warrant (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 and Warrants 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.

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Trading between DTC seller and Euroclear/Clearstream, Luxembourg purchaser: When book-entry interests in Notes and Warrants are to be transferred from the account of a DTC participant holding a beneficial interest in a Restricted Global Registered Note or Warrant to the account of a Euroclear or Clearstream, Luxembourg accountholder wishing to purchase a beneficial interest in an Unrestricted Global Registered Note or Warrant (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 and Warrants registered in the name of Cede & Co. and evidenced by the Restricted Global Registered Note and (ii) increase the amount 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, and evidenced by the Unrestricted Global Registered Note and Warrant. 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 and Warrants 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 or Warrant (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 depository 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 depository 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 and Warrants free of payment to the relevant account of the DTC participant and (b) instruct the Registrar to (i) decrease the amount 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 and evidenced by the Unrestricted Global Registered Note or Warrant and (ii) increase the amount of Notes and Warrants registered in the name of Cede & Co. and evidenced by the Restricted Global Registered Note or Warrant.

Although the foregoing sets out the procedures of Euroclear, Clearstream, Luxembourg and DTC in order to facilitate the transfers of interests in the Notes and Warrants 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. 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 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 VI of the FSMA) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. The 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.
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 HMRC's Statement of Practice 4/96, 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 additional tier 1 or tier 2 capital adopted by the United Kingdom Prudential Regulation Authority whether or not it actually counts towards additional tier 1 or tier 2 capital for regulatory purposes; or

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- (b) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.

In a technical note published in December 2013 in connection with the introduction of an exemption from withholding for regulatory capital securities, HMRC announced that Statement of Practice 4/96 will be withdrawn in due course and guidance will be issued reflecting HMRC's views on certain matters described therein.

- 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. HMRC have powers to obtain information, including in relation to interest or payments treated as interest and payments derived from securities. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information in connection with transactions relating to the Notes. Information obtained by HMRC may be provided to tax authorities in other countries.
- 2. Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

(D) Other Rules Relating to United Kingdom Withholding Tax

- 1. Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above, but may be subject to reporting requirements as outlined above.
- 2. Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.
- 3. Where interest or any other payment has been paid under deduction of United Kingdom income tax, Noteholders or Couponholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
- 4. The references to "**interest**" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "**interest**" or "**principal**" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders or Couponholders should

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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. Warrantheolders who are in any doubt as to their tax position should consult their professional advisers. Warrantheolders 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, Warrantheolders 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.

Other Taxation Matters – Notes and Warrants

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, Austria is instead required (unless during that period it elects 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).

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A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest. Investors who are in any doubt as to their position should consult their professional advisers.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

EU Taxation – Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed FTT has very broad scope. If introduced in the form proposed on 14 February 2013, it could apply to certain dealings in Notes or Warrants (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes or Warrants should, however, be exempt.

Under the 14 February 2013 proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes or Warrants where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by the participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes and Warrants are advised to seek their own professional advice in relation to the FTT.

United States 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.

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 this Offering Memorandum or relevant Pricing Supplement. This summary does not purport to consider all the possible U.S. federal income tax consequences of the

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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 also does not address any aspect of U.S. federal taxation other than U.S. federal income taxation (such as the estate and gift tax (except to the extent explicitly addressed below) or the Medicare tax on net investment income). The summary is based upon the U.S. 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 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 this 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**")

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(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. 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

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principal payments and the number of complete years to maturity from the issue date or (ii) 15 per cent. of the total non-contingent principal payments, (b) it does not provide for any stated interest other than stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it provides that a qualified floating rate or objective rate in effect at any time during the term of the Note is set at a current value of that rate (i.e., the value of the rate on any day that is no earlier than three months prior to the first rate day on which the value is in effect and no later than one year following that first day).

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

An "**objective rate**" is a rate other than a qualified floating rate that is determined using a single fixed formula and that is based upon objective financial or economic information, other than information that is within the control of the issuer or a related party, or that is unique to the circumstances of the issuer or a related party such as dividends, profits or the value of the issuer's (or related party's) stock (but not the issuer's credit quality). Despite the foregoing, a variable rate of interest on Floating Rate Notes will not constitute an objective rate if it is reasonably expected that the average value of such rate during the first half of the Floating Rate Notes term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Floating Rate Notes' term. A "**qualified inverse floating rate**" is any objective rate where such rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to reflect inversely contemporaneous variations in the qualified floating rate (disregarding any caps, floors, governors or other restrictions that are fixed throughout the term of the Floating Rate Notes or are not reasonably expected to significantly affect the yield on the Floating Rate Notes).

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

If a Floating Rate Note provides for stated interest at a single qualified floating rate or objective rate that is unconditionally payable in cash or in property (other than debt instruments of the issuer) or that will be constructively received by the 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

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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 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.

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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 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

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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.

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.

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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 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.

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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. 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

Part A – Information Relating to the Programme Generally – Taxation

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 below of dividend equivalent payments, FATCA and backup withholding, (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 below of dividend equivalent payments, FATCA and backup withholding, 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 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.

Withholding on Dividend Equivalent Payments

The U.S. Treasury Department has released proposed regulations under Section 871(m) of the Code, which require withholding of up to 30 per cent. (depending on whether an income tax treaty or other exemption applies) on payments or deemed payments made to non-U.S. persons on certain financial instruments to the extent that such payments are treated as being contingent upon, or determined by reference to, U.S.-source dividends. Significant aspects of the application of these regulations to the Notes and Warrants are uncertain. Payments on Notes or Warrants made after 31 December 2015 that are treated by the applicable Treasury regulations as being contingent upon, or determined by reference to, any U.S. source dividends may be subject to this withholding. In addition, as currently proposed, the regulations could impose withholding tax on Non-U.S. Holders to the extent U.S.-source dividends are paid on the underlying equity securities, even if no corresponding payment is made on the Notes or Warrants to the Non-U.S. Holders. Withholding under Section 871(m) will not be imposed on Notes or Warrants that are issued prior to the date that is 90 days after the final regulations under 871(m) of the Code are published. The Issuer would have no obligation to pay any additional amounts in relation to such withholding or deduction.

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

Part A – Information Relating to the Programme Generally – Taxation

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-8BEN-E, 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

The United States has enacted rules, commonly referred to as "FATCA", that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA.

The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with the United Kingdom (the "IGA"). Under the IGA, as currently drafted, the Issuer does not expect non-U.S. source payments made on or with respect to the Notes or Warrants to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes or Warrants in the future.

Whilst the Notes and Warrants are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes and Warrants by the Issuer, any paying agent or the common depositary, 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 or 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 and Warrants will only be printed in remote circumstances. An investor should be aware that if any payments in relation to a Note or 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 8 (*Taxation*) of the Notes or Condition 9 (*Taxes*) of the Warrants.

CERTAIN ERISA CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes certain restrictions on employee benefit plans that are subject to Title I of ERISA ("**ERISA Plans**") and on persons who are fiduciaries with respect to such ERISA Plans. In accordance with the ERISA's general fiduciary requirements, a fiduciary with respect to any such ERISA Plan who is considering the purchase of Notes and/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 U.S. Internal Revenue Code of 1986, as amended (the "**Code**") prohibit certain transactions between an ERISA Plan or other plan subject to Section 4975 of the Code (such plans and ERISA Plans, together "**Plans**") and persons who have certain specified relationships to the Plan ("parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of Section 4975 of the Code). Thus, a Plan fiduciary, to the extent permitted, considering the purchase of Notes and/or Warrants should consider whether such a purchase might constitute or result in a prohibited transaction under ERISA or Section 4975 of the Code.

The Issuer or dealers selling Notes and/or Warrants may each be considered a "party in interest" or a "disqualified person" (collectively, "**Parties in Interest**") with respect to many Plans. The purchase of Notes and/or Warrants by a Plan with respect to which the Issuer or the dealers selling Notes and/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. The types of transactions between the Plans and Parties in Interest that are prohibited include: (a) sales, exchanges or leases of property, (b) loans or other extensions of credit and (c) the furnishing of goods and services. Certain Parties in Interest that participate in a non-exempt prohibited transaction may be subject to an excise tax under ERISA or the Code. In addition, the persons involved in the prohibited transaction may have to rescind the transaction and pay an amount to the Plan for any losses realised by the Plan or profits realised by such persons and certain other liabilities could result that have a significant adverse effect on such persons. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, depending in part on the type of Plan fiduciary making the decision to acquire Notes and/or Warrants and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption ("**PTCE**") 95-60 (relating to investments by insurance company general accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by an in-house asset manager). There can be no assurance that any exception or exemption from the prohibited transaction rules will be available with respect to any particular transaction involving Notes and/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 and/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), if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), are not subject to Section 406 of ERISA or Section 4975 of the Code. However, such plans may be subject to the provisions of applicable federal, state or local or other laws, rules or regulations ("**Similar Law**") similar to the foregoing provisions of ERISA or the Code. Fiduciaries of such plans ("**Similar Law Plans**") should consider applicable Similar Law when investing in Notes and/or Warrants.

The Pricing Supplement applicable to each Tranche of Notes or Warrants will specify either "ERISA prohibited" (in which case purchases of such Notes or Warrants (as the case may be) by benefit plan investors ("**Benefit Plan Investors**") are prohibited) or "ERISA terms apply" (in which case certain such purchases are permitted, subject to restrictions). "**Benefit Plan Investors**" include (1) any employee benefit plan (as defined in Section 3(3) of ERISA), that is subject to Part 4 of Title I of ERISA, (2) any plan described in Section 4975(E)(1) of the Code, including, without limitation, individual retirement accounts and Keogh plans, and (3) any entity whose underlying assets include plan asset by reason of a plan's investment in the entity pursuant to the Plan Asset Regulation issued by the United States Department of Labor, 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA.

Part A – Information Relating to the Programme Generally – Certain Erisa Considerations

If the Pricing Supplement in relation to a Tranche of Notes or Warrants specifies that "ERISA prohibited", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Note or Warrant (such as an investment manager), by such purchase or holding of any offered Note or Warrant (or any interest therein) will be deemed to represent (the latter, in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note or Warrant through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note or Warrant, that such purchaser or transferee is not (and for so long as it holds such Note or Warrant or an interest therein will not be), and is not (and for so long as it holds such Note or Warrant or an interest therein will not be) acting on behalf of, (A) a Benefit Plan Investor (as defined in Section 3(42) of ERISA), or (B) a governmental, church or non-U.S. plan whose acquisition, holding and disposition of such Note or Warrant or interest therein would result in a violation of any Similar Law.

If the Pricing Supplement in relation to a Tranche of Notes or Warrants specifies that "ERISA terms apply", then each purchaser or transferee and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Note or Warrant (such as an investment manager), by such purchase or holding of any offered Note or Warrant (or any interest therein) will be deemed to represent (the latter, in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note or Warrant through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note or Warrant, that either (A) such purchaser or transferee is not (and for so long as it holds such Note or Warrant or an interest therein will not be), and is not (and for so long as it holds such Note or Warrant or an interest therein will not be) acting on behalf of, a Benefit Plan Investor as defined in Section 3(42) of ERISA or a governmental, church or non-U.S. plan which is subject to any Similar Law, including any entity whose underlying assets include the assets of any Benefit Plan Investor or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Benefit Plan Investor or Similar Law Plan, or (B) (i) such purchaser or transferee's acquisition, holding and disposition of such Note or Warrant or an interest therein does not and will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code as a result of satisfying all of the applicable conditions of one or more of the following exemptions: PTCE 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23, or such other prohibited transaction exemption for which the purchaser or transferee (and, if applicable, any person or entity acting on behalf of such purchaser or transferee) demonstrates to the satisfaction of the Issuer that all applicable conditions are satisfied (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law), and (ii) neither Issuer nor its affiliates has provided any advice that has formed or may form a primary basis for the decision to purchase, hold, or dispose of any interest in the Note or Warrant on behalf of any purchaser or transferee.

The sale of Notes and/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.

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 paragraph.

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 the board of directors of the Issuer (the "**Board**") and a committee of the Board passed on 30 July 2008 and 20 May 2015, respectively.
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. Generally, any notice, document or information to be sent or supplied by the Issuer to its shareholder(s) may be sent or supplied in accordance with the Companies Act 2006 (the "**Act**") (whether authorised or required to be sent or supplied by the Act or otherwise) in hard copy form or in electronic form. If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Issuer is unable effectively to convene a general meeting by notices sent through the post, subject to the Act, a general meeting may be convened by a notice advertised in at least one United Kingdom national newspaper. Such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day on which the advertisement first appears. In any such case the Issuer shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.
6. Notices to the Noteholders or Warranholders are made in accordance with the Conditions of the relevant Notes or Warrants, as applicable.
7. 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.
8. KPMG Audit Plc ("**KPMG**") Chartered Accountants of 15 Canada Square, London E14 5GL, United Kingdom has audited without qualification the Financial Statements contained in the Annual Report and Accounts of the Bank for the financial years ended 31 December 2013 and 2014. On 2 August 2013, HSBC Holdings plc and its subsidiary undertakings (the "**HSBC Group**") announced its intention to appoint PricewaterhouseCoopers LLP ("**PwC**") as auditor of the HSBC Group companies for the year ending 31 December 2015. PwC was appointed on 23 February 2015 to fill the casual vacancy arising from KPMG's resignation. A resolution to appoint PwC as auditor of the Bank was passed at the Annual General Meeting held on 24 April 2015.

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

9. Save as disclosed in paragraph 12 below, 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 2014.
10. Save as disclosed in Note 37 "Legal proceedings and regulatory matters" on pages 186 to 190 of the 2014 Annual Report and Accounts (incorporated by reference herein), there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened 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/or the Issuer and its subsidiaries.
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 2014 annual report and accounts and the additional information document for the year ended 31 December 2014 of the Issuer; and
 - (c) the 2013 annual report and accounts and the additional information document for the year ended 31 December 2013 of the Issuer.
12. Following the publication of Moody's new rating methodology in March 2015, Moody's announced on 28 May 2015 that the long-term credit rating of the Issuer was revised as follows:

Previous long-term credit rating of the Issuer	Revised long-term credit rating of the Issuer as of 28 May 2015
Aa3	Aa2

13. The purpose of this Base Prospectus Supplement is to disclose that, at a presentation to investors on 9 June 2015, further details of the Issuer's plans for complying with United Kingdom ring-fencing legislation were provided. The relevant structural changes to the Issuer are likely to include the transfer of its current retail operations, including qualifying components of the Issuer's Retail Banking and Wealth Management, Commercial Banking and Global Private Banking business segments, to a separate ring-fenced entity.
14. A Schmitz, with effect from 2 June 2015, has stepped down from the Issuer's Executive Committee.
15. C G von Schmettow, with effect from 2 June 2015, became a member of the Executive Committee. Her business address is Königallee 21/23 40212 Düsseldorf. C G von Schmettow is Chief Executive Officer and Head of Global Markets and Capital Financing of HSBC Trinkaus & Burkhardt AG. C G von Schmettow has no principal activities performed outside the Issuer which are significant with respect to the Issuer. There are no existing or potential conflicts of interest between any duties owed to the Issuer by its directors and its Executive Committee and the private interests and/or external duties owed by these individuals (including C G von Schmettow).

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 12 June 2015 (the "**Deed of Covenant**"). The Notes also have the benefit of a master note issuance agreement dated 24 February 1999 as most recently modified, supplemented and/or restated on 12 June 2015 (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 most recently modified, supplemented and/or restated on 12 June 2015 (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, National Association as transfer agent (HSBC Bank plc or, as the case may be, HSBC Bank USA, National Association 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, National Association as registrar (HSBC Bank plc or, as the case may be, HSBC Bank USA, National Association 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.

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

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below) of Notes, and copies of the relevant Pricing Supplement, this 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 (i) 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 or (ii) if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the rate of exchange determined in accordance with, or derived from the Alternative Payment Cross Currency Rate and the Settlement Currency Exchange Rate, each as specified in the relevant Pricing Supplement, as determined in good faith and in a commercially reasonable manner by the Calculation Agent. 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 Cross Currency Rate**" means, for any Alternative Payment Currency Fixing Date, the currency exchange rate between the USD and the Alternative Payment Currency as observed by the Calculation Agent on the Alternative Payment Currency Fixing Page at or around the Alternative Payment Currency Fixing Time;

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"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;

"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 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 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

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a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

"Calculation Amount" 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 (i) 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; (ii) 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; or (iii) if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the conversion rate of exchange determined in accordance with, or derived from the Denomination Currency Conversion Rate and the Settlement Currency Conversion Rate, each as specified in the relevant Pricing Supplement, as determined in good faith and in a commercially reasonable manner by the Calculation Agent. 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 Rate Business Day the immediate following day that is a Conversion Rate 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 or there is no successor page, 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 Euroclear UK and Ireland Limited (formerly known as CRESTCo Limited);

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"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);
- (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:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

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"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" 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 D₁ is greater than 29, in which case D₂ will be 30;

- (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:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" 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 D₂ 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:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" 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 D₁ will be 30; and

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"D₂" 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 D₂ will be 30;

"**Dealer Poll**" means, in respect of any time on any relevant day, that the Calculation Agent will request each of the Reference Dealers to provide a quotation of its rate for the Underlying Currency Pair Exchange Rate or Conversion Rate, at the applicable time on such relevant day. If, for any such rate, at least two quotations are provided, the relevant rate will be the arithmetic mean of the quotations. If fewer than two quotations are provided for any such rate, the relevant rate will be the arithmetic mean of the relevant rates quoted by major banks in the relevant market, selected by the Calculation Agent at or around the applicable time on such relevant day;

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

"**Denomination Currency Conversion Rate**" means, for any Conversion Rate Fixing Date, the currency exchange rate between the USD and the Denomination Currency as observed by the Calculation Agent on the Conversion Rate Fixing Page at or around the Conversion Rate Fixing Time;

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

"**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*);

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"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;

"Fallback Reference Price" means, in respect of any time on any relevant day, that the Calculation Agent will determine the Underlying Currency Exchange Rate or Conversion Rate, as applicable, published by available recognised financial information vendors (as selected by the Calculation Agent) other than the applicable fixing source, at or around the applicable time on such relevant day;

"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;

"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;

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- (iii) Price Source Disruption; or
- (iv) Offshore RMB Disruption;

"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 or, where the Settlement Currency is specified to be RMB, in the PRC and each Offshore RMB Centre;

"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;

"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 or as otherwise specified in the relevant Pricing Supplement;

"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);

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"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);

"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 ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) 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;

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"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);

"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;

"Offshore RMB Disruption" means the occurrence of, as determined by the Calculation Agent in its sole and absolute discretion, an Offshore RMB Inconvertibility, Offshore RMB Non-transferability or Offshore RMB Illiquidity;

"Offshore RMB Illiquidity" means the occurrence of any event that makes it impossible (where it has previously been possible) for the Calculation Agent to obtain a firm quote of an offer price in respect of an amount in Offshore RMB in order to satisfy its obligation to pay an amount under the Notes (the **"Relevant Disrupted Amount"**), in each case on the due date for payment, Valuation Date, Conversion Rate Fixing Date or Underlying Currency Pair Fixing Date (as the case may be), either in one transaction or a commercially reasonable number of transactions that, when taken together, is no less than such Relevant Disrupted Amount, in the general Offshore RMB exchange market in each Offshore RMB Centre in order to perform its obligations under the Notes;

"Offshore RMB Inconvertibility" means the occurrence of any event that makes it impossible (where it had previously been possible) for the Issuer to convert an amount of Offshore RMB no less than the Relevant Disrupted Amount into or from USD (or, if the Settlement Currency specified in the Pricing Supplement is other than USD, then such Settlement Currency) in the general Offshore RMB exchange market in each Offshore RMB Centre, 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 of the Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"Offshore RMB Non-Transferability" means the occurrence in each Offshore RMB Centre of any event that makes it impossible (where it had previously been possible) for the Issuer to

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transfer Offshore RMB (i) between accounts inside an Offshore RMB Centre, (ii) from an account inside an Offshore RMB Centre to an account outside such Offshore RMB Centre and outside the PRC, or (iii) from an account outside an Offshore RMB Centre and outside the PRC to an account inside such Offshore RMB Centre, 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 of the Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation). For the purpose of Offshore RMB Non-Transferability and Hong Kong as an Offshore RMB Centre only, a segregated Chinese Renminbi fiduciary cash account with the People's Bank of China and operated by Bank of China (Hong Kong) Limited shall be deemed to be an account inside Hong Kong;

"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;

"Postponement" means that the Underlying Currency Exchange Rate or Conversion Rate and/or any other date for payment of any Settlement Amount, as applicable, will be the first succeeding Business Day on which the Price Source Disruption ceases to exist, subject to a cut-off of five consecutive Business Days;

"PRC" means the People's Republic of China excluding (solely for this purpose) 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;

"Price Source Disruption" means it becomes impossible or impracticable to obtain an Underlying Currency Exchange Rate or Conversion Rate on or in respect of any Underlying Currency Exchange Rate Fixing Date or Conversion Rate Fixing Date (or, if different, the day on which rates for that such rates would, in the ordinary course, be published or announced by the relevant pricing source(s));

"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;

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"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 Dealers" means, in respect of an Underlying Currency Exchange Rate or Conversion Rate, four leading dealers in the relevant foreign exchange market, as determined by the Calculation Agent;

"Reference Currency Exchange Rate" means, for any Underlying Currency Pair Fixing Date, the currency exchange rate between the USD and the Settlement Currency as determined by the Calculation Agent and published on the Underlying Currency Pair Fixing Page at or around the Underlying Currency Pair Fixing Time;

"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;

"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;
- (ii) 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

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

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;

"Settlement Currency Conversion Rate" means, for any Conversion Rate Fixing Date, the currency exchange rate between the USD and the Settlement Currency as determined by the Calculation Agent and published on the Conversion Rate Fixing Page at or around the Conversion Rate Fixing Time;

"Settlement Currency Exchange Rate" means, for any Alternative Payment Currency Fixing Date, the currency exchange rate between the USD and the Settlement Currency as determined by the Calculation Agent and published on the Alternative Payment Currency Fixing Page at or around the Alternative Payment Currency Fixing Time;

"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 Currency Exchange Rate" means, for any Underlying Currency Pair Fixing Date, the currency exchange rate between the USD and the Specified Currency as observed by the Calculation Agent on the Underlying Currency Pair Fixing Page at or around the Underlying Currency Pair Fixing Time;

"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;

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

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"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 (i) 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 or (ii) if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the rate of exchange determined in accordance with, or derived from the Specified Currency Exchange Rate and the Reference Currency Exchange Rate, each as specified in the relevant Pricing Supplement, as determined in good faith and in a commercially reasonable manner by the Calculation Agent. 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 or there is no successor page, 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

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

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

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 "**Holders**" of Bearer Notes or of Coupons are to the bearers of such Bearer Notes or such Coupons.

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

(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 "**Holders**" of Registered Notes are to the persons in whose names such Registered Notes are so registered in the Register.

To the extent permitted by law, the Issuer, the Principal Paying Agent, any other Paying Agents and the Registrar may deem and treat the person in whose name any Registered

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

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.

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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

- (a) 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.
- (b) The Notes do not create or transfer in favour of the Noteholder any legal, proprietary, beneficial or other interest in (including, without limitation, voting rights, as applicable) or right to acquire or dispose of any underlying (including, without limitation any reference asset or reference index) or any related purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, funds, options, futures, other derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) as determined in its absolute discretion by the Issuer or an affiliate in order to hedge, individually or on a portfolio basis, a Note ("**Hedging Positions**") and Noteholders shall have no legal, proprietary, beneficial or other interest in any underlying or Hedge Position by virtue of any investment in the Notes.
- (c) The Issuer is not required to hedge the Notes by holding any corresponding Hedge Positions in any underlying and has discretion to decide its hedging strategy.

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

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 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

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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;
- (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;

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- (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.

(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) ***Linear interpolation***

Where "**Linear Interpolation**" is specified as applicable in respect of an Interest Period in the relevant Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the Relevant Screen Page, one of which shall be determined as if the Interest Period were the period

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for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Interest Period were the period for which rates are available next longer than the length of the relevant Interest Period; **provided, however, that** if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(k) ***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) (*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***

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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 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

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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.

(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

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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 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 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 unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). All Notes redeemed or purchased and cancelled as aforesaid may not be re-issued or resold.

(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*),

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(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;
- (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

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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.

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 U.S. Internal Revenue Code of 1986, as amended (the "**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.

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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 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.

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(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 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.

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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 or, if Offshore RMB is specified as the applicable Settlement Currency, then, if by reason of Offshore RMB Disruption, 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**"):

- (i) a Price Source Disruption occurs, then the Calculation Agent shall determine any Underlying Currency Exchange Rate or Conversion Rate, as applicable, in accordance with the following disruption fallbacks in the order set out in the relevant Pricing Supplement: Fallback Reference Price, Dealer Poll and Postponement. If the Calculation Agent is unable to determine the Underlying Currency Exchange Rate or Conversion Rate, as applicable, by applying the foregoing disruption fallbacks (or a method for determining the Underlying Currency Exchange Rate or Conversion Rate, as applicable) the Underlying Currency Exchange Rate or Conversion Rate, as applicable, will be determined by the Calculation Agent taking into consideration all available information that in good faith it deems relevant; and
- (ii) if any FX Disruption other than a Price Source Disruption 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 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, in its sole and absolute discretion, determines to be appropriate, if any (including, without limitation, the postponement of the due date for any payment in respect of the Notes or any other adjustment to preserve substantially the economic effect of a hedge, if any, entered into by the Issuer in relation to the Notes), 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

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Calculation Agent to be the Fair Market Value of the Notes. If the Revised FX Fixing Day would fall on a day which is less than five Relevant Financial 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, failure by the Calculation Agent to notify the Noteholders of the occurrence of a FX Disruption shall not affect the validity of the occurrence and effect of such FX Disruption 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 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

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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.

(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

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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;
- (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;

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- (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;
- (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

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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 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*).

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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.

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

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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).

Holder 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*).
- (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.

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

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 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

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

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 12 June 2015 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 (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

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 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 [2005/2006/2007/2008/2009/2010/2011/2012/2013/2014] Conditions (the "[2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] [2013] [2014] 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] [2013] [2014] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] [2013] [2014] 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', 'Issuance 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
2. Tranche number: []

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

[(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) []¹
(Condition 2):
- (ii) Calculation Amount²: []
7. (i) Issue Date: []
- (ii) Interest Commencement Date: [*specify*/ Issue Date/ Not applicable]
- (iii) Trade Date: []
8. Maturity Date: [*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year. In case of undated Notes, specify undated.*] [*If Index-Linked provisions apply please add: or, if later, the [fifth/specify] Business Day following the [Valuation Date]/[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"*]
9. Change of interest or redemption basis: [*Specify details of any provision for convertibility of Notes to another interest or redemption/payment basis*]

¹ *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.*

² *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

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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

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

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- (2) Interest Determination Date(s): []
- (3) Relevant Screen Page: []
- (4) Relevant Financial Centre: []
- (5) Relevant Time: []
- (6) Relevant Currency: []
- (vii) ISDA Determination: [Applicable / Not applicable]
- (1) Floating Rate Option: []
- (2) Designated Maturity: []
- (3) Reset Date: []
- (viii) Linear Interpolation: [Not Applicable]/[Applicable – the Rate of Interest for the Interest Period ending on the Interest Payment Date falling in [] shall be calculated using Linear Interpolation]
- (ix) Margin(s): [[+/-][] per cent. [per annum]] [Not applicable]
- (x) 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 []

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

last payments:

13. Index-Linked Interest Note and other variable-linked interest Note provisions: [Applicable/Not applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/formula/other variable: [give or annex details –]
- (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]

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- (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] (*Condition 7(d)*) (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (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]
- (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>
[]	[]

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

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

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: *(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:⁴ [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*]

⁴ Definitive Notes will typically have coupons attached to them if interest bearing.

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- (v) Talons for future Coupons to be attached to Definitive Notes:⁵ [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]
- Cross Currency Exchange Rate: [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 [[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

⁵ 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

- Call Option] [Redemption Amount Put Option] [Instalment Amount] [other] []]
- Cross Currency Exchange Rate: [Applicable] [Not Applicable]
 - 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]
 - Cross Currency Exchange Rate: [Applicable] [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 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] []]

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

- [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]
 - [[To be applied first: [Fallback Reference Price] [Dealer Poll] [Postponement]]
 - [To be applied second: [Fallback Reference Price] [Dealer Poll] [Postponement]]
 - [To be applied third: [Fallback Reference Price] [Dealer Poll] [Postponement]]
 - (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: (Condition 10) [Applicable/Not applicable]
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

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

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 the Pricing Supplement and this 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**"), and (where applicable) each person causing such purchaser to purchase or hold any interest in the Notes (such as the investment manager), 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.

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- (3) The purchaser, and each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager), 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]⁶ 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.

*EITHER*⁷

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND NOTE (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF (A) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), OR (B) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHOSE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR INTEREST HEREIN WOULD RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"). "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE

⁶ To be included if the underlying securities have not been registered under the Securities Act.

⁷ This paragraph is to be included if the Pricing Supplement specifies "ERISA prohibited".

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

UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."}]

OR⁸

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT EITHER (A) SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF A "**BENEFIT PLAN INVESTOR**" AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1986, AS AMENDED ("**ERISA**") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"), INCLUDING ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN, THE INCLUSION OF WHICH FOR PURPOSES OF ERISA OR ANY SIMILAR LAW, AS THE CASE MAY BE, WOULD RESULT IN SUCH ENTITY BEING DEEMED A BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN OR (B)(i) SUCH BENEFICIAL OWNER'S ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF SATISFYING ALL OF THE APPLICABLE CONDITIONS OF ONE OR MORE OF THE FOLLOWING PROHIBITED TRANSACTION CLASS EXEMPTIONS ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 OR PTCE 96-23 ISSUED BY THE U.S. DEPARTMENT OF LABOR, OR SUCH OTHER PROHIBITED TRANSACTION EXEMPTION FOR WHICH THE PURCHASER OR TRANSFEREE (and, if applicable, any person or entity acting on behalf of such purchaser or transferee) DEMONSTRATES TO THE SATISFACTION OF THE ISSUER THAT ALL APPLICABLE CONDITIONS ARE SATISFIED (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH PLAN OR NON-U.S. PLAN, WILL NOT RESULT IN A VIOLATION OF ANY SIMILAR LAW), AND (ii) NEITHER ISSUER NOR ITS AFFILIATES HAS PROVIDED ANY ADVICE THAT HAS FORMED OR MAY FORM A PRIMARY BASIS FOR THE DECISION TO PURCHASE, HOLD, OR DISPOSE OF ANY INTEREST IN THIS NOTE ON BEHALF OF ANY BENEFICIAL OWNER. "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(e)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."}]

- (4) In addition, each purchaser of, and each person causing such purchaser to purchase or hold any interest in, 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,

⁸ This paragraph is to be included if the Pricing Supplement specifies "ERISA terms apply".

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

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) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA prohibited", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, that such purchaser or transferee shall not acquire, hold or subsequently dispose of such Note for, or on behalf of, or with the assets of: (x) any Benefit Plan Investor (as defined in Section 3(42) of ERISA), or (y) any governmental, church or non-U.S. plan which is subject to Similar Law whose acquisition, holding or disposition of such Note or an interest therein would result in a violation of any Similar Law. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.
- (6) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA terms apply", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, either that (a) such purchaser or transferee is not (and for so long as it holds such Notes or any interests therein will not be), and is not (and for so long as it holds such Notes or interests therein will not be) acting on behalf of a Benefit Plan Investor as defined in Section 3(42) of ERISA or a governmental, church or non-U.S. plan which is subject to any Similar Law, including any entity whose underlying assets include the assets of any Benefit Plan Investor or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Benefit Plan Investor or Similar Law Plan or (b)(i) such purchaser or transferee's acquisition, holding and disposition of this Note or an interest therein does not and will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code as a result of satisfying all of the applicable conditions of one or more of the following Prohibited Transaction Class Exemption ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23 issued by the U.S. Department of Labor, or such other prohibited transaction exemption for which the purchaser or transferee (and, if applicable, any person or entity acting on behalf of such purchaser or transferee) demonstrates to the satisfaction of the Issuer that all applicable conditions are satisfied (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law), and (ii) neither Issuer nor its affiliates has provided any advice that has formed or may form a primary basis for the decision to purchase, hold, or dispose of any interest in the Notes on behalf of any purchaser or transferee. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.
- (7) 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.

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

CONFIRMED

HSBC BANK PLC

By:
Authorised Signatory

Date:

PART B - OTHER INFORMATION

1. **LISTING**

(i) Listing: [Application [will be/has been] made to admit the Notes to listing on the Official List of 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: []]

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

(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] [Not applicable]⁹
[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common

⁹ *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

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 the ECB being satisfied that Eurosystem eligibility criteria have been met.] [*include this text if "yes" selected*]

[Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, then the Issuer may (in its absolute discretion) elect to deposit the Notes with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [*Include this text if "no" selected*]

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: [ERISA prohibited] [ERISA terms apply]

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.

All Bearer Notes will be issued in either (i) new global note form (a "**New Global Note**" or "**NGN**"), as set out in Part A and Part B of Schedule 1 to the Issuing and Paying Agency Agreement or, (ii) 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 A and Part B 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. However in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time.

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 "**New Safekeeping Structure**" or "**NSS**") or, if not intended to be issued under the NSS, will be issued under the classic safekeeping structure or 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 was 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 or at any or all times during their life. Each time that Bearer Notes are issued in NGN form or Registered Notes are issued under the NSS, the ICSDs shall be notified as to whether or not such Notes are to be held in a manner which will permit them to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations of the Eurosystem.

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
- (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.

**Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes
While in Global Form**

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 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.

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**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. Each such payment in respect of a Global Registered Note will be made to the person shown as the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the Register at the close of business (in the relevant clearing system) on the business day on which each clearing system for which the Global Registered Note is being held is open for business which is the business day of each such clearing system before the due date for such payment.

Exchange and Transfer of Global Registered Notes for Definitive Registered Notes

In the case of Rule 144A Global Registered Notes or Restricted Global Registered Notes held through DTC, beneficial interests in a Rule 144A Global Registered Note or a Restricted Global Registered Note will be exchangeable for 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 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

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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 HSBC Issuer Services Common Depository Nominee (UK) Limited as its nominee) or the Common Safekeeper (or its nominee) of the Restricted Global Registered Note at the specified office of the

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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 this 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 this 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 the Pricing Supplement and this Offering Memorandum, or disclosure of any of its contents, to any person other than

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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 this Offering Memorandum or any documents referred to herein.

Each purchaser of Notes in reliance on Rule 144A ("**Restricted Notes**"), and (where applicable) each person causing such purchaser to purchase or hold any interest in the Notes (such as the investment manager), 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, and each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager), 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]¹⁰ 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.

*EITHER*¹¹

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE

¹⁰ To be included if the underlying securities have not been registered under the Securities Act.

¹¹ This paragraph is to be included if the Pricing Supplement specifies "ERISA prohibited".

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(SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND NOTE (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF (A) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), OR (B) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHOSE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR INTEREST HEREIN WOULD RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"). "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."]

OR¹²

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT EITHER (A) SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF A "**BENEFIT PLAN INVESTOR**" AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1986, AS AMENDED ("**ERISA**") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"), INCLUDING ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN, THE INCLUSION OF WHICH FOR PURPOSES OF ERISA OR ANY SIMILAR LAW, AS THE CASE MAY BE, WOULD RESULT IN SUCH ENTITY BEING DEEMED A BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN OR (B)(I) SUCH BENEFICIAL OWNER'S ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF SATISFYING ALL OF THE APPLICABLE CONDITIONS OF ONE OR MORE OF THE FOLLOWING PROHIBITED TRANSACTION CLASS EXEMPTIONS ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 OR PTCE 96-23 ISSUED BY THE U.S. DEPARTMENT OF LABOR, OR SUCH OTHER PROHIBITED TRANSACTION EXEMPTION FOR WHICH THE PURCHASER OR TRANSFEREE (AND, IF APPLICABLE, ANY PERSON OR ENTITY ACTING ON BEHALF OF SUCH PURCHASER OR TRANSFEREE) DEMONSTRATES TO THE SATISFACTION OF THE ISSUER THAT ALL APPLICABLE CONDITIONS ARE SATISFIED (OR, IN THE CASE OF A

¹² This paragraph is to be included if the Pricing Supplement specifies "ERISA terms apply".

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GOVERNMENTAL, CHURCH PLAN OR NON-U.S. PLAN, WILL NOT RESULT IN A VIOLATION OF ANY SIMILAR LAW), AND (II) NEITHER ISSUER NOR ITS AFFILIATES HAS PROVIDED ANY ADVICE THAT HAS FORMED OR MAY FORM A PRIMARY BASIS FOR THE DECISION TO PURCHASE, HOLD, OR DISPOSE OF ANY INTEREST IN THIS NOTE ON BEHALF OF ANY BENEFICIAL OWNER. "BENEFIT PLAN INVESTORS" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."]

In addition, each purchaser of, and each person causing such purchaser to purchase or hold any interest in, 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.

If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA prohibited", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, that such purchaser or transferee shall not acquire, hold or subsequently dispose of such Note for, or on behalf of, or with the assets of: (x) any Benefit Plan Investor (as defined in Section 3(42) of ERISA), or (y) any governmental, church or non-U.S. plan which is subject to Similar Law whose acquisition, holding or disposition of such Note or an interest therein would result in a violation of any Similar Law. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.

If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA terms apply", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, either that (a) such purchaser or transferee is not (and for so long as it holds such Notes or any interests therein will not be), and is not (and for so long as it holds such Notes or interests therein will not be) acting on behalf of a Benefit Plan Investor as defined in Section 3(42) of ERISA or a governmental, church or non-U.S. plan which is subject to any Similar Law, including any entity whose underlying assets include the assets of any Benefit Plan Investor or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Benefit Plan Investor or Similar Law Plan or (b)(i) such purchaser or transferee's acquisition, holding and disposition of this Note or an interest therein does not and will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code as a result of satisfying all of the applicable conditions of one or more of the following Prohibited Transaction Class Exemption ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23 issued by the U.S. Department of Labor, or such other prohibited transaction exemption for which the purchaser or transferee (and, if applicable, any person or entity acting on behalf of such purchaser or transferee) demonstrates to the satisfaction of the Issuer that all applicable conditions are satisfied (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law), and (ii) neither Issuer nor its affiliates has provided any advice that has formed or may form a primary basis for the decision to purchase, hold, or dispose of any interest in the Notes on behalf of any purchaser or transferee. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.

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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 of 1986, as amended (the "**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 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 depositary or a common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system. Each Temporary Global Note or, as the case may be, Permanent Global Note which is intended to be issued in NGN form, as specified in the relevant 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.

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,

Part B - Information relating to the Notes Generally – Summary of Provisions Relating to the Notes While in Global Form

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 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.

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Following redenomination of the Notes pursuant to Condition 10 (*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.

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 (MKT) Module of the Dubai Financial Services Authority (the "**DFSA**"); and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

European Economic Area

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") an offer of Notes which are the subject of the offering contemplated by this 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, 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 the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

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- (b) *Qualified Investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) *Fewer than 150 offerees*: at any time to fewer than 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 measures implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Selling Restrictions Addressing Additional France Securities Laws

Notes may not be offered or sold, directly or indirectly, nor may this Offering Memorandum, any relevant Pricing Supplement or any other offering material relating to the Notes be distributed or caused to 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 and formalities required by French laws and regulations to permit the offering and sale of Notes 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*), other than individuals, investing for their own account, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier* and other applicable regulations.

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.

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Any such offer, sale or delivery of the Notes or distribution of copies of this 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 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,*

Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

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 (Cap. 571) of Hong Kong ("**SFO**") 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 (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

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, whether in Hong Kong or elsewhere, 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 SFO and any rules made under that Ordinance.

Indonesia

No registration statement with respect to this 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 this 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, in the Republic of Indonesia or to Indonesian citizens, corporations or residents, except in a manner that will not be considered as a "**public offer**" under the prevailing law and regulations in the Republic of Indonesia.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and, accordingly, Notes may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Kingdom of Bahrain

The Notes may only be offered on a private placement basis to persons in the Kingdom of Bahrain who are "**accredited investors**".

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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).

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 Investment 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, circulated or caused to be distributed or 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 National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) ("**CNBV**"), and may not be offered or sold publicly in Mexico, except that the Notes may be offered to institutional and qualified investors pursuant to the private placement exemption set forth in article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*). The information contained in this Offering Memorandum and in the Pricing Supplement is exclusively the responsibility of the Issuer and has not been reviewed or authorised by the CNBV. The acquisition of the Notes by an investor who is a resident of Mexico will be made under such investor's own responsibility.

People's Republic of China

Notes linked to PRC Underlyings (including those underlying an Underlying Index) (for the purpose of this section, the "**PRC-Linked Notes**") may not be offered or sold in the PRC (excluding Hong Kong, Macau and Taiwan) directly or indirectly or offered or sold to any Domestic Investor, or to any person using funds to purchase the PRC Underlying Notes sourced from any Domestic Investor, where "**Domestic Investor**" means:

- (a) PRC Citizens resident in the PRC (excluding Hong Kong, Macau and Taiwan);
- (b) PRC Citizens resident outside the PRC who are not permanent residents of another country or permanent residents of Hong Kong, Macau or Taiwan; and
- (c) legal entities registered in the PRC (excluding Hong Kong, Macau and Taiwan).

"**PRC Citizens**" means any person holding a "Resident Identification Card" or other equivalent government issued identification of the PRC (excluding Hong Kong, Macau and Taiwan).

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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.

In respect of Notes other than PRC-Linked Notes, 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 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.

In respect of Notes other than PRC-Linked Notes, 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.

China Connect Underlying

Notes linked to China Connect Underlying may not be offered or sold in the People's Republic of China (excluding Hong Kong, Macau and Taiwan, for the current purposes, the "PRC") directly or indirectly or offered or sold to any Domestic Investor, where "**Domestic Investor**" means:

- (a) a PRC Citizen resident or domiciled in the PRC; and/or
- (b) a legal entity incorporated or registered in the PRC.

Other Notes

In respect of Notes other than the PRC Underlying Notes, the Notes may only be invested in by the PRC investors that are authorised to engage in investing 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 offer or sale thereof in the Philippines is prohibited unless the Notes have first been registered in accordance with the registration requirements of the SRC or such offer or sale 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.

Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

- (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 offered, transferred or sold as part of their initial distribution or at any time thereafter to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation unless and to the extent otherwise permitted under Russian law.

Notwithstanding the above, this Offering Memorandum may be distributed to persons in the Russian Federation in a manner that does not constitute an advertisement or offering (each as defined under Russian law) of the Notes in the Russian Federation..

Switzerland

The Notes do not constitute participations in a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 ("**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.

Neither this Offering Memorandum nor any offering or marketing material relating to the Notes constitute a prospectus within the meaning of (i) Articles 652a or Article 1156 of the Swiss Federal Code of Obligations, (ii) Article 5 CISA and its implementing regulations or (iii) Article 21 of the Additional Rules for the Listing of Derivatives of SIX Swiss Exchange.

However, the Issuer reserves the right to set forth all information which may be required to be disclosed in a simplified prospectus pursuant to Article 5 CISA in a separate document referred to as a "Pricing Supplement" and/or "Simplified Prospectus" (the "**Simplified Prospectus**") for Notes distributed (such term including any offering and advertising) to qualified investors according to Article 10 Paras. 3 to 4 CISA (the "**Qualified Investors**") and/or non-qualified investors within the meaning of Article 5 Para 1 CISA (the "**Non-Qualified Investors**").

Except as described in this section, Notes constituting structured products within the meaning of Article 5 CISA ("**Structured Products**") may not be distributed to Non-Qualified Investors in or from Switzerland. They may only be distributed in or from Switzerland to Qualified Investors.

Any Notes constituting Structured Products which are intended to be distributed to Non-Qualified Investors in or from Switzerland may only be offered or advertised in accordance with the provisions of the CISA and its implementing regulations. In particular, the CISA requires that a Simplified Prospectus complying with Article 5 CISA, its implementing regulations and the SwissBanking Guidelines on Informing Investors about Structured Products (as amended from time to time) must be published. A provisional version of such Simplified Prospectus including indicative information must be made available free of charge to any interested person prior to subscribing for the Notes or prior to concluding an agreement to subscribe for the Notes. The definitive version must be made available free of charge to any interested person on issue or on concluding an agreement to subscribe for the Notes.

Notes constituting Structured Products which are not intended to be distributed to Non-Qualified Investors in or from Switzerland may only be distributed in or from Switzerland to Qualified Investors. Any Final Terms, Simplified Prospectuses, term sheets, fact sheets, or any other marketing material of products which are to be sold exclusively to Qualified Investors may not be distributed, copied, published or otherwise made public or available for Non-Qualified Investors.

Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

Notes issued under this Programme which do not qualify as Structured Products may only be offered in or from Switzerland to Qualified Investors on a private placement basis.

Additional specific selling restrictions, if any, applicable in Switzerland will be included in the Pricing Supplements relating to the relevant Notes.

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, whether directly or indirectly, 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;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Taiwan

Notes, other than Taiwan-Linked Notes (which are dealt with below), shall not be distributed, offered or sold in Taiwan but may be made available to Taiwan investors outside Taiwan for purchase by such investors either directly or through such financial institutions as may be authorized under the laws of Taiwan and only pursuant to the relevant laws, regulations and self-regulatory guidelines as may be applicable to them.

Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

In respect of Notes linked to Taiwanese Reference Assets (including those underlying a Reference Index) (for the purpose of this section, the "**Taiwan-Linked Notes**"):

- (i) Taiwan-Linked Notes are not permitted to be offered or distributed in Taiwan.
- (ii) Taiwan-Linked Notes are not permitted to be sold to (i) a resident(s) of the People's Republic of China (excluding Hong Kong, Macau **and Taiwan**, for the current purpose, the "**PRC**") or an entity(ies) domiciled in the PRC ("**PRC Person**"), (ii) an entity(ies) established outside the PRC (including an entity(ies) established in Hong Kong or Macau) that is controlled by a PRC Person(s) or (iii) an entity(ies) established outside the PRC (including an entity(ies) established in Hong Kong or Macau) which is more than thirty per cent. (30 per cent.) owned, directly or indirectly, by a PRC Person(s); and
- (iii) Taiwan-Linked Notes are not permitted to be sold to any holder utilizing funds sourced from Taiwan or the PRC for the purposes of purchasing the Taiwan-Linked Notes.

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.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Master Note Issuance Agreement, (a) it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes of a Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, other than pursuant to Rule 144A, and (b) it will send to each dealer to which it sells Notes during the periods referred to in

Part B - Information relating to the Notes Generally – Subscription and Sale of Notes

(a)(i) and (ii) above a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

The 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 U.S. 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 U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and Treasury Regulations thereunder.

For Bearer Notes issued in accordance with the provisions of U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) ("**TEFRA D**"), each Dealer will represent, warrant and agree that (a) except to the extent permitted under TEFRA D, (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 TEFRA D; (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 U.S. 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 U.S. Internal Revenue Code of 1986, as amended and Treasury Regulations thereunder, including TEFRA D.

Permanent Global Notes in bearer form issued in accordance with TEFRA D 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 the U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) ("**TEFRA C**"), 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 U.S. offices in the offer or sale of such Bearer Notes. Terms used in this paragraph have the meaning given to them by the U.S. Internal Revenue Code of 1986, as amended and Treasury Regulations thereunder, including TEFRA C.

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 most recently modified, supplemented and/or restated on 12 June 2015 (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, National Association 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, National Association 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 12 June 2015 (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 most recently modified, supplemented and/or restated on 12 June 2015 (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 Warrantheolders (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 Warrantheolders 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**").

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 (i) 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 or (ii) if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the rate of exchange determined in accordance with, or derived from the Alternative Payment Cross Currency Rate and the Settlement Currency Exchange Rate, each as specified in the relevant Pricing Supplement, as determined in good faith and in a commercially reasonable manner by the Calculation Agent. 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 Cross Currency Rate**" means, for any Alternative Payment Currency Fixing Date, the currency exchange rate between the USD and the Alternative Payment Currency as observed by the Calculation Agent on the Alternative Payment Currency Fixing Page at or around the Alternative Payment Currency Fixing Time;

"**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 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 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;

"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 Euroclear UK and Ireland Limited (formerly known as CRESTCo Limited);

"Dealer Poll" means, in respect of any time on any relevant day, that the Calculation Agent will request each of the Reference Dealers to provide a quotation of its rate for the Underlying Currency Pair Exchange Rate, at the applicable time on such relevant day. If, for any such rate, at least two quotations are provided, the relevant rate will be the arithmetic mean of the quotations. If fewer than two quotations are provided for any such rate, the relevant rate will be the arithmetic mean of the relevant rates quoted by major banks in the relevant market, selected by the Calculation Agent at or around the applicable time on such relevant day;

"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 4(f) (*Optional Physical Settlement*) or 4(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.;

"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;

"Fallback Reference Price" means, in respect of any time on any relevant day, that the Calculation Agent will determine the Underlying Currency Exchange Rate, as applicable, published by available recognised financial information vendors (as selected by the Calculation Agent) other than the applicable fixing source, at or around the applicable time on such relevant day;

"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;

(iii) Price Source Disruption; or

(iv) Offshore RMB Disruption;

"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 or, where the Settlement Currency is specified to be RMB, in the PRC and each Offshore RMB Centre;

"Holder" has the meaning ascribed thereto in Condition 2 (*Form and Transfer*);

"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 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;

"Offshore RMB Disruption" means the occurrence of, as determined by the Calculation Agent in its sole and absolute discretion, an Offshore RMB Inconvertibility, Offshore RMB Non-transferability or Offshore RMB Illiquidity;

"Offshore RMB Illiquidity" means the occurrence of any event that makes it impossible (where it has previously been possible) for the Calculation Agent to obtain a firm quote of an offer price in respect of an amount in Offshore RMB in order to satisfy its obligation to pay an amount under the Warrants (the **"Relevant Disrupted Amount"**), in each case on the due date for payment, Valuation Date, Conversion Rate Fixing Date or Underlying Currency Pair Fixing Date (as the case may be), either in one transaction or a commercially reasonable number of transactions that, when taken together, is no less than such Relevant Disrupted Amount, in the general Offshore RMB exchange market in each Offshore RMB Centre in order to perform its obligations under the Warrants;

"Offshore RMB Inconvertibility" means the occurrence of any event that makes it impossible (where it had previously been possible) for the Issuer to convert an amount of Offshore RMB no less than the Relevant Disrupted Amount into or from USD (or, if the Settlement Currency specified in the Pricing Supplement is other than USD, then such Settlement Currency) in the general Offshore RMB exchange market in each Offshore RMB Centre, 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 of the Warrants and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"Offshore RMB Non-Transferability" means the occurrence in each Offshore RMB Centre of any event that makes it impossible (where it had previously been possible) for the Issuer to transfer Offshore RMB (i) between accounts inside an Offshore RMB Centre, (ii) from an account inside an Offshore RMB Centre to an account outside such Offshore RMB Centre and outside the PRC, or (iii) from an account outside an Offshore RMB Centre and outside the PRC to an account inside such Offshore RMB Centre, 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 of the Warrants and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation). For the purpose of Offshore RMB Non-Transferability and Hong Kong as an Offshore RMB Centre only, a segregated Chinese Renminbi fiduciary cash account with the People's Bank of China and operated by Bank of China (Hong Kong) Limited shall be deemed to be an account inside Hong Kong;

"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*);

"**Postponement**" means that the Underlying Currency Exchange Rate and/or any other date for payment of any Settlement Amount, as applicable, will be the first succeeding Business Day on which the Price Source Disruption ceases to exist, subject to a cut-off of five consecutive Business Days;

"**PRC**" means the People's Republic of China excluding (solely for this purpose) 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;

"**Price Source Disruption**" means it becomes impossible or impracticable to obtain an Underlying Currency Exchange Rate on or in respect of any Underlying Currency Exchange Rate Fixing Date (or, if different, the day on which rates for that such rates would, in the ordinary course, be published or announced by the relevant pricing source(s));

"**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;

"**Reference Dealers**" means, in respect of an Underlying Currency Exchange Rate, four leading dealers in the relevant foreign exchange market, as determined by the Calculation Agent;

"**Reference Currency Exchange Rate**" means, for any Underlying Currency Pair Fixing Date, the currency exchange rate between the USD and the Settlement Currency as determined by the Calculation Agent and published on the Underlying Currency Pair Fixing Page at or around the Underlying Currency Pair Fixing Time;

"**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;

"**Specified Currency Exchange Rate**" means, for any Underlying Currency Pair Fixing Date, the currency exchange rate between the USD and the Specified Currency as observed by the Calculation Agent on the Underlying Currency Pair Fixing Page at or around the Underlying Currency Pair Fixing Time;

"**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)(v);

"**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 Warranholders of any Securities;

"**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 (i) 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 or (ii) if Cross Currency Exchange Rate is specified as applicable in the relevant Pricing Supplement, the rate of exchange determined in accordance with, or derived from the Specified Currency Exchange Rate and the Reference Currency Exchange Rate, each as specified in the relevant Pricing Supplement, as determined in good faith and in a commercially reasonable manner by the Calculation Agent. 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;

"**Warranholder**" has the meaning ascribed thereto in Condition 2 (*Form and Transfer*).

2. **Form and Transfer**

(a) **Form; Certifications**

Each Tranche of Warrants will (as specified in the relevant Pricing Supplement) either (i) be offered in reliance on Regulation S under the Securities Act ("**Regulation S**") in uncertificated registered form ("**Uncertificated Registered Warrants**") or (ii) be in registered form ("**Registered Warrants**") offered in reliance on (A) 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) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

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) **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. 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.

(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.

(c) ***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 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**

- (a) 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).
- (b) The Warrants do not create or transfer in favour of the Warrantholder any legal, proprietary economic, beneficial or other interest in (including, without limitation, voting rights, as applicable) or right to acquire or dispose of any underlying (including, without limitation any reference asset or reference index) or any related purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, funds, options, futures, other derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) as determined in its absolute discretion by the Issuer or an affiliate in order to hedge, individually or on a portfolio basis, a Warrant ("**Hedging Positions**") and Warrantholders shall have no legal, proprietary, economic, beneficial or other interest in any underlying or Hedge Position by virtue of any investment in the Warrants.
- (c) The Issuer is not obliged to hedge the Warrants by holding any corresponding Hedge Positions in any underlying and has discretion to decide its hedging strategy.

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*).

(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 Warrantholder being aggregated for the purpose of determining the aggregate Cash Settlement Amount payable in respect of such Warrants.

(e) ***Physical Settlement***

If the Warrants are specified in the relevant 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 Warrantholder:

- (i) in the case of a Call Warrant, the Issuer will, on the Settlement Date in respect of such Warrant, procure the credit of the 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 Warrantholder in the relevant Exercise Notice, following payment by the Warrantholder to or to the order of the Issuer on or before the Strike Price Payment Date of the Strike Price; and
- (ii) in the case of a Put Warrant, the Issuer will, on the Settlement Date in respect of such Warrant, procure the credit of the Strike Price in respect of the Warrant so exercised to the account with the relevant Clearing System specified, or as may otherwise be specified for that purpose by the Warrantholder in the relevant Exercise Notice, following the debit of the relevant underlying value to which such Warrant relates to the account of the Warrantholder with the relevant Clearing System and the credit thereof to the account of the Principal Warrant Agent (in favour of the Issuer) as aforesaid on or before the Settlement Date in respect of such Warrant,

in each case less any applicable Transfer Expenses ("**Physical Settlement**") all as more fully described in Condition 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 Warrantholder 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 Warrantholder, 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 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, 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 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; and
- (v) 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) in the case of Warrants offered and sold in reliance on Regulation S, and to which Physical Settlement applies, either (a) 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, or (b) be accompanied by a written opinion of counsel to the effect that the Warrant and the securities delivered upon exercise thereof have been registered under the U.S. Securities Act of 1933, as amended, or are exempt from registration thereunder (the terms "**United States**" and "**US person**" used in this paragraph having the meaning given to them in Regulation S);
- (bb) in the case of Warrants offered and sold in reliance on Rule 144A, and to which Physical Settlement applies, (a) certify that each person exercising such Warrants is either (1) a "**qualified institutional buyer**" (as defined in Rule 144A);) which is acquiring such securities for its own account and not with a view to the distribution thereof, in a transaction not involving a public offering, or (2) 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, or (b) be accompanied by a written opinion of counsel to the effect that the Warrant and the securities delivered upon exercise thereof have been registered under the U.S. Securities Act of 1933, as amended, or are exempt from registration thereunder;
- (cc) 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;
- (dd) 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
- (ee) 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 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.

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 a currency other than RMB is specified as the applicable Settlement Currency, if by reason of Inconvertibility, Non-transferability or Illiquidity or, if Offshore RMB is specified as the applicable Settlement Currency, then if by reason of Offshore RMB Disruption, 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**"):

- (i) a Price Source Disruption occurs, then the Calculation Agent shall determine any Underlying Currency Exchange Rate in accordance with the following disruption fallbacks in the order set out in the relevant Pricing Supplement: Fallback Reference Price, Dealer Poll and Postponement. If the Calculation Agent is unable to determine the Underlying Currency Exchange Rate by applying the foregoing disruption fallbacks (or a method for determining the Underlying Currency Exchange Rate, as applicable) the Underlying Currency Exchange Rate will be determined by the Calculation Agent taking into consideration all available information that in good faith it deems relevant; and
- (ii) if any FX Disruption other than a Price Source Disruption 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 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 (including, without limitation, the postponement of the due date for any payment in respect of the Warrants or any other adjustment to preserve substantially the economic effect of a hedge, if any, entered into by the Issuer in relation to the Warrants), 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, failure by the Calculation Agent to notify the Warrantholders of the occurrence of a FX Disruption shall not affect the validity of the occurrence and effect of such FX Disruption 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 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;
 - (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(1), 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*

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;
 - (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 Warrantholders 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 Warrantholders.

(b) ***Calculation Agent***

The Calculation Agent shall not act as an agent for the Warrantholders 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 Warrantholders and (subject as aforesaid) no liability to the Warrantholders (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**

All payments by the Issuer in respect of the Warrants 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 shall not be obliged to pay any additional amounts to the Warrantheholders.

A Warrantheholder subscribing for, purchasing or exercising Warrants shall be responsible for paying all Taxes and securities transfer taxes and any other charges, if any, payable in connection with the subscription, purchase or exercise of such Warrants and 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.

In any case where the Issuer is obliged to pay any such tax, duty or charge, the relevant Warrantheholder shall promptly reimburse the Issuer therefor.

If the Issuer becomes resident for tax purposes in any taxing jurisdiction other than the United Kingdom, references in this Condition 9 (*Taxes*) to the United Kingdom shall be construed as references to the United Kingdom and/or such other jurisdiction.

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.

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 Warrantheholder 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 Warrantheholders in accordance with Condition 11 (*Notices*).

11. **Notices**

All notices to Warrantheholders will be deemed to have been duly given (a) in the case of 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.

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).

16A. **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.

Part C – Information Relating to the Warrants Generally – Terms and Conditions of the Warrants

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 12 June 2015 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 (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

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 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 [2005/2006/2007/2008/2009/2010/2011/2012/2013/2014] Conditions (the "[2005] [2006] [2007] [2008] [2009] [2010][2011][2012][2013][2014] **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] [2013] [2014] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] [2013] [2014] 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

Part C – Information Relating to the Warrants Generally – Terms and Conditions of the Warrants

(please follow links to "*Investor relations*", "*Fixed income securities*", "*Issuance programmes*") and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

(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 the Warrants Generally – Terms and Conditions of the Warrants

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

Part C – Information Relating to the Warrants Generally – Terms and Conditions of the 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: []
4. Aggregate Number of Warrants in the:
- [(i) Series:] []
- [(ii) Tranche:] []
5. Face Value: []
6. (i) Issue Date: []
- (ii) Trade Date: []
7. Issue Price: [currency] [amount] per Warrant
8. Strike Price: [currency] [amount][Not applicable]
9. Type of Warrants: []
10. Series represented by: [Global Registered Warrant]/[N/A]. Warrants in definitive form [will/will not] be issued. [other (specify)]
11. Form of Warrant: [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]¹
- (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 day that is [a Business Day] [an Underlying Currency Pair Fixing Date]]
14. (i) Minimum Exercise Number/Minimum Trading Size: [] Warrants

¹ 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 the Warrants Generally – Terms and Conditions of the 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: []
 - Cross Currency Exchange Rate: [Applicable] [Not Applicable]
 - 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 the Warrants Generally – Terms and Conditions of the Warrants

- (ii) Underlying Currency Pair provisions: [Applicable] [The Initial Underlying Currency Pair Exchange Rate is []] [Not applicable]
- Cross Currency Exchange Rate: [Applicable] [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]
 [[To be applied first: [Fallback Reference Price] [Dealer Poll] [Postponement]]
 [To be applied second: [Fallback Reference Price] [Dealer Poll] [Postponement]]
 [To be applied third: [Fallback Reference Price] [Dealer Poll] [Postponement]]
- (iv) LBMA Physical Settlement Provisions: [Applicable] [Not applicable]
 LBMA Physical Settlement Commodity(ies): [[] and []]
18. Business Centre: []

Part C – Information Relating to the Warrants Generally – Terms and Conditions of the Warrants

19. Determination Date: []² / [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: []³

DISTRIBUTION

22. (i) If syndicated, names of Relevant Manager(s)/Lead Manager(s): [Not applicable][HSBC Bank plc][*other - give name*]
- (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]

² Only applicable if Condition 4(f) (Optional Physical Settlement) or 4(g) (Optional Cash Settlement) is applicable.

³ If new term constitutes a "significant new factor", consider whether a new offering circular 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 the Pricing Supplement and this 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**"), and (where applicable) each person causing such purchaser to purchase or hold any interest in the Warrants (such as an investment manager), 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, and each person causing such purchaser to purchase or hold any interest in the Warrants (such as an investment manager), 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]⁴ 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

⁴ *To be included if the underlying securities have not been registered under the Securities Act.*

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.

*EITHER*⁵

[EACH BENEFICIAL OWNER OF THIS WARRANT OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS WARRANT (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS WARRANT THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS WARRANT THAT SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS WARRANT OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS WARRANT OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF (A) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), OR (B) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHOSE ACQUISITION, HOLDING AND DISPOSITION OF THIS WARRANT OR INTEREST HEREIN WOULD RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"). "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA.]"

*OR*⁶

[EACH BENEFICIAL OWNER OF THIS WARRANT OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS WARRANT (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS WARRANT THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS WARRANT THAT EITHER (A) SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS WARRANT OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS WARRANT OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF A "**BENEFIT PLAN INVESTOR**" AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1986, AS AMENDED ("**ERISA**") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-

⁵ This paragraph is to be included if the Pricing Supplement specifies "ERISA prohibited".

⁶ This paragraph is to be included if the Pricing Supplement specifies "ERISA terms apply".

U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"), INCLUDING ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN, THE INCLUSION OF WHICH FOR PURPOSES OF ERISA OR ANY SIMILAR LAW, AS THE CASE MAY BE, WOULD RESULT IN SUCH ENTITY BEING DEEMED A BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN OR (B)(I) SUCH BENEFICIAL OWNER'S ACQUISITION, HOLDING AND DISPOSITION OF THIS WARRANT OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF SATISFYING ALL OF THE APPLICABLE CONDITIONS OF ONE OR MORE OF THE FOLLOWING PROHIBITED TRANSACTION CLASS EXEMPTIONS ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 OR PTCE 96-23 ISSUED BY THE U.S. DEPARTMENT OF LABOR, OR SUCH OTHER PROHIBITED TRANSACTION EXEMPTION FOR WHICH THE PURCHASER OR TRANSFEREE (AND, IF APPLICABLE, ANY PERSON OR ENTITY ACTING ON BEHALF OF SUCH PURCHASER OR TRANSFEREE) DEMONSTRATES TO THE SATISFACTION OF THE ISSUER THAT ALL APPLICABLE CONDITIONS ARE SATISFIED (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH PLAN OR NON-U.S. PLAN, WILL NOT RESULT IN A VIOLATION OF ANY SIMILAR LAW), AND (II) NEITHER ISSUER NOR ITS AFFILIATES HAS PROVIDED ANY ADVICE THAT HAS FORMED OR MAY FORM A PRIMARY BASIS FOR THE DECISION TO PURCHASE, HOLD, OR DISPOSE OF ANY INTEREST IN THIS WARRANT ON BEHALF OF ANY BENEFICIAL OWNER. "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."]

[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.]⁷

- (4) In addition, each purchaser of, and each person causing such purchaser to purchase or hold any interest in, 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) If the Pricing Supplement in relation to a Tranche of Warrants specifies "ERISA prohibited", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Warrants (such as an investment manager), by such purchase or holding of any Warrant (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Warrant through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Warrant, that such purchaser or transferee shall not acquire, hold or subsequently dispose of such Warrant for, or on behalf of, or with the assets of: (x) any Benefit Plan Investor (as defined in Section 3(42) of ERISA), or (y) any governmental, church or non-U.S. plan which is subject to Similar Law whose acquisition,

⁷ Only include this language in respect of physically settled warrants.

holding or disposition of such Warrant or an interest therein would result in a violation of any Similar Law. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.

- (6) If the Pricing Supplement in relation to a Tranche of Warrants specifies "ERISA terms apply", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Warrants (such as an investment manager), by such purchase or holding of any Warrant (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Warrant through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Warrant, either that (a) such purchaser or transferee is not (and for so long as it holds such Warrants or interests therein will not be), and is not (and for so long as it holds such Warrants or interests therein will not be) acting on behalf of a Benefit Plan Investor as defined in Section 3(42) of ERISA or a governmental, church or non-U.S. plan which is subject to any Similar Law, including any entity whose underlying assets include the assets of any Benefit Plan Investor or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Benefit Plan Investor or Similar Law Plan or (b)(i) such purchaser or transferee's acquisition, holding and disposition of this Warrant or an interest therein does not and will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code as a result of satisfying all of the applicable conditions of one or more of the following Prohibited Transaction Class Exemption ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23 issued by the U.S. Department of Labor, or such other prohibited transaction exemption for which the purchaser or transferee (and, if applicable, any person or entity acting on behalf of such purchaser or transferee) demonstrates to the satisfaction of the Issuer that all applicable conditions are satisfied (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law), and (ii) neither Issuer nor its affiliates has provided any advice that has formed or may form a primary basis for the decision to purchase, hold, or dispose of any interest in the Warrants on behalf of any purchaser or transferee. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.
- (7) 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:

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 C – Information Relating to the Warrants Generally – Terms and Conditions of the 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] [CREST]
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: [ERISA prohibited] [ERISA terms applicable]

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, Uncertificated Registered Warrants or (ii) if and only if offered in reliance on Rule 144A, Registered Warrants represented by Global 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 depositary 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 depositary for Euroclear, and Clearstream, Luxembourg. A beneficial interest in the Unrestricted Global Registered Warrant may at all times be held only through Euroclear and Clearstream, Luxembourg. The Restricted Global Registered Warrant will be deposited on or about the issue date for the relevant Tranche with HSBC Bank USA, National Association as custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, DTC. In the circumstances described below under "*Exchange and Transfer of Global Registered Warrants for Definitive Registered Warrants*", interests in any Unrestricted Global Registered Warrant will be exchangeable for Regulation S Definitive Registered Warrants and interests in any Restricted Global Registered Warrant will be exchangeable for US Definitive Registered Warrants and Regulation S Definitive Registered Warrants. Restricted Global Registered Warrants (and any US Definitive Registered Warrants issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Warrants as set out below under "*Transfer Restrictions*".

Each Unrestricted Global Registered Warrant and each Restricted Global Registered Warrant will have an ISIN number and a CUSIP number.

Exchange of Interests in Unrestricted and Restricted Global Registered Warrants; 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 depository, as the case may be, is the registered owner or holder of a Global Registered Warrant, DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, will be considered the sole owner or holder of the Warrants represented by such Global Registered Warrant for all purposes under the Warrant Issuance Agreement and the Warrants. Payments on Global Registered Warrants will be made to DTC, Euroclear, Clearstream, Luxembourg or such nominee, as the case may be, as the registered holder thereof. None of the Issuer, the Warrant Registrar, or any Warrant Agent or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Registered Warrants or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Each such payment in respect of a Global Registered Warrant will be made to the person shown as the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the Register at the close of business (in the relevant clearing system) on the business day on which each clearing system for which the Global Registered Warrant is being held is open for business which is the business day of each such clearing system before the due date for such payment.

Exchange and Transfer of Global Registered Warrants for Definitive Registered Warrants

In the case of Rule 144A Global Registered Warrants or Restricted Global Registered Warrants held through DTC, beneficial interests in a Rule 144A Global Registered Warrant or a Restricted Global Registered Warrant will be exchangeable for US Definitive Registered Warrants: (i) if DTC notifies the Issuer that it is no longer willing or able to properly discharge its responsibilities as depository with

respect to the relevant Restricted Global Registered Warrant or ceases to be a "**clearing agency**" registered under the Exchange Act, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depository; or (ii) if the Issuer, at its option, elects to terminate the book-entry system through DTC; or (iii) if 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 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.

Each prospective purchaser of Warrants offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of the Pricing Supplement and this 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 this 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 this 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 this Offering Memorandum or any documents referred to herein.

Each purchaser of Warrants sold in reliance on Rule 144A ("**Restricted Warrants**"), and (where applicable) each person causing such purchaser to purchase or hold any interest in the Warrants (such as an investment manager), 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, and each person causing such purchaser to purchase or hold any interest in the Warrants (such as an investment manager), 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]⁸ 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-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 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.

⁸ *To be included if the underlying securities have not been registered under the Securities Act.*

*EITHER*⁹

[EACH BENEFICIAL OWNER OF THIS WARRANT OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS WARRANT (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS WARRANT THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS WARRANT THAT SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS WARRANT OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS WARRANT OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF (A) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), OR (B) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHOSE ACQUISITION, HOLDING AND DISPOSITION OF THIS WARRANT OR INTEREST HEREIN WOULD RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"). "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."]

*OR*¹⁰

[EACH BENEFICIAL OWNER OF THIS WARRANT OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS WARRANT (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS WARRANT THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS WARRANT THAT EITHER (A) SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS WARRANT OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS WARRANT OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF A "**BENEFIT PLAN INVESTOR**" AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1986, AS AMENDED ("**ERISA**") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"), INCLUDING ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN, THE INCLUSION OF WHICH FOR PURPOSES OF ERISA OR ANY SIMILAR LAW, AS THE CASE MAY BE, WOULD RESULT IN SUCH ENTITY BEING DEEMED A BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN OR (B)(I) SUCH BENEFICIAL OWNER'S ACQUISITION, HOLDING AND DISPOSITION OF THIS

⁹ This paragraph is to be included if the Pricing Supplement specifies "ERISA prohibited".

¹⁰ This paragraph is to be included if the Pricing Supplement specifies "ERISA terms apply".

WARRANT OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF SATISFYING ALL OF THE APPLICABLE CONDITIONS OF ONE OR MORE OF THE FOLLOWING PROHIBITED TRANSACTION CLASS EXEMPTIONS ("PTCE") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 OR PTCE 96-23 ISSUED BY THE U.S. DEPARTMENT OF LABOR, OR SUCH OTHER PROHIBITED TRANSACTION EXEMPTION FOR WHICH THE PURCHASER OR TRANSFEREE (AND, IF APPLICABLE, ANY PERSON OR ENTITY ACTING ON BEHALF OF SUCH PURCHASER OR TRANSFEREE) DEMONSTRATES TO THE SATISFACTION OF THE ISSUER THAT ALL APPLICABLE CONDITIONS ARE SATISFIED (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH PLAN OR NON-U.S. PLAN, WILL NOT RESULT IN A VIOLATION OF ANY SIMILAR LAW), AND (II) NEITHER ISSUER NOR ITS AFFILIATES HAS PROVIDED ANY ADVICE THAT HAS FORMED OR MAY FORM A PRIMARY BASIS FOR THE DECISION TO PURCHASE, HOLD, OR DISPOSE OF ANY INTEREST IN THIS WARRANT ON BEHALF OF ANY BENEFICIAL OWNER. "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."]

[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.]¹¹

- (4) In addition, each purchaser of, and each person causing such purchaser to purchase or hold any interest in, 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) If the Pricing Supplement in relation to a Tranche of Warrants specifies "ERISA prohibited", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Warrants (such as an investment manager), by such purchase or holding of any Warrant (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Warrant through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Warrant, that such purchaser or transferee shall not acquire, hold or subsequently dispose of such Warrant for, or on behalf of, or with the assets of: (x) any Benefit Plan Investor (as defined in Section 3(42) of ERISA), or (y) any governmental, church or non-U.S. plan which is subject to Similar Law whose acquisition, holding or disposition of such Warrant or an interest therein would result in a violation of any Similar Law. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.
- (6) If the Pricing Supplement in relation to a Tranche of Warrants specifies "ERISA terms apply", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Warrants (such as an investment manager), by such purchase or holding of any Warrant (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser

¹¹ Only include this language in respect of physically settled warrants.

or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Warrant through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Warrant, either that (a) such purchaser or transferee is not (and for so long as it holds such Warrants or any interests therein will not be), and is not (and for so long as it holds such Warrants or interests therein will not be) acting on behalf of a Benefit Plan Investor as defined in Section 3(42) of ERISA or a governmental, church or non-U.S. plan which is subject to any Similar Law, including any entity whose underlying assets include the assets of any Benefit Plan Investor or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Benefit Plan Investor or Similar Law Plan or (b)(i) such purchaser or transferee's acquisition, holding and disposition of this Warrant or an interest therein does not and will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code as a result of satisfying all of the applicable conditions of one or more of the following Prohibited Transaction Class Exemption ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23 issued by the U.S. Department of Labor, or such other prohibited transaction exemption for which the purchaser or transferee (and, if applicable, any person or entity acting on behalf of such purchaser or transferee) demonstrates to the satisfaction of the Issuer that all applicable conditions are satisfied (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law), and (ii) neither Issuer nor its affiliates has provided any advice that has formed or may form a primary basis for the decision to purchase, hold, or dispose of any interest in the Warrants on behalf of any purchaser or transferee. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.

- (7) 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.

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 (MKT) Module 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 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, 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 the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) **Qualified Investors**: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) **Fewer than 150 offerees**: at any time to fewer than 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 measures implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Selling Restrictions Addressing France Securities Laws

Warrants may not be offered or sold, directly or indirectly, nor may this Offering Memorandum, any relevant Pricing Supplement or any other offering material relating to the Warrants be distributed or caused to 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 and formalities required by French laws and regulations to permit the offering and sale of Warrants 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*), other than individuals, investing for their own account, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier* and other applicable regulations.

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 this 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 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 (Cap. 571) of Hong Kong ("**SFO**") 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 (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

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, whether in Hong Kong or elsewhere, 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 SFO and any rules made under that Ordinance.

Indonesia

No registration statement with respect to this 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 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 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.

Kingdom of Bahrain

The Warrants may only be offered on a private placement basis to persons in the Kingdom of Bahrain who are "**accredited investors**".

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).

Korea

The Warrants have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investment Services and Capital Markets Act of Korea and the decrees and regulations thereunder. The Warrants may not be offered or sold, directly or indirectly, or offered or sold for re offering or re-sale, 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, circulated or caused to be distributed or 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 National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) ("**CNBV**"), and may not be offered or sold publicly in Mexico, except that the Warrants may be offered to institutional and qualified investors pursuant to the private placement exemption set forth in 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. The acquisition of the Warrants by an investor who is a resident of Mexico will be made under such investor's own responsibility.

People's Republic of China

The Warrants linked to PRC Reference Assets (including those underlying a Reference Index) (for the purpose of this section, the "**PRC-Linked Warrants**") may not be offered or sold in the PRC (excluding Hong Kong, Macau and Taiwan) directly or indirectly or offered or sold to any Domestic Investor, or to any person using funds to purchase the Warrants sourced from any Domestic Investor, where "**Domestic Investor**" means:

- (a) PRC Citizens resident in the PRC (excluding Hong Kong, Macau and Taiwan);
- (b) PRC Citizens resident outside the PRC who are not permanent residents of another country or permanent residents of Hong Kong, Macau or Taiwan; and
- (c) legal entities registered in the PRC (excluding Hong Kong, Macau and Taiwan).

"**PRC Citizens**" means any person holding a "*Resident Identification Card*" or other equivalent government issued identification of the PRC (excluding Hong Kong, Macau and Taiwan).

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.

In respect of Warrants other than PRC-Linked Warrants, 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 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.

In respect of Warrants other than PRC-Linked Warrants, 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.

China Connect Underlying

Warrants linked to China Connect Underlying (including those underlying a Reference Index where the Pricing Supplement specifies that China Connect Underlying Component Securities is applicable) may not be offered or sold in the People's Republic of China (excluding Hong Kong, Macau and Taiwan, for the current purposes, the "PRC") directly or indirectly or offered or sold to any Domestic Investor, where "**Domestic Investor**" means:

- (a) a PRC Citizen resident or domiciled in the PRC; and/or
- (b) a legal entity incorporated or registered in the PRC.

Warrants Other than PRC-Linked Warrants

In respect of Warrants other than the PRC-Linked Warrants, the Warrants may only be invested in by the PRC investors that are authorised to engage in investing 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 offer or sale thereof in the Philippines is prohibited unless the Warrants have first been registered in accordance with the registration requirements of the SRC or such offer or sale 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 offered, transferred or sold as part of their initial distribution or at any time thereafter to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation unless and to the extent otherwise permitted under Russian law.

Notwithstanding the above, this Offering Memorandum may be distributed to persons in the Russian Federation in a manner that does not constitute an advertisement or offering (each as defined under Russian law) of the Warrants in the Russian Federation.

Switzerland

The Warrants do not constitute participations in a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 ("**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.

Neither this Offering Memorandum nor any offering or marketing material relating to the Warrants constitute a prospectus within the meaning of (i) Articles 652a or Article 1156 of the Swiss Federal Code of Obligations, (ii) Article 5 CISA and its implementing regulations or (iii) Article 21 of the Additional Rules for the Listing of Derivatives of SIX Swiss Exchange.

However, the Issuer reserves the right to set forth all information which may be required to be disclosed in a simplified prospectus pursuant to Article 5 CISA in a separate document referred to as a "*Pricing Supplement*" and/or "*Simplified Prospectus*" (the "**Simplified Prospectus**") for Warrants distributed (such term including any offering and advertising) to qualified investors according to Article 10 Paras. 3 to 4 CISA (the "**Qualified Investors**") and/or non-qualified investors within the meaning of Article 5 Para 1 CISA (the "**Non-Qualified Investors**").

Except as described in this section, Warrants constituting structured products within the meaning of Article 5 CISA ("**Structured Products**") may not be distributed to Non-Qualified Investors in or from Switzerland. They may only be distributed in or from Switzerland to Qualified Investors.

Any Warrants constituting Structured Products which are intended to be distributed to Non-Qualified Investors in or from Switzerland may only be offered or advertised in accordance with the provisions of the CISA and its implementing regulations. In particular, the CISA requires that a Simplified Prospectus complying with Article 5 CISA, its implementing regulations and the Swiss Banking Guidelines on Informing Investors about Structured Products (as amended from time to time) must be published. A provisional version of such Simplified Prospectus including indicative information must be made available free of charge to any interested person prior to purchasing the Warrants or prior to concluding an agreement to purchase the Warrants. The definitive version must be made available free of charge to any interested person on issue or on concluding an agreement to purchase the Warrants.

Warrants constituting Structured Products which are not intended to be distributed to Non-Qualified Investors in or from Switzerland may only be distributed in or from Switzerland to Qualified Investors. Any Final Terms, Simplified Prospectuses, term sheets, fact sheets, or any other marketing material of

products which are to be sold exclusively to Qualified Investors may not be distributed, copied, published or otherwise made public or available for Non-Qualified Investors.

Warrants issued under this Programme which do not qualify as Structured Products may only be offered in or from Switzerland to Qualified Investors on a private placement basis.

Additional specific selling restrictions, if any, applicable in Switzerland will be included in the Pricing Supplements relating to the relevant Warrants.

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, whether directly or indirectly, 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;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Taiwan

Warrants and any documents relating to the Warrants are not permitted to be offered or distributed in Taiwan.

Warrants linked to Taiwanese Reference Assets (including those underlying a Reference Index) (for the purpose of this section, the "**Taiwan-Linked Warrants**") are not permitted to be sold to (i) a resident(s)

of the People's Republic of China (excluding Hong Kong, Macau and Taiwan, for the current purpose, the "PRC") or an entity(ies) domiciled in the PRC ("**PRC Person**"), (ii) an entity(ies) established outside the PRC (including an entity(ies) established in Hong Kong or Macau) that is controlled by a PRC Person(s) or (iii) an entity(ies) established outside the PRC (including an entity(ies) established in Hong Kong or Macau) which is more than thirty per cent. (30 per cent.) owned, directly or indirectly, by a PRC Person(s).

Taiwan-Linked Warrants are not permitted to be sold to any holder utilising funds sourced from Taiwan or the PRC for the purposes of purchasing the Taiwan-Linked Warrants.

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.

United States of America

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, or exercised by, U.S. persons (as defined in Regulation S) except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Manager has agreed that, except as permitted by the Master Warrant Issuance Agreement, (a) it will not offer, sell or deliver Warrants, (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of the Series of which such Warrants are a part, as certified to the Principal Warrant Agent or the Issuer by such Manager (or, in the case of a sale of a Series of 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), within the United States or to, or for the account or benefit of, U.S. persons, other than pursuant to Rule 144A, and (b) it will send to each dealer to which it sells Warrants during the periods referred to in (a)(i) and (ii) above a confirmation or other notice setting forth the restrictions on offers and sales of the Warrants within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any Tranche of Warrants, an offer or sale of Warrants of such Tranche within the United States by any dealer (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 or pursuant to another exemption from registration under the Securities Act.



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 12 June 2015 (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.

This 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"). This 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 this 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 this 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 this 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 this 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

12 June 2015

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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 this 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 this 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);

"**Applicable Hedge Positions**" means, in respect of each Security, the purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) that a Hypothetical Broker Dealer would consider necessary to hedge the equity price risk or currency risk of entering into and performing its obligations in respect of the Notes;

"**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;

"China Connect" means any securities trading and clearing links developed or to be developed by SEHK, any such China Connect Market, the HKSCC and the CSDCC for the establishment of mutual market access between SEHK and any such China Connect Market;

"China Connect Business Day" means any Scheduled Trading Day on which the China Connect Service is open for order-routing during its regular order-routing sessions, notwithstanding the China Connect Service closing prior to its Scheduled Closing Time;

"China Connect Disruption" means (a) any suspension of or limitation imposed on routing of orders (including in respect of buy orders only, sell orders only or both buy and sell orders) through the China Connect Service, relating to the Securities on the Exchange (or in the case of an Index or basket of Indices, relating to Component Securities that comprise 20 per cent. or more of the level of the relevant Index) or (b) any event (other than a China Connect Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of the market participants in general to enter orders in respect of Securities through the China Connect Service; (or in the case of an Index or basket of Indices, in Component Securities that comprise 20 per cent. or more of the level of the relevant Index);

"China Connect Early Closure" means the closure on any China Connect Business Day of the China Connect Service (provided that, in the case of an Index or basket of Indices, Component Securities that comprise 20 per cent. or more of the level of the relevant Index are securities that are order-routed through the China Connect Service) prior to its Scheduled Closing Time unless such earlier closing time is announced by SEHK or the Exchange, as the case may be, at least one hour prior to the earlier of (i) the actual closing time for order-routing through the China Connect Service on such China Connect Business Day and (ii) the submission deadline for orders to be entered into the China Connect Service system for execution on the Exchange at the Valuation Time on such China Connect Business Day;

"China Connect Market" means any stock exchange in the PRC which is acceptable to the SEHK under the securities trading and clearing links programme developed or to be developed by SEHK, any such China Connect Market, the HKSCC and the CSDCC for the establishment of mutual market access with SEHK and any such China Connect Market;

"China Connect Service" means the securities trading and clearing links programme developed by the Exchange, China Connect Market, CSDCC and HKSCC, through which (i) SEHK and/or its affiliates provide order-routing and other related services for certain eligible securities traded on the China Connect Market and (ii) CSDCC and HKSCC provide clearing, settlement, depository and other services in relation to such securities;

"China Connect Underlying" means eligible securities listed and traded on a China Connect Market under China Connect;

"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;

"CSDCC" means China Securities Depository and Clearing Corporation;

"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 (an **"Alternative Exchange"**) 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) or that the Calculation Agent determines in its sole and absolute discretion that listing or trading of Securities on the Exchange (or an Alternative Exchange) has not commenced and will not commence in the foreseeable future prior to redemption of the Notes.

With respect to Depository Receipts, a "Delisting" shall not occur in respect of the Underlying Securities if the Underlying Securities are immediately re-listed, re-traded or re-quoted on an Alternative Exchange regardless of the location of such Alternative Exchange;

"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 Depository Receipt, the agreement(s) or other instrument(s) constituting such Depository Receipt, as from time to time amended or supplemented;

"Depository" means, in relation to a Depository Receipt, the issuer of such Depository Receipt as appointed under the Deposit Agreement, including its successors from time to time;

"Depository 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 Depository Receipt(s) shall thereafter be construed as a reference to the relevant Underlying Securities or relevant Replacement DRs, as applicable and as determined by the Calculation Agent, in its sole and absolute discretion, pursuant to Condition 22(k) (*Events relating to DR-Linked Notes*);

"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, in relation to China Connect Underlying, on which the China Connect Service fails to open for order routing during its regular order-routing 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 Depository 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);
- (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, **provided, however, that** if "Realisable Sale Price" is specified as applicable in the relevant Pricing Supplement, Final Price shall be determined in accordance with the definition of Realisable Sale Price set out in this Condition 22 (*Provisions relating to Equity-Linked Notes and Index-Linked Notes*);

"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;

"HKSCC" means the Hong Kong Securities Clearing Company Limited;

"Hypothetical Broker Dealer" means a hypothetical broker dealer which is (i) subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as apply to the Issuer or any affiliate designated by it and (ii) domiciled in the same tax jurisdiction as the Issuer or its such designated affiliates;

"**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, (iii) in relation to China Connect Underlying, a China Connect 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 (iv) an Early Closure or in relation to China Connect Underlying, a China Connect 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, in relation to a Component Security which is a China Connect Underlying, a China Connect 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 Depository 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, provided that the occurrence of any of the events described in (i) to (vi) (inclusive) in respect of the relevant Underlying Securities shall

not constitute a Potential Adjustment Event unless, the Calculation Agent, in its sole and absolute discretion, determines that such event has a diluting or concentrative effect on the theoretical value of the Securities and (y) the making of any amendment or supplement to the terms of the Deposit Agreement;

"**PRC**" means, solely for the purpose stated herein, the People's Republic of China, excluding Hong Kong, Macau Special Administrative Regions of the People's Republic of China and Taiwan;

"**Realisable Sale Price**" means, with respect to a Security and a Valuation Date, the price of the Security on the Valuation Date determined as provided in the relevant Pricing Supplement, or if no such price is so provided, an amount determined by the Calculation Agent equal to the price that would be realised by a Hypothetical Broker Dealer, acting in good faith and a commercially reasonable manner, in terminating or liquidating Applicable Hedge Positions, as adjusted to account for any costs, commissions, taxes and other fees that may be incurred by or levied on such Hypothetical Broker Dealer;

"**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;

"**Replacement DRs**" means, if the relevant Deposit Agreement is terminated, any depository receipts which the Calculation Agent determines, in accordance with Condition 22(k) (*Events relating to DR-Linked Notes*) are to replace the Depository Receipts constituted by such terminated Deposit Agreement;

"**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, Related Exchange or, in the case of China Connect Underlying, the China Connect Service and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange, Related Exchange or, in the case of China Connect Underlying, the China Connect Service on such Scheduled Trading Day, without regard (in the case of any Exchange or Related Exchange) to after hours or any other trading outside of the regular trading session hours or (in the case of the China Connect Service) any after hours or any other order-routing outside of the regular order-routing 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; notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; (b) in the case of China Connect Underlying, any day on which the China Connect Service is scheduled to be open for order-routing for its regular order-routing sessions; (c) 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 (d) 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), depository 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;

"SEHK" means The Stock Exchange of Hong Kong Limited;

"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;
- (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 Depository 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 Depository Receipt, the security and any other property to which such Depository 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(j) 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). In addition, in relation to China Connect Underlying only, in making such determinations, the Calculation Agent may (but need not) take into account any requirement, adjustment and/or limitation that may be imposed by the China Connect Service or any action or inaction by any one or more of the Exchange, SEHK, CSDCC and HKSCC in relation to such Potential Adjustment Event in respect of Securities held through the China Connect Service.

(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. In relation to China Connect Underlying only, in making such determinations, the Calculation Agent may (but need not) take into account any requirement, adjustment and/or limitation that may be imposed by the China Connect Service or any action or inaction by any one or more of the Exchange, SEHK, CSDCC and HKSCC in relation to such Merger Event or Tender Offer in respect of Securities held through the China Connect Service.

(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) **"China Connect Service Termination"** means, on or after the Trade Date, the announcement by one or more of the China Connect Market, SEHK, the CSDCC, HKSCC or any regulatory authority with competent jurisdiction of a suspension or termination of the China Connect Service or a part thereof for any reason which materially affects the routing of orders in respect of, or holding of, the Securities through the China Connect Service and the Calculation Agent determines that there is a reasonable likelihood that such suspension or termination is not, or will not be, temporary;
- (iii) **"China Connect Share Disqualification"** means, on or after the Trade Date, the Securities cease to be accepted as "China Connect Securities" (as defined in the rules of SEHK) for the purpose of the China Connect Service;
- (iv) **"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;
- (v) **"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;
- (vi) **"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, for the avoidance of doubt "using commercially reasonable efforts and acting in good faith" to hedge the risks of the Issuer referred to herein does not include the value of any quota granted to the Issuer or any of its designated Affiliates under the Qualified Foreign Institutional Investor ("QFII") or Renminbi Qualified Foreign Institutional Investor ("RQFII") Schemes; and

- (vii) **"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.

(k) *Events relating to DR-Linked Notes*

In relation to DR-Linked Notes only, if a Delisting of the Securities occurs or the Depository announces that the Deposit Agreement is (or will be) (or is at any time, whether or not announced by the Depository) terminated, then the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Notes shall continue. If the Calculation Agent determines that:

- (i) the Notes shall continue, it shall elect whether the Security shall thereafter be (x) the Replacement DRs or the Underlying Security and it may make such adjustment(s) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the terms of the Notes (including, without limitation, any change to the notional number of Securities or/or the formula for the Final Redemption Amount), and which change or adjustment(s) shall be effective on

such date selected by the Calculation Agent in its sole and absolute discretion;
or

- (ii) the Notes shall not continue, then the Notes shall be redeemed as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Noteholders to receive the relevant Final Redemption Amount (or any other payment to be made by the Issuer) as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of an amount which 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.

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***

(i) 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,".

(ii) 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.

(iii) Condition 7(h) (*Cancellation*) is hereby amended by inserting the words "by the Issuer" after the words "all Notes purchased".

(iv) 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 12 June 2015 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 (please follow the link to 'Investor relations', 'Fixed income securities' 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

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 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 [2005/2006/2007/2008/2009/2010/2011/2012/2013/2014] Conditions (the "**[2005]/[2006]/[2007]/[2008]/[2009]/[2010]/[2011]/[2012]/[2013]/[2014] 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]/[2013]/[2014] Conditions and the Offering Memorandum. The Offering Memorandum and the

[2005]/[2006]/[2007]/[2008]/[2009]/[2010]/[2011]/[2012]/[2013]/[2014] 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', 'Issuance 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.

Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes

(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): []¹
 - (ii) Calculation Amount²: []
7. (i) Issue Date: []
 - (ii) Interest Commencement Date: [*specify*/ Issue Date/ Not applicable]
 - (iii) Trade Date: []
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*]

¹ *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.*

² *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 INTEREST (IF ANY) PAYABLE

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

- (3) Relevant Screen Page: []
 - (4) Relevant Financial Centre: []
 - (5) Relevant Time: []
 - (6) Relevant Currency: []
 - (vii) ISDA Determination: [Applicable / Not applicable]
 - (1) Floating Rate Option: []
 - (2) Designated Maturity: []
 - (3) Reset Date: []
 - (viii) Linear Interpolation: [Not applicable]/[Applicable – the Rate of Interest for the Interest Period ending on the Interest Payment Date falling in [] shall be calculated using Linear Interpolation]
 - (ix) Margin(s): [[+/-][] per cent. [per annum]] [Not applicable]
 - (x) 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. Equity-/Index-Linked Interest Note and other variable-linked interest Note provisions: [Applicable/Not applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/formula/other variable: *[give or annex details – if appropriate, cross-refer to the definition of Valuation Date in paragraph 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): []

Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes

- (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: (Condition 7(a)) [[] per Calculation Amount (specify — if not par, also specify details of any formula)]
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: (Condition 7(a)) [Not applicable] [Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- | | | |
|--|------------------------|--------------------------|
| Instalment Date(s) and corresponding Instalment: | Instalment Date
[] | Instalment Amount
[] |
|--|------------------------|--------------------------|
19. Early Redemption Amount:
- (i) Early Redemption Amount (upon redemption for taxation reasons, illegality or following an Event of Default): (Conditions 7(b), 7(f) or 11) [[100] per cent. of the Calculation Amount] [Fair Market Value] [other (specify details)]
- (ii) Other redemption provisions: (Condition 7(i)) [[100] per cent. of the Calculation Amount] [Fair Market Value] [Not applicable] [other (specify details)]

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:⁴ [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:⁵ [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:
- Settlement Currency Jurisdiction: []
 - Alternative Payment []

⁴ Definitive Notes will typically have coupons attached to them if interest bearing.

⁵ Talons will be needed if there are 27 or more coupons.

Currency:

- Alternative Payment []
Currency Jurisdiction:
- Alternative Payment []
Currency Fixing Page:
- Alternative Payment []
Currency Fixing Time:
- Alternative Payment [] [Condition 1 applies]
Currency Exchange Rate
Fall-Back 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*][]]

Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes

- 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 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. Physical 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]

Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes

- (vi) Disruption Period: [Condition 22(b)(iii) applies] []
- (vii) Delivery Disruption Event: Condition 22(a) [applies/does not apply]
28. (i) Provisions for Equity-Linked Notes: [Applicable] [Not applicable]
- [The Securities are [[] (ISIN:[])] [Depository 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][The definition of Realisable Sale Price 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: (for Notes relating to Government Bonds and debt securities only) Condition 22(g)(iii) [applies/does not apply]
- (xii) Correction of prices: Condition 22(g)(iv) [applies/does not apply]
- (xiv) Additional Disruption Event [The following Additional Disruption Events apply:

Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes

- [Change in Law, Hedging Disruption, Increased Cost of Hedging, Insolvency Filing, Failure to Deliver] [China Connect Share Disqualification] [China Connect Service Termination] [*other - give details*] [Not applicable]
29. Additional provisions for Equity-Linked Notes: []
30. Index-Linked Interest Note and other variable-linked interest Note provisions: [Applicable] [Not applicable]
- (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) China Connect Underlying [Yes] [No]
- (xii) Additional Disruption Event: [The following Additional Disruption Events apply: [Change in Law, Hedging Disruption, Increased Cost of Hedging] [*Other - give details*]] [Not applicable]
- (xiii) Index Substitution: [Applicable/Not applicable]
31. Valuation Date(s): []
32. Valuation Time: [] [The definition in Condition 22(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]
[]	[]	[]	[]

- Automatic Early [] [as per Condition 22(a)] Redemption Amount:

[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

- (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.)
- : 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 the Pricing Supplement and this 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**"), and (where applicable) each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager), 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, and each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager), 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]⁶ 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.

⁶ To be included if the underlying securities have not been registered under the Securities Act.

THE HOLDER HEREOF, BY PURCHASING THIS NOTE, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE UNITED STATES ONLY TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

*EITHER*⁷

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND NOTE (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF (A) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), OR (B) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHOSE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR INTEREST HEREIN WOULD RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"). "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."]

*OR*⁸

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT EITHER (A) SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO

⁷ This paragraph is to be included if the Pricing Supplement specifies "ERISA prohibited".

⁸ This paragraph is to be included if the Pricing Supplement specifies "ERISA terms apply".

LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF A "**BENEFIT PLAN INVESTOR**" AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1986, AS AMENDED ("**ERISA**") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"), INCLUDING ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN, THE INCLUSION OF WHICH FOR PURPOSES OF ERISA OR ANY SIMILAR LAW, AS THE CASE MAY BE, WOULD RESULT IN SUCH ENTITY BEING DEEMED A BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN OR (B)(I) SUCH BENEFICIAL OWNER'S ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF SATISFYING ALL OF THE APPLICABLE CONDITIONS OF ONE OR MORE OF THE FOLLOWING PROHIBITED TRANSACTION CLASS EXEMPTIONS ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 OR PTCE 96-23 ISSUED BY THE U.S. DEPARTMENT OF LABOR, OR SUCH OTHER PROHIBITED TRANSACTION EXEMPTION FOR WHICH THE PURCHASER OR TRANSFEREE (AND, IF APPLICABLE, ANY PERSON OR ENTITY ACTING ON BEHALF OF SUCH PURCHASER OR TRANSFEREE) DEMONSTRATES TO THE SATISFACTION OF THE ISSUER THAT ALL APPLICABLE CONDITIONS ARE SATISFIED (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH PLAN OR NON-U.S. PLAN, WILL NOT RESULT IN A VIOLATION OF ANY SIMILAR LAW), AND (II) NEITHER ISSUER NOR ITS AFFILIATES HAS PROVIDED ANY ADVICE THAT HAS FORMED OR MAY FORM A PRIMARY BASIS FOR THE DECISION TO PURCHASE, HOLD, OR DISPOSE OF ANY INTEREST IN THIS NOTE ON BEHALF OF ANY BENEFICIAL OWNER. "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."]

- (4) In addition, each purchaser of, and each person causing such purchaser to purchase or hold any interest in, 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) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA prohibited", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, that such purchaser or transferee shall not acquire, hold or subsequently dispose of such Note for, or on behalf of, or with the assets of: (x) any Benefit Plan Investor (as defined in Section 3(42) of ERISA), or (y) any governmental, church or non-U.S. plan which is subject to Similar Law whose acquisition, holding or disposition of such Note or an interest therein would result in a violation of any Similar Law. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.

- (6) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA terms apply", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, either that (a) such purchaser or transferee is not (and for so long as it holds such Notes or any interests therein will not be), and is not (and for so long as it holds such Notes or interests therein will not be) acting on behalf of a Benefit Plan Investor as defined in Section 3(42) of ERISA or a governmental, church or non-U.S. plan which is subject to any Similar Law, including any entity whose underlying assets include the assets of any Benefit Plan Investor or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Benefit Plan Investor or Similar Law Plan or (b)(i) such purchaser or transferee's acquisition, holding and disposition of this Note or an interest therein does not and will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code as a result of satisfying all of the applicable conditions of one or more of the following Prohibited Transaction Class Exemption ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23 issued by the U.S. Department of Labor, or such other prohibited transaction exemption for which the purchaser or transferee (and, if applicable, any person or entity acting on behalf of such purchaser or transferee) demonstrates to the satisfaction of the Issuer that all applicable conditions are satisfied (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law), and (ii) neither Issuer nor its affiliates has provided any advice that has formed or may form a primary basis for the decision to purchase, hold, or dispose of any interest in the Notes on behalf of any purchaser or transferee. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.
- (7) 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 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.)⁹
- (iii) Estimated total expenses of admission to trading: [specify amount] [Not applicable]

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.)*

⁹ Not required for debt securities with a denomination per unit of at least EUR 100,000.

(ii) Estimated net proceeds: []¹⁰ (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)¹¹

5. **[Fixed Rate Notes only - YIELD**

Indication of yield: [Calculated as (include details of method of calculation in summary form) on the Issue Date]¹²

[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, 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

- 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]

¹⁰ Not required for debt securities with a denomination per unit of at least EUR 100,000.

¹¹ Not required for debt securities with a denomination per unit of at least EUR 100,000.

¹² Not required for debt securities with a denomination per unit of at least EUR 100,000.

13. Intended to be held in a manner which would allow Eurosystem eligibility:¹³ [Yes] [No] [Not applicable]
- [[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.] *[include this text if "yes" selected]*
- [Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, then the Issuer may (in its absolute discretion) elect to deposit the Notes with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)]*[include this text for registered notes]* . Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] *[Include this text if "no" selected]*
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]
19. Calculation Agent: [HSBC Bank plc] [HSBC France] *[specify]*
20. City in which specified office of Registrar to be maintained: [London]/[Not applicable]/*[specify]*
(Condition 15)
21. ERISA Considerations: [ERISA prohibited] [ERISA terms applicable]

¹³ 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.

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 12 June 2015 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 (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

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 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 [2005/2006/2007/2008/2009/2010/2011/2012/2013/2014] Conditions (the "[2005]/[2006]/[2007]/[2008]/[2009]/[2010]/[2011]/[2012]/[2013]/[2014] **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]/[2013]/[2014] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005]/[2006]/[2007]/[2008]/[2009]/[2010]/[2011]/[2012]/[2013]/[2014] 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', 'Issuance 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:²
 - [(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): []¹⁴
(ii) Calculation Amount¹⁵: []
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.*]

¹⁴ *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.*

¹⁵ *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.*

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 REDEMPTION

10. Final Redemption Amount of each Note: *(Condition 7(a))* The product of:
- [[Calculation Amount]
- $$\times \frac{\text{Share Value}_{\text{final}}}{\text{Share Value}_{\text{initial}}}$$
- per Calculation Amount
- Where:
- "Share Value_{final}" means the Preference Share Value on the Valuation Date; and
- "Share Value_{initial}" 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) *(Conditions 7(b), 7(c), 11, 23(b), 23(c) or 23(d))* 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_{final} 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: *(Condition 7(i))* per Calculation Amount *(specify - if not par, also specify details of any formula) / Not applicable]*

GENERAL PROVISIONS APPLICABLE TO THE NOTES

12. 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]*
13. [New Global Note] *[(delete if Registered Note)]*/ Issued under the new safekeeping structure *[(delete if Bearer Note)]*: [Yes/No]
14. If issued in bearer form:
- (i) Initially represented by a Temporary Global Note or Permanent Global Note: [Temporary] [Permanent] Global Note

Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes

- (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:¹⁶ [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:¹⁷ [Yes/No/Not applicable] [*N.B. The above comment also applies here*]
15. Exchange Date for exchange of Temporary Global Note: [Not earlier than 40 days after the Issue Date] [*specify*]
16. 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

¹⁶ *Definitive Notes will typically have coupons attached to them if interest bearing.*

¹⁷ *Talons will be needed if there are 27 or more coupons.*

- applicable]
- 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]
17. Redenomination: [Applicable/Not applicable]
(Condition 10)
18. 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

19. 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)
 - (ix) Additional Disruption Event: [Condition 23(d) [applies /does not apply]. The following Additional Disruption Events apply: [Change in Law and/or Insolvency Filing]
20. Additional provisions for Preference Share-Linked Notes: []

DISTRIBUTION

21. (i) If syndicated, names [,]¹⁸of 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.)
22. 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*]

¹⁸ 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

1. 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.)⁶

(iii) Estimated total expenses of admission to trading: [(specify amount)] [Not applicable]

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: []⁷ *(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.)*

⁶ Not required for debt securities with a denomination per unit of at least EUR 100,000.

⁷ Not required for debt securities with a denomination per unit of at least EUR 100,000.

- (iii) Estimated total expenses: *(Include breakdown of expenses)*⁸

(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)

5. **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

6. ISIN Code: [[]/Not applicable]
7. Common Code: [[]/Not applicable]
8. CUSIP: [[]/Not applicable]
9. SEDOL: [[]/Not applicable]

⁸ Not required for debt securities with a denomination per unit of at least EUR 100,000.

10. Intended to be held in a manner which would allow Eurosystem eligibility:⁹ [Yes] [No] [Not applicable]
- [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.] *[include this text if "yes" selected]*
- [Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, then the Issuer may (in its absolute discretion) elect to deposit the Notes with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)]*[include this text for registered notes]* . Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] *[Include this text if "no" selected]*
11. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [CREST]/[None]/[specify other]
12. Delivery: Delivery [against/free of] payment
13. Settlement procedures: [Eurobond]/[Medium Term Note]/*[other (specify)]*
14. Additional Paying Agent(s) (if any): [None]/*[specify]*
15. Common Depository: [HSBC Bank plc]/[Not applicable]
16. Calculation Agent: [HSBC Bank plc] [HSBC France] *[specify]*
17. City in which specified office of Registrar to be maintained: [London]/[Not applicable]/*[specify]*
(Condition 15)

⁹ 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.

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 this 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);

"**Applicable Hedge Positions**" means, in respect of each Security (whether underlying a Security Warrant or a Security Basket Warrant), the purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) that a Hypothetical Broker Dealer would consider necessary to hedge the equity price risk or currency risk of entering into and performing its obligations in respect of the Warrants;

"**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;

"**China Connect**" means any securities trading and clearing links developed or to be developed by SEHK, any such China Connect Market, the HKSCC and the CSDCC for the establishment of mutual market access between SEHK and any such China Connect Market;

"**China Connect Business Day**" means any Scheduled Trading Day on which the China Connect Service is open for order-routing during its regular order-routing sessions, notwithstanding the China Connect Service closing prior to its Scheduled Closing Time;

"**China Connect Disruption**" means (a) any suspension of or limitation imposed on routing of orders (including in respect of buy orders only, sell orders only or both buy and sell orders) through the China Connect Service, relating to the Securities on the Exchange (or in the case of an Index or basket of Indices, relating to Component Securities that comprise 20 per cent. or more of the level of the relevant Index) or (b) any event (other than a China Connect Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of the market participants in general to enter orders in respect of Securities through the China Connect Service; (or in the case of an Index or basket of Indices, in Component Securities that comprise 20 per cent. or more of the level of the relevant Index);

"**China Connect Early Closure**" means the closure on any China Connect Business Day of the China Connect Service (provided that, in the case of an Index or basket of Indices, Component Securities that comprise 20 per cent. or more of the level of the relevant Index are securities that are order-routed through the China Connect Service) prior to its Scheduled Closing Time unless such earlier closing time is announced by SEHK or the Exchange, as the case may be, at least one hour prior to the earlier of (i) the actual closing time for order-routing through the China Connect Service on such China Connect Business Day and (ii) the submission deadline for orders to be entered into the China Connect Service system for execution on the Exchange at the Valuation Time on such China Connect Business Day;

"China Connect Market" means any stock exchange in the PRC which is acceptable to the SEHK under the securities trading and clearing links programme developed or to be developed by SEHK, any such China Connect Market, the HKSCC and the CSDCC for the establishment of mutual market access with SEHK and any such China Connect Market;

"China Connect Service" means the securities trading and clearing links programme developed by the Exchange, China Connect Market, CSDCC and HKSCC, through which (i) SEHK and/or its affiliates provide order-routing and other related services for certain eligible securities traded on the China Connect Market and (ii) CSDCC and HKSCC provide clearing, settlement, depository and other services in relation to such securities;

"China Connect Underlying" means eligible securities listed and traded on a China Connect Market under China Connect;

"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;

"CSDCC" means China Securities Depository and Clearing Corporation;

"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 (an **"Alternative Exchange"**) 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) or that the Calculation Agent determines in its sole and absolute discretion that listing or trading of Securities on the Exchange (or an Alternative Exchange) has not commenced and will not commence in the foreseeable future prior to the Expiry Date of the Warrants.

With Respect to Depository Receipts, a **"Delisting"** shall not occur in respect of the Underlying Securities if the Underlying Securities are immediately re-listed, re-traded or re-quoted on an Alternative Exchange regardless of the location of such Alternative Exchange;

"Deposit Agreement" means, in relation to each Depository Receipt, the agreement(s) or other instrument(s) constituting such Depository Receipt, as from time to time amended or supplemented;

"Depository" means, in relation to a Depository Receipt, the issuer of such Depository Receipt as appointed under the Deposit Agreement, including its successors from time to time;

"Depository 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 Depository Receipt(s) shall thereafter be construed as a reference to the relevant Underlying Securities or relevant Replacement DRs, as applicable and as determined by the Calculation Agent, in its sole and absolute discretion, pursuant to Condition 18(j) (*Events relating to DR-Linked Warrants*);

"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, in relation to China Connect Underlying, on which the China Connect Service fails to open for order routing during its regular order-routing 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 Depository 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, **provided, however, that** if "Realisable Sale Price" is specified as applicable in the relevant Pricing Supplement, Final Price shall be determined in accordance with the definition of Realisable Sale Price set out in this Condition 17 (*Provisions relating to Equity-Linked Warrants and Index-Linked Warrants*);

"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;

"Hypothetical Broker Dealer" means a hypothetical broker dealer which is (i) subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as apply to the Issuer or any affiliate designated by it and (ii) domiciled in the same tax jurisdiction as the Issuer or its such designated affiliates;

"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;

"HKSCC" means the Hong Kong Securities Clearing Company Limited;

"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, (iii) in relation to China Connect Underlying, a China Connect 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 (iv) an Early Closure or in relation to China Connect Underlying, a China Connect 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, in relation to a Component Security which is a China Connect Underlying, a China Connect 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 Depository 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, provided that the occurrence of any of the events described in (i) to (vi) (inclusive) in respect of the relevant Underlying Securities shall not constitute a Potential Adjustment Event unless, the Calculation Agent, in its sole and absolute discretion, determines that such event has a diluting or concentrative effect on the theoretical value of the Securities and (y) the making of any amendment or supplement to the terms of the Deposit Agreement;

"**PRC**" means, solely for the purpose stated herein, the People's Republic of China, excluding Hong Kong, Macau Special Administrative Regions of the People's Republic of China and Taiwan;

"**Realisable Sale Price**" means, with respect to a Security and a Valuation Date, the price of the Security on the Valuation Date determined as provided in the relevant Pricing Supplement, or if no such price is so provided, an amount equal to the price that would be realised by a Hypothetical Broker Dealer, acting in good faith and a commercially reasonable manner, in terminating or liquidating Applicable Hedge Positions, as adjusted to account for any costs, commissions, taxes and other fees that may be incurred by or levied on such Hypothetical Broker Dealer;

"**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;

"**Replacement DRs**" means, if the relevant Deposit Agreement is terminated, any depository receipts which the Calculation Agent determines, in accordance with Condition 18(j) (*Events*)

relating to DR-Linked Warrants) are to replace the Depository Receipts constituted by such terminated Deposit Agreement;

"**Scheduled Averaging Date**" has the meaning given in Condition 18(b)(iv)(B)(3)(bb);

"**Scheduled Closing Time**" means in respect of an Exchange, Related Exchange or in the case of China Connect Underlying, the China Connect Service and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange, Related Exchange or, in the case of China Connect Underlying, the China Connect Service on such Scheduled Trading Day, without regard (in the case of any Exchange or Related Exchange) to after hours or any other trading outside of the regular trading session hours or (in the case of the China Connect Service) any after hours or any other order-routing outside of the regular order-routing 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; notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; (b) in the case of China Connect Underlying, any day on which the China Connect Service is scheduled to be open for order-routing for its regular order-routing sessions; (c) 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 (D) 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), depository 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;

"**SEHK**" means The Stock Exchange of Hong Kong Limited;

"**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 Depository 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 Depository Receipt, the security and any other property to which such Depository 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). In addition, in relation to China Connect Underlying only, in making such determinations, the Calculation Agent may (but need not) take into account any requirement, adjustment and/or limitation that may be imposed by the China Connect Service or any action or inaction by any one or more of the Exchange, SEHK, CSDCC and HKSCC in relation to such Potential Adjustment Event in respect of Securities held through the China Connect Service.

(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. In relation to China Connect Underlying only, in making such determinations, the Calculation Agent may (but need not) take into account any requirement, adjustment and/or limitation that may be imposed by the China Connect Service or any action or inaction by any one or more of the Exchange, SEHK, CSDCC and HKSCC in relation to such Merger Event or Tender Offer in respect of Securities held through the China Connect Service.

(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) "**China Connect Service Termination**" means, on or after the Trade Date, the announcement by one or more of the China Connect Market, SEHK, the CSDCC, HKSCC or any regulatory authority with competent jurisdiction of a suspension or termination of the China Connect Service or a part thereof for any reason which materially affects the routing of orders in respect of, or holding of, the Securities through the China Connect Service and the Calculation Agent determines that there is a reasonable likelihood that such suspension or termination is not, or will not be, temporary;
- (iii) "**China Connect Share Disqualification**" means, on or after the Trade Date, the Securities cease to be accepted as "China Connect Securities" (as defined in the rules of SEHK) for the purpose of the China Connect Service;
- (iv) "**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;
- (v) "**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;

- (vi) **"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, for the avoidance of doubt "using commercially reasonable efforts and acting in good faith" to hedge the risks of the Issuer referred to herein does not include the value of any quota granted to the Issuer or any of its designated Affiliates under the Qualified Foreign Institutional Investor ("QFII") or Renminbi Qualified Foreign Institutional Investor ("RQFII") Schemes;; and
- (vii) **"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 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.

(j) *Events relating to DR-Linked Warrants*

In relation to DR-Linked Warrants only, if a Delisting of the Securities occurs or the Depository announces that the Deposit Agreement is (or will be) (or is at any time, whether or not announced by the Depository) terminated, then the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Warrants shall continue. If the Calculation Agent determines that:

- (i) the Warrants shall continue, it shall elect whether the Security shall thereafter be (x) the Replacement DRs or the Underlying Security and it may make such adjustment(s) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the terms of the Warrants (including, without limitation, any change to the notional number of Securities or/or the formula for the Cash Settlement Amount), and which change or adjustment(s) shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion; or
- (ii) the Warrants shall not continue, 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 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 an amount which 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.

**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 12 June 2015 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 (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

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 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 [2005/2006/2007/2008/2009/2010/2011/2012/2013/2014] Conditions (the "[**2005/2006/2007/2008/2009/2010/2011/2012/2013/2014**] **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 [2005/2006/2007/2008/2009/2010/2011/2012/2013/2014] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005/2006/2007/2008/2009/2010/2011/2012/2013/2014] 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', 'Issuance 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 D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes

(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. | (i) Issue Date: | [] |
| | (ii) Trade 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 Registered Warrant]/[N/A]. Warrants in definitive form [will/will not] be issued.] [other (specify)] |
| 11. | Form of Warrant: | [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] ¹⁹ |
| | (iii) Exercise Period: | [American Style Warrants only]. [The period beginning from (and including) [] and ending on (and including) the |

¹⁹ 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.

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 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]

Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes

- Knock-out Period [] [Not applicable]
Ending Date:
 - Knock-out Price/ []
Knock-out Level:
 - Knock-out Amount: []
 - Knock-out Amount [] [Maturity Date]
Payment 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 Warrantholder 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]

Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes

- (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) China Connect Underlying [Yes] [No]
- (xii) Additional Disruption Event: [The following Additional Disruption Events apply: [Change in Law, Hedging Disruption, Increased Cost of Hedging] [*other (specify)*] [Not applicable]]
- (xiii) Initial Index Level: [] [The definition in Condition 17 applies]
- (xiv) Final Index Level: [] [Not applicable] [The definition in Condition 17 applies]
- (xv) Adjustments to Indices: [Condition 18(c)] / [[Condition 18(i)] applies/does not apply]
- (xvi) Strike Date: []
- (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 [[] (ISIN:[])] [Depository Receipts] [China Connect Underlying]
- [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

Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes

		Securities [<input type="checkbox"/>] [The Fund]
(iv)	Exchange(s):	[specify exchange on which the Securities are listed]
(v)	Related Exchange:	[specify/Not applicable]
(vi)	Valuation Time:	[<input type="checkbox"/>]
(vii)	Valuation Date:	[<input type="checkbox"/>]
(viii)	Averaging Dates:	[Applicable / Not applicable] [If applicable, specify dates]
(ix)	Initial Price:	[<input type="checkbox"/>] [The definition in Condition 17 applies]
(x)	Strike Date:	[<input type="checkbox"/>]
(xi)	Final Price:	[<input type="checkbox"/>] [The definition in Condition 17 applies] [The definition of Realisable Sale Price in Condition 17 applies]
(xii)	Reference Price:	[<input type="checkbox"/>] [The definition in Condition 17 applies]
(xii)	Potential Adjustment Event:	Condition 18(f)(i) [applies/does not apply]
	<ul style="list-style-type: none"> • Extraordinary Dividend (if other than as specified in the definition in Condition 17) [<input type="checkbox"/>] • additional Potential Adjustment Event (for purposes of paragraph (viii) of the definition thereof) [<input type="checkbox"/>] 	
(xiv)	Extraordinary Event:	Condition 18(f)(ii) [applies/does not apply]
(xv)	Conversion: (for Warrants relating to Government Bonds and debt securities only)	Condition 18(f)(iii) [applies/does not apply]
(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] [China Connect Share Disqualification] [China Connect Service Termination] [other - give details]] [Not applicable]
19.	Averaging Date Market Disruption:	[Omission / Postponement / Modified Postponement / Not applicable / other

Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes

- (*specify*)
20. Business Day: [As in the Conditions / *other (specify)*]
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 provisions: [] [Condition 1 applies]
- (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: []

[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]

[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 the Pricing Supplement and this 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**"), and (where applicable) each person causing such purchaser to purchase or hold any interest in the Notes (such as the investment manager), 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, and each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager), 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]⁴ 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

⁴ To be included if the underlying securities have not been registered under the Securities Act.

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.

*EITHER*²⁰

[EACH BENEFICIAL OWNER OF THIS WARRANT OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS WARRANT (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS WARRANT THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS WARRANT THAT SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS WARRANT OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS WARRANT OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF (A) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), OR (B) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHOSE ACQUISITION, HOLDING AND DISPOSITION OF THIS WARRANT OR INTEREST HEREIN WOULD RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"). "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA.]"

*OR*²¹

[EACH BENEFICIAL OWNER OF THIS WARRANT OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS WARRANT (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS WARRANT THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS WARRANT THAT EITHER (A) SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS WARRANT OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS WARRANT OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF A "**BENEFIT PLAN INVESTOR**" AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1986, AS AMENDED ("**ERISA**") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-

²⁰ This paragraph is to be included if the Pricing Supplement specifies "ERISA prohibited".

²¹ This paragraph is to be included if the Pricing Supplement specifies "ERISA terms apply".

U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"), INCLUDING ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN, THE INCLUSION OF WHICH FOR PURPOSES OF ERISA OR ANY SIMILAR LAW, AS THE CASE MAY BE, WOULD RESULT IN SUCH ENTITY BEING DEEMED A BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN OR (B)(I) SUCH BENEFICIAL OWNER'S ACQUISITION, HOLDING AND DISPOSITION OF THIS WARRANT OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF SATISFYING ALL OF THE APPLICABLE CONDITIONS OF ONE OR MORE OF THE FOLLOWING PROHIBITED TRANSACTION CLASS EXEMPTIONS ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 OR PTCE 96-23 ISSUED BY THE U.S. DEPARTMENT OF LABOR, OR SUCH OTHER PROHIBITED TRANSACTION EXEMPTION FOR WHICH THE PURCHASER OR TRANSFEREE (AND, IF APPLICABLE, ANY PERSON OR ENTITY ACTING ON BEHALF OF SUCH PURCHASER OR TRANSFEREE) DEMONSTRATES TO THE SATISFACTION OF THE ISSUER THAT ALL APPLICABLE CONDITIONS ARE SATISFIED (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH PLAN OR NON-U.S. PLAN, WILL NOT RESULT IN A VIOLATION OF ANY SIMILAR LAW), AND (II) NEITHER ISSUER NOR ITS AFFILIATES HAS PROVIDED ANY ADVICE THAT HAS FORMED OR MAY FORM A PRIMARY BASIS FOR THE DECISION TO PURCHASE, HOLD, OR DISPOSE OF ANY INTEREST IN THIS WARRANT ON BEHALF OF ANY BENEFICIAL OWNER. "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA.]"

[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.]²²

- (4) In addition, each purchaser of, and each person causing such purchaser to purchase or hold any interest in, 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) If the Pricing Supplement in relation to a Tranche of Warrants specifies "ERISA prohibited", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Warrants (such as an investment manager), by such purchase or holding of any Warrant (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Warrant through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Warrant, that such purchaser or transferee shall not acquire, hold or subsequently dispose of such Warrant for, or on behalf of, or with the assets of: (x) any Benefit Plan Investor (as defined in Section 3(42) of ERISA), or (y) any governmental, church or non-U.S. plan which is subject to Similar Law whose acquisition,

²² Only include this language in respect of physically settled warrants.

holding or disposition of such Warrant or an interest therein would result in a violation of any Similar Law. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.

- (6) If the Pricing Supplement in relation to a Tranche of Warrants specifies "ERISA terms apply", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Warrants (such as an investment manager), by such purchase or holding of any Warrant (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Warrant through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Warrant, either that (a) such purchaser or transferee is not (and for so long as it holds such Warrants or any interests therein will not be), and is not (and for so long as it holds such Warrants or interests therein will not be) acting on behalf of a Benefit Plan Investor as defined in Section 3(42) of ERISA or a governmental, church or non-U.S. plan which is subject to any Similar Law, including any entity whose underlying assets include the assets of any Benefit Plan Investor or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Benefit Plan Investor or Similar Law Plan or (b)(i) such purchaser or transferee's acquisition, holding and disposition of this Warrant or an interest therein does not and will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code as a result of satisfying all of the applicable conditions of one or more of the following Prohibited Transaction Class Exemption ("PTCE") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23 issued by the U.S. Department of Labor, or such other prohibited transaction exemption for which the purchaser or transferee (and, if applicable, any person or entity acting on behalf of such purchaser or transferee) demonstrates to the satisfaction of the Issuer that all applicable conditions are satisfied (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law), and (ii) neither Issuer nor its affiliates has provided any advice that has formed or may form a primary basis for the decision to purchase, hold, or dispose of any interest in the Warrants on behalf of any purchaser or transferee. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.
- (7) 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:

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. 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.)⁶*
- (iii) Estimated total expenses of admission to trading: [(Specify amount)] [Not applicable]

2. 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]

3. 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]⁷

⁶ Not required for derivative securities which can only be acquired for at least EUR 100,000 per security.

⁷ Not required for debt securities with a denomination per unit of at least EUR 100,000.

4. ***[Index-Linked, Equity-Linked or other variable-linked Interest Warrants only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING***⁸

(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained (and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident)⁹. 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

- | | | |
|-----|--|--|
| 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): | [CREST][None]/[specify] |
| 12. | Delivery: | Delivery [against/free of] payment |
| 13. | Additional Paying Agent(s) (if any): | [None/specify] |
| 14. | Common Depository: | [HSBC Bank plc]/[Not applicable] |
| 15. | Calculation Agent: | [HSBC Bank plc] [HSBC France] [specify] |
| 16. | City in which specified office of Warrant Registrar to be maintained: | [Not applicable] [London] [specify] |
| 17. | ERISA Considerations: | [ERISA prohibited] [ERISA terms apply] |

⁸ Refer to Prospectus Rules, Annex XII, paragraph 4.2.2 for disclosure requirements.

⁹ Not required for derivative securities which can only be acquired for at least EUR 100,000 per security.

INDEX AND ETF DISCLAIMERS

This section sets out disclaimers which may be applicable in respect of an issue of Notes or Warrants which are linked to a reference index or an exchange traded fund.

Where a Series of Notes relates to any Index and no specific statement is included in the Pricing Supplement, the following statement will apply to such Series of Notes.

"Notes issued by the Issuer are not sponsored, endorsed, sold or promoted by any index sponsor or the affiliates of any such index sponsor (collectively, the "**Publisher**"). The Publisher shall not be liable (whether as a result of negligence or otherwise) to any person for any error in the relevant index and the Publisher is under no obligation to advise any person of any error therein. The Publisher does not make any representation or warranty, express or implied, to the prospective investors or any member of the public regarding the advisability of investing in securities generally or in the Notes particularly.

The Issuer shall have no liability to the Holders of the Notes for any act or failure to act by any index sponsor in connection with the calculation, adjustment or maintenance of any index relating to the Notes. The Issuer has no affiliation with or control over any index or any index sponsor or any control over the computation, composition or dissemination of any index. The only relationship the Publisher has with the Issuer is as licensee (the "**Licensee**") regarding the licensing of certain trademarks and trade names of the Publisher and of the relevant index which is determined, composed and calculated without regard to the Licensee or the Notes. The Publisher is not responsible for and neither has participated in the determination of the timing of, prices at, or quantities of the Notes to be offered or issued or in the determination or calculation of the equation by which the Notes to be offered or issued are to be converted into cash or otherwise disposed of. The Publisher does not have any obligation or liability in connection with the administration, marketing or trading of the Notes to be offered or issued.

Although the Issuer will obtain information concerning various indices from publicly available sources it believes reliable, it will not independently verify this information.

The provisions of this section are without prejudice to the responsibilities assumed by the Issuer in the Offering Memorandum."

Where a Series of Notes relates to any exchange traded funds ("ETFs") and no specific statement is included in the Pricing Supplement, the following statement will apply to such Series of Notes.

"Notes issued by the Issuer are not sponsored, endorsed, sold or promoted by any ETF, any ETF manager or the affiliates of any such ETF or ETF manager (collectively, the "**Publisher**"). The Publisher shall not be liable (whether as a result of negligence or otherwise) to any person for any error in any information relating to such ETF and the Publisher is under no obligation to advise any person of any error therein. The Publisher does not make any representation or warranty, express or implied, to the prospective investors or any member of the public regarding the advisability of investing in securities generally or in the Notes particularly.

The Issuer shall have no liability to the Holders of the Notes for any act or failure to act by any ETF or ETF manager in connection with the management of such ETF or the computation, composition or dissemination of any data produced by any ETF or ETF manager relevant to the Notes. The Issuer has no affiliation with or control over any ETF or ETF manager or any control over the computation, composition or dissemination of any data produced by any ETF or ETF manager or the management processes of any ETF. The only relationship the Publisher has with the Issuer is as licensee (the "**Licensee**") regarding the licensing of certain trademarks and trade names of the Publisher. The Publisher is not responsible for and neither has participated in the determination of the timing of, prices at, or quantities of the Notes to be offered or issued or in the determination or calculation of the equation by which the Notes to be offered or issued are to be converted into cash or otherwise disposed of. The Publisher does not have any obligation or liability in connection with the administration, marketing or trading of the Notes to be offered or issued.

Although the Issuer will obtain information concerning various ETFs or ETF managers from publicly available sources it believes reliable, it will not independently verify this information.

The provisions of this section are without prejudice to the responsibilities assumed by the Issuer in this Offering Memorandum."

Where a Series of Warrants relates to any Index and no specific statement is included in the Pricing Supplement, the following statement will apply to such Series of Warrants.

"Warrants issued by the Issuer are not sponsored, endorsed, sold or promoted by any index sponsor or the affiliates of any such index sponsor (collectively, the "**Publisher**"). The Publisher shall not be liable (whether as a result of negligence or otherwise) to any person for any error in the relevant index and the Publisher is under no obligation to advise any person of any error therein. The Publisher does not make any representation or warranty, express or implied, to the prospective investors or any member of the public regarding the advisability of investing in securities generally or in the Warrants particularly.

The Issuer shall have no liability to the Holders of the Warrants for any act or failure to act by any index sponsor in connection with the calculation, adjustment or maintenance of any index relating to the Warrants. The Issuer has no affiliation with or control over any index or any index sponsor or any control over the computation, composition or dissemination of any index. The only relationship the Publisher has with the Issuer is as licensee (the "**Licensee**") regarding the licensing of certain trademarks and trade names of the Publisher and of the relevant index which is determined, composed and calculated without regard to the Licensee or the Warrants. The Publisher is not responsible for and neither has participated in the determination of the timing of, prices at, or quantities of the Warrants to be offered or issued or in the determination or calculation of the equation by which the Warrants to be offered or issued are to be converted into cash or otherwise disposed of. The Publisher does not have any obligation or liability in connection with the administration, marketing or trading of the Warrants to be offered or issued.

Although the Issuer will obtain information concerning various indices from publicly available sources it believes reliable, it will not independently verify this information.

The provisions of this section are without prejudice to the responsibilities assumed by the Issuer in the Offering Memorandum."

Where a Series of Warrants relates to any ETF and no specific statement is included in the Pricing Supplement, the following statement will apply to such Series of Warrants.

"Warrants issued by the Issuer are not sponsored, endorsed, sold or promoted by any ETF, any ETF manager or the affiliates of any such ETF or ETF manager (collectively, the "**Publisher**"). The Publisher shall not be liable (whether as a result of negligence or otherwise) to any person for any error in any information relating to such ETF and the Publisher is under no obligation to advise any person of any error therein. The Publisher does not make any representation or warranty, express or implied, to the prospective investors or any member of the public regarding the advisability of investing in securities generally or in the Warrants particularly.

The Issuer shall have no liability to the Holders of the Warrants for any act or failure to act by any ETF or ETF manager in connection with the management of such ETF or the computation, composition or dissemination of any data produced by any ETF or ETF manager relevant to the Warrants. The Issuer has no affiliation with or control over any ETF or ETF manager or any control over the computation, composition or dissemination of any data produced by any ETF or ETF manager or the management processes of any ETF. The only relationship the Publisher has with the Issuer is as licensee (the "**Licensee**") regarding the licensing of certain trademarks and trade names of the Publisher. The Publisher is not responsible for and neither has participated in the determination of the timing of, prices at, or quantities of the Warrants to be offered or issued or in the determination or calculation of the equation by which the Warrants to be offered or issued are to be converted into cash or otherwise disposed of. The Publisher does not have any obligation or liability in connection with the administration, marketing or trading of the Warrants to be offered or issued.

Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes

Although the Issuer will obtain information concerning various ETFs or ETF managers from publicly available sources it believes reliable, it will not independently verify this information.

The provisions of this section are without prejudice to the responsibilities assumed by the Issuer in this Offering Memorandum."ANNEX 1 TO PART D – HSBC MANAGED INDICES RULES

ANNEX 1 TO PART D – SUMMARIES OF HSBC MANAGED INDICES RULES

HSBC Global Markets Indices

Base Terms Module

Version 1.1
October 2013

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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

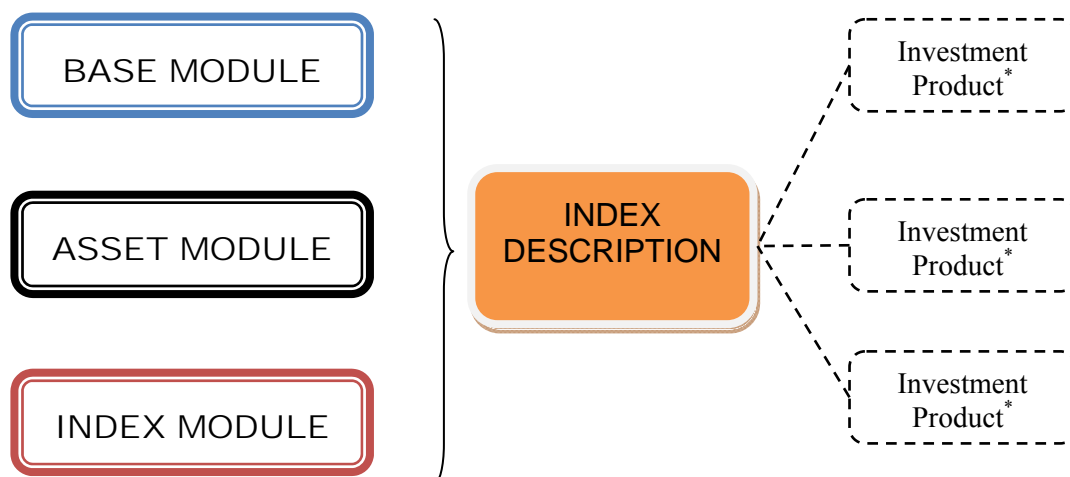
The Index Description of any Index is composed of three constituent parts, as follows:

- (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 is, as of 1 October 2013, Euromoney Trading Limited. Prior to this date, the role of the Default Index Calculation Agent was performed by a division of HSBC.

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:

Equity Indices

Email: equity.indices@hsbcib.com

Structured Interest Rate Indices

Email: rates.structuring@hsbc.com

FX Indices

Email: fx.indices@hsbcib.com

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, as of 1 October 2013, Euromoney Trading Limited. Prior to this date, the role of the Default Index Calculation Agent was performed by a division of HSBC.

"**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.

"**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 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 Bank plc. HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority and is a member of the HSBC Group.

The Index is sponsored, developed and promoted by HSBC Bank plc (the "Index Sponsor") and it is calculated by the Index Calculation Agent. The Index Sponsor has no responsibility for the calculation of the Index and does not guarantee or represent or warrant the accuracy or completeness of the Index or the data comprised therein.

Except in the case of fraudulent misrepresentation and without prejudice to its obligations under applicable law and/or the regulatory system to which it is subject, no liability (whether directly or indirectly, in contract, in tort, or otherwise) is accepted by: (a) the Index Sponsor, (b) any other member, division, affiliate or agent of the HSBC Group, (c) the Index Calculation Agent, or (d) any division, affiliate or agent of the Index Calculation Agent, 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 any Index, including in relation to the performance by the Index Sponsor or the Index Calculation Agent in their respective roles under the Index Rules for any such Index.

Neither the Index Sponsor nor the Index Calculation Agent makes any representation, warranty or guarantee whatsoever as to the performance of any Index. Any investment products referencing an 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.

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. None of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates is 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 FCA) and is not intended for the use of retail clients (as defined in the rules of the FCA). No opinions are expressed as to the merits or suitability of any Index or any Investment Products. Investments in Investment Products may not be suitable for all requirements and if you have any doubts, seek advice from your investment adviser.

The Index Calculation Agent, the Index Sponsor and any of their respective affiliates, together with their respective 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 Global Markets Indices

Index Terms Module
(HSBC Uniform GBP Basket Core Index)

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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 GBP 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 GBP but retains some exposure to the changes in the exchange rate between GBP and USD, as well as between GBP and EUR. 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 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 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 GBP or the exchange rate from EUR to GBP 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 GBP or in the exchange rate of EUR to GBP, 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:

$$\text{GBPBasket}(t) = \text{GBPBasket}(t-1) \times [1 + 1/3 * \text{RUSD}(t-1,t) * (1 + \text{FXUSD}(t-1,t) + 1/3 * \text{RGBP}(t-1,t) + 1/3 * \text{REUR}(t-1,t) * (1 + \text{FXEUR}(t-1,t)))]$$

Where:

GBPBasket(t)	means the Index Level in respect of Index Valuation Date t ,
GBPBasket(t-1)	means the Index Level in respect of the Index Valuation Date immediately preceding Index Valuation Date t ,
FXUSD(t-1,t)	means the Foreign Currency Return from Index Valuation Date $t-1$ to t of USD (the Foreign Currency)
FXEUR(t-1, t)	means the Foreign Currency Return from Index Valuation Date $t-1$ to t of EUR (the Foreign Currency)
RGBP(t-1, t)	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
REUR(t-1, t)	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
RUSD(t-1,t)	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 GBP 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 GBP 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 ;

FX(t) means the Foreign Currency Exchange Rate in respect of Index Valuation Date t

FX($t-1$) 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 European Monetary union or such successor official currency as determined by the European Central Bank..

"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 GBP; or b) where the Foreign Currency is EUR, one EUR in GBP.

"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 GBP Basket Core Index	13 March 2000	HSBC Uniform EUR Core Index	100	HSUNBKB0 Index	In case the Foreign Currency is USD
				For the HSBC Uniform EUR Core Index:	Reuters page: GBPUSDFIX=WM
		HSBC Uniform USD Core Index		HSUNEU00 Index	In case the Foreign Currency is EUR
				For the HSBC Uniform USD Core Index:	Reuters page: EURGBPPIX=WM
		HSBC Uniform GBP Core Index			
				HSUNUS00 Index	
				For the HSBC Uniform GBP Core Index:	
				HSUNBP00 Index	

Appendix 3: Disclaimer

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Except in the case of fraudulent misrepresentation and without prejudice to its obligations under applicable law and/or the regulatory system to which it is subject, no liability (whether directly or indirectly, in contract, in tort, or otherwise) is accepted by: (a) the Index Sponsor, (b) any other member, division, affiliate or agent of the HSBC Group, (c) the Index Calculation Agent, or (d) any division, affiliate or agent of the Index Calculation Agent, 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 any Index, including in relation to the performance by the Index Sponsor or the Index Calculation Agent in their respective roles under the Index Rules for any such Index.

Neither the Index Sponsor nor the Index Calculation Agent makes any representation, warranty or guarantee whatsoever as to the performance of any Index. Any investment products referencing an 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.

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. None of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates is 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 FCA) and is not intended for the use of retail clients (as defined in the rules of the FCA). No opinions are expressed as to the merits or suitability of any Index or any Investment Products. Investments in Investment Products may not be suitable for all requirements and if you have any doubts, seek advice from your investment adviser.

The Index Calculation Agent, the Index Sponsor and any of their respective affiliates, together with their respective 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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ANNEX 2 TO PART D – SUMMARIES OF HSBC MANAGED INDICES RULES

HSBC Uniform EUR Core Index

Index Summary

HSBC Global Markets Indices

Version 2.0

May 2014

SUMMARY OF THE RULES OF THE HSBC UNIFORM EUR CORE INDEX

*This is a summary of the technical index rules (the "**Index Rules**") for the HSBC Uniform EUR Core Index (the "**Index**"). The Index Rules include, among other things, further information about HSBC index governance, disruption and adjustment events, amendments and modifications of the Index Rules and detailed calculations followed by the Index Calculation Agent to determine the level of the Index. The Index Rules comprise a base terms module and an index terms modules, each of which may be amended or supplemented from time to time in accordance with the terms of the Index Rules. The Index Rules will be made available upon request to the Issuer and subject to confidentiality undertakings. If there is any conflict between the Index Rules and this summary, the Index Rules shall prevail.*

1. **OVERVIEW**

The Index has been designed by the Index Sponsor to benefit from price movements in the three month EURIBOR future contract (the "**EURIBOR Future**") traded on London International Financial Futures and Options Exchange ("**LIFFE**").

The Core Index was first calculated on 10 March 2000, at which time their respective levels were set at 100. The level of the Index (the "**Core Index Level**") is released by 5 p.m. (London time) on each date 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 and Frankfurt (each, an "**Index Valuation Date**") and is calculated in Euro only. The calculation methods do not incorporate any deductions for transaction costs, taxes or fees. The Core Index is published on Bloomberg page HSUNEU00.

2. **MANAGEMENT RESPONSIBILITIES**

(a) **Index Sponsor**

The index sponsor is the Global Markets division (the "**Index Sponsor**") of HSBC Bank plc ("**HSBC**"). The 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 the Index. 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 originally set out in the terms of the Index.

(b) **Index Calculation Agent**

The index calculation agent is Euromoney Trading Limited (the "**Index Calculation Agent**"). The role of the Index Calculation Agent is to provide independent calculation of the Index Level and make various determinations and adjustments. The Index Calculation Agent is responsible for obtaining information for inclusion or use in the calculation of the Index. The Index Calculation Agent will not independently verify such information and does not guarantee the accuracy or completeness of the Index or any data included therein.

(c) **Index Committee**

The HSBC Global Markets Indices and Strategies Governance Committee (the "**Index Committee**") has been established by the Index Sponsor and comprises core representatives from various functions within the Index Sponsor. The Index Committee is responsible for approving new indices and making certain amendments to existing indices (including the Index), 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 any index-linked investment product or for investors in such investment product.

(d) **Limitation of liability**

To the extent permitted by applicable law, neither the Index Sponsor nor the Index Calculation Agent shall 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 any error in the Index and neither the Index Sponsor nor the Index Calculation Agent is under any obligation to advise any person of any error therein.

3. **CALCULATION OF INDEX LEVEL**

(a) **Duties and discretions of Index Sponsor and Index Calculation Agent**

All calculations and determinations made by the Index Sponsor and/or the Index Calculation Agent will be made 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 Index-linked 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 Index-linked investment product may reasonably hold in order to hedge its obligations in respect of the performance of the Index in respect of that Index-linked 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 Index.

The calculations and determinations of each of the Index Sponsor and the Index Calculation Agent in relation to the Index and/or any constituent thereof shall be final and binding on all parties in the absence of manifest error.

(b) **Calculation methodology**

The level of the Core Index, "**Core Index Level**", $BI(t)$, is determined in accordance with the following formula on each Index Valuation Date t by reference to: the level of the Core Index on the immediately preceding Rebalancing Date, $BI(n)$, and the "**Futures Return**" on such Index Valuation Date, $F(t)$, (which represents a long or a short position in respect of the price for the Fourth EURIBOR Future (as defined below) on that Index Valuation Date and on the immediately preceding Rebalancing Date):

$$BI(t) = BI(n) \times [1 + (10 \times F(t))]$$

The Core Index is rebalanced as of each third Index Valuation Date prior to the third Wednesday in each calendar month, each a "**Rebalancing Date**".

(c) **Calculation of the Futures Return**

The Futures Return, $F(t)$, is determined in accordance with the following formula on each Index Valuation Date t by reference to: the value of the Indicator (which determines whether the Core Index assumes a long or a short position in respect of the Fourth EURIBOR Future), *Indicator (t)*,

and the price of the Fourth EURIBOR Future in respect of (i) that Index Valuation Date t , $EF(t)$, and (ii) the immediately preceding Rebalancing Date n , $EF(n)$:

$$F(t) = \frac{EF(t) - EF(n)}{100} \times Indicator(t)$$

The "**Fourth EURIBOR Future**" in respect of an Index Valuation Date is the EURIBOR Future which expires in the month of the fifth future expiry date on or after that Index Valuation Date. The price of the Fourth EURIBOR Future in respect of any Rebalancing Date is calculated as an arithmetic average of the relevant prices at five different observation points on such date.

(d) **Determination of the Indicator and the Trading Strategy**

The "**Indicator**", $Indicator(t)$, is determined on each Index Valuation Date t as either:

- (i) number "1", if the Trading Strategy is to buy the Fourth EURIBOR Future, or
- (ii) number "-1", if the Trading Strategy is to sell the Fourth EURIBOR Future.

The Index Calculation Agent determines the answer to the following questions on the second Index Valuation Date prior to each Rebalancing Date in order to determine the "**Trading Strategy**":

Question 1: Is the ratio of the TwosTens Spread over the TwosTens Volatility greater than a specified level?

Question 2: Is the ratio of the TwosTens Spread over the TwosTens Volatility less than a specified level?

Question 3: Is the Rates Trend Indicator greater than the Rates Level Barrier?

Question 4: Is the Spread Trend Indicator less than the Spread Level Barrier?

The "**TwosTens Spread**" means, in respect of the relevant Index Valuation Date, the difference between the rates for the EURIBOR swap rate (a "**EURIBOR Swap Rate**") with the designated maturity of ten and two years, each as calculated by reference to relevant public sources, whereas the "**TwosTens Volatility**" represents the volatility of such spread.

The "**Rates Trend Indicator**" means, in respect of the relevant Index Valuation Date, a trend indicator relating to a 3-month EURIBOR rate (a "**EURIBOR Rate**"), as calculated by reference to relevant public sources, whereas the "**Rate Level Barrier**" is determined by reference to the volatility of the absolute returns on such rate.

The "**Spread Trend Indicator**" means, in respect of the relevant Index Valuation Date, a trend indicator relating to the TwosTens Spread, whereas the "**Spread Level Barrier**" is determined by reference to the volatility of the absolute returns on such spread.

The Index Calculation Agent uses the following diagram to determine whether the Trading Strategy is to buy or to sell the Fourth EURIBOR Future:

4. **DISRUPTION EVENTS**

From time to time the Index Calculation Agent and/or the Index Sponsor may determine that the Index is affected by certain disruption events including (but not limited to) the inability of the Index Calculation Agent to obtain the necessary data for calculating the Index, any suspension or limitation on trading the constituents of the Index, any cancellation, suspension or substitution of the Core Index, any changes in

laws or regulations affecting the Index or any constituents thereof or any rate used in the determination of the Index not reflecting the relevant costs of funding of the Index Sponsor. In the event of any such disruption the Index Sponsor and/or the Index Calculation Agent have certain powers to amend or modify the Index or to suspend or terminate the calculation or publication of the Index. Further detail on disruption events is set out below.

(a) **Data disruption**

In the event of a disruption relating to the manner that the Index Calculation Agent receives or otherwise acquires information necessary to make any determination or calculation relevant to the Index ("**Data Disruption**"), the Index Calculation Agent shall use reasonable endeavours to source data from alternative sources with the aim of publishing the level of the Index as soon as reasonably practicable. The Index Calculation Agent will not publish the level of the Index until the relevant Data Disruption is over or until it acquires the required data from an alternative source.

(b) **Market Disruption Event**

"**Market Disruption Events**" 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:

- (i) any relevant futures exchange not opening for business or severely curtailing its hours of business; or
- (ii) trading on a relevant futures exchange being conducted without timely dissemination of closing price data.

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.

(c) **Liquidity Disruption Event**

"**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 LIFFE such that the prices quoted on the relevant Reuters page for such rate 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.

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 paragraph (c) shall apply.

(d) **Indicator Disruption Event**

If a EURIBOR Swap Rate or a EURIBOR Rate does not appear on the relevant Reuters screen on any Index Valuation Date, the relevant rate for that Index Valuation Date will be determined by the Index Calculation Agent on the basis of either (i) mid-market semi-annual swap rate quotations, in respect of a EURIBOR Swap Rate, or (ii) the mid-market quarterly money market rate quotations, in respect of a EURIBOR Rate, provided by five leading swap dealers in the London interbank market, as selected by the Index Calculation Agent, at approximately 11 a.m. Frankfurt time on the relevant Index Valuation Date. If the Index Calculation Agent is unable to obtain any relevant rate, then there shall be deemed to be a Market Disruption Event and the provisions of paragraph (b) above shall apply.

(e) **Index Restrictions**

If any EURIBOR Future referenced the Index, causes or would cause HSBC and/or certain HSBC group entities to become:

- (i) subject to any legal and/or regulatory reporting and/or disclosure requirements and/or any legal and/or regulatory restrictions; or
- (ii) subject to the imposition of any taxes, duty, withholding, deduction or other charge; or
- (iii) restricted from dealing in such Index constituent pursuant to regulatory or legal obligations or internal policies,

then, if the Index Sponsor determines at any time that the circumstance described in (i), (ii) or (iii) is material, such EURIBOR Future 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 the Index in its discretion as it deems appropriate as a result, including excluding the Restricted Index Constituent from the Index.

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.

5. **SUSPENSION AND TERMINATION OF THE INDEX**

The publication and maintenance of the Index is discretionary. The Index Sponsor may suspend or terminate the publication of the Index at any time, notwithstanding the fact whether any one or more of the disruption events set out in Section 5 (*Disruption Events*) has occurred or not.

In the event that the 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 the Index.

6. **RISK FACTORS RELATING TO THE INDEX**

In addition to the Risk Factors set forth in the Base Terms Module of the Index Rules and risk factors relating to the Index, investment in the product involves substantial risks including but not limited to the following:

Investment in the product entails significant risk

An investment in the product entails significant risks that are not generally associated with similar investments in conventional fixed rate or floating rate instruments. Calculation of the return on the product is linked to the change in the level of the Index, which may decline as well as rise. Although the investor has the opportunity to receive a high return, the investor risks a lower return than investing in conventional

debt instruments. As such, the investment may not be suitable for persons who are unfamiliar with the Index and its individual components, or unwilling or unable to bear the risk attendant with an investment in the product.

Independent appraisal of product

The investor should conduct such independent appraisal of the Index and the rules relating to the Index as it determines appropriate to evaluate the merits and risks of an investment in products linked to the Index. The Issuer (including in its capacity as Index Sponsor) accepts no responsibility whatsoever in respect of the merits or risks of the product or the Index and makes no representation, warranty or guarantee (express or implied) regarding the condition (financial or otherwise) of any assets comprising the Index or the performance of the Index.

No ownership rights

The investor will have no direct interest or right in any asset comprising the Index.

Effects of interest rates underlying the Index

The index is exposed to interest rates. Investors in the product are exposed to the risk that subsequent changes in interest rates may adversely affect the market value of the product. Investment in the product may involve interest rate risk with respect to the settlement currency of the product. 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 market value of the product.

Volatility in interest rates underlying the Index

The index is exposed to interest rates. Interest rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in interest rates resulting in a decrease in the market value of the product.

Index Calculation Agent

The Index to which the product is linked is calculated by the Index Calculation Agent. None of the Index Calculation Agent or Index Sponsor makes any representations, warranties or guarantees whatsoever as to the performance of the Index or the product.

Conflicts of interest between the Issuer and the Index Sponsor

The Index to which the product is linked is sponsored, developed and promoted by the Issuer which is the Index Sponsor. The role of the Issuer as Index Sponsor will be performed by the Global Banking and Markets division of the Issuer. The roles of these various divisions within the Issuer may give rise to various potential and actual conflicts of interest.

No investment or professional advice

The Issuer makes no representation whatsoever, including as Index Sponsor, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with an investment in the product.

Index Sponsor

As at the date hereof, HSBC Bank plc acts as Index Sponsor with respect to the Index. In such capacity, HSBC Bank plc may have economic interests adverse to those of the investors, including with respect to certain determinations and judgments that the Index Sponsor may be required to make pursuant to the terms of the Index, any of which may affect payments in respect of the product. HSBC Bank plc may act in its own interests in such capacities and need not have regard to the interests of the investors.

No advisory or fiduciary relationship

In its capacity as the Index Sponsor, the Issuer does not act as fiduciary for or an advisor to the investor in respect of any determination or judgment or otherwise.

The Issuer and its affiliates are under no obligations to the investor in respect of roles of any such person with respect to the Index

None of the Issuer or any of its affiliates is under any obligation to the investor in respect of any of the roles of any such person with respect to the Index. No such person is under any obligation to monitor whether or not any event or circumstance has occurred unless it is explicitly and positively stated that such person will do so. No such person will be required to (or will be responsible for any failure to) make any determination, waiver, declaration or decision whatsoever in relation to the Index on behalf of or in the interests of the investor.

The Index has a limited operating history and may perform in unanticipated ways

The Index was established in July 2011. There is no historic performance data. Back tested data may be available but it does not represent actual performance achieved nor is it an indication of future performance.

Termination or suspension of Index

Under the rules of the Index, the Index Sponsor may, at any time, terminate the Index or suspend the publication of its level. None of the Issuer, the Calculation Agent, Index Sponsor or the Index Calculation Agent accepts any responsibility for any losses incurred by any party whether incidental or consequential which arise out of any reliance on the continued existence any publication of the Index.

7. **GLOBAL MARKETS INDEX DISCLAIMER**

The Index is promoted by the Global Banking and Markets business of HSBC Bank plc (“**Global Banking and Markets**”). The Index is not an independent research product of the Global Research Department. Global Banking and Markets, in its capacity as Index Sponsor, has no responsibility for the calculation of the Index and does not guarantee or represent or warrant the accuracy or completeness of the Index or the data comprised therein.

The Index Sponsor does not accept any liability for loss or damage of any kind arising from the use of any information in any calculation or determination in respect of the Index.

Except in the case of fraudulent misrepresentation and without prejudice to their respective obligations under applicable law, no liability is accepted by Global Banking and Markets whatsoever for any direct, indirect or consequential loss arising from the Index.

HSBC Bank plc in its capacity as Index Sponsor does not make any representation, warranty or guarantee whatsoever as to the performance of the Index. Investments can fluctuate in price or value and the prices, values or income may fall against an investor interest. Changes in rates of exchange and rates of interest may have an adverse effect on the value, price or income of the Index.

The Index Sponsor cannot be held responsible for any errors on the part of external data providers, nor for any delays in publishing the Index.

This document is issued by HSBC Bank plc. HSBC Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority and is a member of the HSBC Group.

The Index is sponsored, developed and promoted by HSBC Bank plc (the "Index Sponsor") and it is calculated by the Index Calculation Agent. The Index Sponsor has no responsibility for the calculation of the Index and does not guarantee or represent or warrant the accuracy or completeness of the Index or the data comprised therein.

Except in the case of fraudulent misrepresentation and without prejudice to its obligations under applicable law and/or the regulatory system to which it is subject, no liability (whether directly or indirectly, in contract, in tort, or otherwise) is accepted by: (a) the Index Sponsor, (b) any other member, division, affiliate or agent of the HSBC Group, (c) the Index Calculation Agent, or (d) any division, affiliate or agent of the Index Calculation Agent, 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 any Index, including in relation to the performance by the Index Sponsor or the Index Calculation Agent in their respective roles under the Index Rules for any such Index.

Neither the Index Sponsor nor the Index Calculation Agent makes any representation, warranty or guarantee whatsoever as to the performance of any Index. Any investment products referencing an 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.

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. None of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates is 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 FCA) and is not intended for the use of retail clients (as defined in the rules of the FCA). No opinions are expressed as to the merits or suitability of any Index or any Investment Products. Investments in Investment Products may not be suitable for all requirements and if you have any doubts, seek advice from your investment adviser.

The Index Calculation Agent, the Index Sponsor and any of their respective affiliates, together with their respective 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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Member HSBC Group

HSBC Uniform GBP Core Index

Index Summary

HSBC Global Markets Indices

Version 2.0

May 2014

SUMMARY OF THE RULES OF THE HSBC UNIFORM GBP CORE INDEX

*This is a summary of the technical index rules (the "**Index Rules**") for the HSBC Uniform GBP Core Index (the "**Index**"). The Index Rules include, among other things, further information about HSBC index governance, disruption and adjustment events, amendments and modifications of the Index Rules and detailed calculations followed by the Index Calculation Agent to determine the level of the Index. The Index Rules comprise a base terms module and an index terms modules, each of which may be amended or supplemented from time to time in accordance with the terms of the Index Rules. The Index Rules will be made available upon request to the Issuer and subject to confidentiality undertakings. If there is any conflict between the Index Rules and this summary, the Index Rules shall prevail.*

1. **OVERVIEW**

The Index has been designed by the Index Sponsor to benefit from price movements in the three month GBP Libor future contract (the "**Short Sterling Future**") traded on London International Financial Futures and Options Exchange ("**LIFFE**").

The Core Index was first calculated for 14th of January 1992, for which time their respective levels were set at 100. The level of the Index (the "**Core Index Level**") is released by 5 p.m. (London time) on each date 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 (each, an "**Index Valuation Date**") and is calculated in GBP only. The calculation methods do not incorporate any deductions for transaction costs, taxes or fees. The Core Index is published on Bloomberg page HSUNBP00.

2. **MANAGEMENT RESPONSIBILITIES**

(a) **Index Sponsor**

The index sponsor is the Global Markets division (the "**Index Sponsor**") of HSBC Bank plc ("**HSBC**"). The 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 the Index. 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 originally set out in the terms of the Index.

(b) **Index Calculation Agent**

The index calculation agent is Euromoney Trading Limited (the "**Index Calculation Agent**"). The role of the Index Calculation Agent is to provide independent calculation of the Index Level and make various determinations and adjustments. The Index Calculation Agent is responsible for obtaining information for inclusion or use in the calculation of the Index. The Index Calculation Agent will not independently verify such information and does not guarantee the accuracy or completeness of the Index or any data included therein.

(c) **Index Committee**

The HSBC Global Markets Indices and Strategies Governance Committee (the "**Index Committee**") has been established by the Index Sponsor and comprises core representatives from various functions within the Index Sponsor. The Index Committee is responsible for approving new indices and making certain amendments to existing indices (including the Index), 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 any index-linked investment product or for investors in such investment product.

(d) **Limitation of liability**

To the extent permitted by applicable law, neither the Index Sponsor nor the Index Calculation Agent shall 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 any error in the Index and neither the Index Sponsor nor the Index Calculation Agent is under any obligation to advise any person of any error therein.

3. **CALCULATION OF INDEX LEVEL**

(a) **Duties and discretions of Index Sponsor and Index Calculation Agent**

All calculations and determinations made by the Index Sponsor and/or the Index Calculation Agent will be made 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 Index-linked 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 Index-linked investment product may reasonably hold in order to hedge its obligations in respect of the performance of the Index in respect of that Index-linked 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 Index.

The calculations and determinations of each of the Index Sponsor and the Index Calculation Agent in relation to the Index and/or any constituent thereof shall be final and binding on all parties in the absence of manifest error.

(b) **Calculation methodology**

The level of the Core Index, "**Core Index Level**", $BI(t)$, is determined in accordance with the following formula on each Index Valuation Date t by reference to: the level of the Core Index on the immediately preceding Rebalancing Date, $BI(n)$, and the "**Futures Return**" on such Index Valuation Date, $F(t)$, (which represents a long or a short position in respect of the price for the Fourth Short Sterling Future (as defined below) on that Index Valuation Date and on the immediately preceding Rebalancing Date):

$$BI(t) = BI(n) \times [1 + (10 \times F(t))]$$

The Core Index is rebalanced as of each first Index Valuation Date prior to the third Wednesday in each calendar month, each a "**Rebalancing Date**".

(c) **Calculation of the Futures Return**

The Futures Return, $F(t)$, is determined in accordance with the following formula on each Index Valuation Date t by reference to: the value of the Indicator (which determines whether the Core Index assumes a long or a short position in respect of the Fourth Short Sterling Future), *Indicator*

(*t*), and the price of the Fourth Short Sterling Future in respect of (i) that Index Valuation Date *t*, *EF(t)*, and (ii) the immediately preceding Rebalancing Date *n*, *EF(n)*:

$$F(t) = \frac{EF(t) - EF(n)}{100} \times Indicator(t)$$

The "**Fourth Short Sterling Future**" in respect of an Index Valuation Date is the Short Sterling Future which expires in the month of the fifth future expiry date on or after that Index Valuation Date. The price of the Fourth Short Sterling Future in respect of any Rebalancing Date is calculated as an arithmetic average of the relevant prices at five different observation points on such date.

(d) **Determination of the Indicator and the Trading Strategy**

The "**Indicator**", *Indicator(t)*, is determined on each Index Valuation Date *t* as either:

- (i) number "1", if the Trading Strategy is to buy the Fourth Short Sterling Future, or
- (ii) number "-1", if the Trading Strategy is to sell the Fourth Short Sterling Future.

The Index Calculation Agent determines the answer to the following questions on the second Index Valuation Date prior to each Rebalancing Date in order to determine the "**Trading Strategy**":

Question 1: Is the ratio of the TwosTens Spread over the TwosTens Volatility greater than a specified level?

Question 2: Is the ratio of the TwosTens Spread over the TwosTens Volatility less than a specified level?

Question 3: Is the Rates Trend Indicator greater than the Rates Level Barrier?

Question 4: Is the Spread Trend Indicator less than the Spread Level Barrier?

The "**TwosTens Spread**" means, in respect of the relevant Index Valuation Date, the difference between the rates for the GBP 6M Libor swap rate (a "**GBP Swap Rate**") with the designated maturity of ten and two years, each as calculated by reference to relevant public sources, whereas the "**TwosTens Volatility**" represents the volatility of such spread.

The "**Rates Trend Indicator**" means, in respect of the relevant Index Valuation Date, a trend indicator relating to a 3-month GBP Libor rate (a "**GBP Libor Rate**"), as calculated by reference to relevant public sources, whereas the "**Rate Level Barrier**" is determined by reference to the volatility of the absolute returns on such rate.

The "**Spread Trend Indicator**" means, in respect of the relevant Index Valuation Date, a trend indicator relating to the TwosTens Spread, whereas the "**Spread Level Barrier**" is determined by reference to the volatility of the absolute returns on such spread.

The Index Calculation Agent uses the following diagram to determine whether the Trading Strategy is to buy or to sell the Fourth Short Sterling Future:

4. **DISRUPTION EVENTS**

From time to time the Index Calculation Agent and/or the Index Sponsor may determine that the Index is affected by certain disruption events including (but not limited to) the inability of the Index Calculation Agent to obtain the necessary data for calculating the Index, any suspension or limitation on trading the

constituents of the Index, any cancellation, suspension or substitution of the Core Index, any changes in laws or regulations affecting the Index or any constituents thereof or any rate used in the determination of the Index not reflecting the relevant costs of funding of the Index Sponsor. In the event of any such disruption the Index Sponsor and/or the Index Calculation Agent have certain powers to amend or modify the Index or to suspend or terminate the calculation or publication of the Index. Further detail on disruption events is set out below.

(a) Data disruption

In the event of a disruption relating to the manner that the Index Calculation Agent receives or otherwise acquires information necessary to make any determination or calculation relevant to the Index ("**Data Disruption**"), the Index Calculation Agent shall use reasonable endeavours to source data from alternative sources with the aim of publishing the level of the Index as soon as reasonably practicable. The Index Calculation Agent will not publish the level of the Index until the relevant Data Disruption is over or until it acquires the required data from an alternative source.

(b) Market Disruption Event

"**Market Disruption Events**" 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:

- (i) any relevant futures exchange not opening for business or severely curtailing its hours of business; or
- (ii) trading on a relevant futures exchange being conducted without timely dissemination of closing price data.

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.

(c) Liquidity Disruption Event

"**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 LIFFE such that the prices quoted on the relevant Reuters page for such rate 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.

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 paragraph (c) shall apply.

(d) **Indicator Disruption Event**

If a GBP Swap Rate or a GBP Libor Rate does not appear on the relevant Reuters screen on any Index Valuation Date, the relevant rate for that Index Valuation Date will be determined by the Index Calculation Agent on the basis of either (i) mid-market semi-annual swap rate quotations, in respect of a GBP Swap Rate, or (ii) the mid-market quarterly money market rate quotations, in respect of a GBP Libor Rate, provided by five leading swap dealers in the London interbank market, as selected by the Index Calculation Agent, at approximately 11 a.m. London time on the relevant Index Valuation Date. If the Index Calculation Agent is unable to obtain any relevant rate, then there shall be deemed to be a Market Disruption Event and the provisions of paragraph (b) above shall apply.

(e) **Index Restrictions**

If any Short Sterling Future referenced the Index, causes or would cause HSBC and/or certain HSBC group entities to become:

- (i) subject to any legal and/or regulatory reporting and/or disclosure requirements and/or any legal and/or regulatory restrictions; or
- (ii) subject to the imposition of any taxes, duty, withholding, deduction or other charge; or
- (iii) restricted from dealing in such Index constituent pursuant to regulatory or legal obligations or internal policies,

then, if the Index Sponsor determines at any time that the circumstance described in (i), (ii) or (iii) is material, such Short Sterling Future 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 the Index in its discretion as it deems appropriate as a result, including excluding the Restricted Index Constituent from the Index.

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.

5. **SUSPENSION AND TERMINATION OF THE INDEX**

The publication and maintenance of the Index is discretionary. The Index Sponsor may suspend or terminate the publication of the Index at any time, notwithstanding the fact whether any one or more of the disruption events set out in Section 5 (*Disruption Events*) has occurred or not.

In the event that the 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 the Index.

6. **RISK FACTORS RELATING TO THE INDEX**

In addition to the Risk Factors set forth in the Base Terms Module of the Index Rules and risk factors relating to the Index, investment in the product involves substantial risks including but not limited to the following:

Investment in the product entails significant risk

An investment in the product entails significant risks that are not generally associated with similar investments in conventional fixed rate or floating rate instruments. Calculation of the return on the product

is linked to the change in the level of the Index, which may decline as well as rise. Although the investor has the opportunity to receive a high return, the investor risks a lower return than investing in conventional debt instruments. As such, the investment may not be suitable for persons who are unfamiliar with the Index and its individual components, or unwilling or unable to bear the risk attendant with an investment in the product.

Independent appraisal of product

The investor should conduct such independent appraisal of the Index and the rules relating to the Index as it determines appropriate to evaluate the merits and risks of an investment in products linked to the Index. The Issuer (including in its capacity as Index Sponsor) accepts no responsibility whatsoever in respect of the merits or risks of the product or the Index and makes no representation, warranty or guarantee (express or implied) regarding the condition (financial or otherwise) of any assets comprising the Index or the performance of the Index.

No ownership rights

The investor will have no direct interest or right in any asset comprising the Index.

Effects of interest rates underlying the Index

The index is exposed to interest rates. Investors in the product are exposed to the risk that subsequent changes in interest rates may adversely affect the market value of the product. Investment in the product may involve interest rate risk with respect to the settlement currency of the product. 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 market value of the product.

Volatility in interest rates underlying the Index

The index is exposed to interest rates. Interest rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in interest rates resulting in a decrease in the market value of the product.

Index Calculation Agent

The Index to which the product is linked is calculated by the Index Calculation Agent. None of the Index Calculation Agent or Index Sponsor makes any representations, warranties or guarantees whatsoever as to the performance of the Index or the product.

Conflicts of interest between the Issuer and the Index Sponsor

The Index to which the product is linked is sponsored, developed and promoted by the Issuer which is the Index Sponsor. The role of the Issuer as Index Sponsor will be performed by the Global Banking and Markets division of the Issuer. The roles of these various divisions within the Issuer may give rise to various potential and actual conflicts of interest.

No investment or professional advice

The Issuer makes no representation whatsoever, including as Index Sponsor, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with an investment in the product.

Index Sponsor

As at the date hereof, HSBC Bank plc acts as Index Sponsor with respect to the Index. In such capacity, HSBC Bank plc may have economic interests adverse to those of the investors, including with respect to certain determinations and judgments that the Index Sponsor may be required to make pursuant to the terms of the Index, any of which may affect payments in respect of the product. HSBC Bank plc may act in its own interests in such capacities and need not have regard to the interests of the investors.

No advisory or fiduciary relationship

In its capacity as the Index Sponsor, the Issuer does not act as fiduciary for or an advisor to the investor in respect of any determination or judgment or otherwise.

The Issuer and its affiliates are under no obligations to the investor in respect of roles of any such person with respect to the Index

None of the Issuer or any of its affiliates is under any obligation to the investor in respect of any of the roles of any such person with respect to the Index. No such person is under any obligation to monitor whether or not any event or circumstance has occurred unless it is explicitly and positively stated that such person will do so. No such person will be required to (or will be responsible for any failure to) make any determination, waiver, declaration or decision whatsoever in relation to the Index on behalf of or in the interests of the investor.

The Index has a limited operating history and may perform in unanticipated ways

The Index was established in July 2011. There is no historic performance data. Back tested data may be available but it does not represent actual performance achieved nor is it an indication of future performance.

Termination or suspension of Index

Under the rules of the Index, the Index Sponsor may, at any time, terminate the Index or suspend the publication of its level. None of the Issuer, the Calculation Agent, Index Sponsor or the Index Calculation Agent accepts any responsibility for any losses incurred by any party whether incidental or consequential which arise out of any reliance on the continued existence any publication of the Index.

7. **GLOBAL MARKETS INDEX DISCLAIMER**

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The Index Sponsor does not accept any liability for loss or damage of any kind arising from the use of any information in any calculation or determination in respect of the Index.

Except in the case of fraudulent misrepresentation and without prejudice to their respective obligations under applicable law, no liability is accepted by Global Banking and Markets whatsoever for any direct, indirect or consequential loss arising from the Index.

HSBC Bank plc in its capacity as Index Sponsor does not make any representation, warranty or guarantee whatsoever as to the performance of the Index. Investments can fluctuate in price or value and the prices, values or income may fall against an investor interest. Changes in rates of exchange and rates of interest may have an adverse effect on the value, price or income of the Index.

The Index Sponsor cannot be held responsible for any errors on the part of external data providers, nor for any delays in publishing the Index.

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Except in the case of fraudulent misrepresentation and without prejudice to its obligations under applicable law and/or the regulatory system to which it is subject, no liability (whether directly or indirectly, in contract, in tort, or otherwise) is accepted by: (a) the Index Sponsor, (b) any other member, division, affiliate or agent of the HSBC Group, (c) the Index Calculation Agent, or (d) any division, affiliate or agent of the Index Calculation Agent, 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 any Index, including in relation to the performance by the Index Sponsor or the Index Calculation Agent in their respective roles under the Index Rules for any such Index.

Neither the Index Sponsor nor the Index Calculation Agent makes any representation, warranty or guarantee whatsoever as to the performance of any Index. Any investment products referencing an 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.

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. None of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates is 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.

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The Index Calculation Agent, the Index Sponsor and any of their respective affiliates, together with their respective 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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Member HSBC Group

HSBC Uniform USD Core Index

Index Summary

HSBC Global Markets Indices

Version 2.0

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SUMMARY OF THE RULES OF THE HSBC UNIFORM USD CORE INDEX

*This is a summary of the technical index rules (the "**Index Rules**") for the HSBC Uniform USD Core Index (the "**Index**"). The Index Rules include, among other things, further information about HSBC index governance, disruption and adjustment events, amendments and modifications of the Index Rules and detailed calculations followed by the Index Calculation Agent to determine the level of the Index. The Index Rules comprise a base terms module and an index terms modules, each of which may be amended or supplemented from time to time in accordance with the terms of the Index Rules. The Index Rules will be made available upon request to the Issuer and subject to confidentiality undertakings. If there is any conflict between the Index Rules and this summary, the Index Rules shall prevail.*

1. **OVERVIEW**

The Index has been designed by the Index Sponsor to benefit from price movements in the three month USD Libor future contract (the "**Eurodollar Future**") traded on the Chicago Merchantile Exchange ("**CME**").

The Core Index was first calculated for 11th of May 1990, for which time their respective levels were set at 100. The level of the Index (the "**Core Index Level**") is released by 5 p.m. (London time) on each date 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 and New York (each, an "**Index Valuation Date**") and is calculated in USD only. The calculation methods do not incorporate any deductions for transaction costs, taxes or fees. The Core Index is published on Bloomberg page HSUNUS00.

2. **MANAGEMENT RESPONSIBILITIES**

(a) **Index Sponsor**

The index sponsor is the Global Markets division (the "**Index Sponsor**") of HSBC Bank plc ("**HSBC**"). The 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 the Index. 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 originally set out in the terms of the Index.

(b) **Index Calculation Agent**

The index calculation agent is the Euromoney Trading Limited (the "**Index Calculation Agent**"). The role of the Index Calculation Agent is to provide independent calculation of the Index Level and make various determinations and adjustments. The Index Calculation Agent is responsible for obtaining information for inclusion or use in the calculation of the Index. The Index Calculation Agent will not independently verify such information and does not guarantee the accuracy or completeness of the Index or any data included therein.

(c) **Index Committee**

The HSBC Global Markets Indices and Strategies Governance Committee (the "**Index Committee**") has been established by the Index Sponsor and comprises core representatives from various functions within the Index Sponsor. The Index Committee is responsible for approving

new indices and making certain amendments to existing indices (including the Index), 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 any index-linked investment product or for investors in such investment product.

(d) **Limitation of liability**

To the extent permitted by applicable law, neither the Index Sponsor nor the Index Calculation Agent shall 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 any error in the Index and neither the Index Sponsor nor the Index Calculation Agent is under any obligation to advise any person of any error therein.

3. **CALCULATION OF INDEX LEVEL**

(a) **Duties and discretions of Index Sponsor and Index Calculation Agent**

All calculations and determinations made by the Index Sponsor and/or the Index Calculation Agent will be made 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 Index-linked 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 Index-linked investment product may reasonably hold in order to hedge its obligations in respect of the performance of the Index in respect of that Index-linked 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 Index.

The calculations and determinations of each of the Index Sponsor and the Index Calculation Agent in relation to the Index and/or any constituent thereof shall be final and binding on all parties in the absence of manifest error.

(b) **Calculation methodology**

The level of the Core Index, "**Core Index Level**", $BI(t)$, is determined in accordance with the following formula on each Index Valuation Date t by reference to: the level of the Core Index on the immediately preceding Rebalancing Date, $BI(n)$, and the "**Futures Return**" on such Index Valuation Date, $F(t)$, (which represents a long or a short position in respect of the price for the Fourth Eurodollar Future (as defined below) on that Index Valuation Date and on the immediately preceding Rebalancing Date):

$$BI(t) = BI(n) \times [1 + (10 \times F(t))]$$

The Core Index is rebalanced as of each third Index Valuation Date prior to the third Wednesday in each calendar month, each a "**Rebalancing Date**".

(c) **Calculation of the Futures Return**

The Futures Return, $F(t)$, is determined in accordance with the following formula on each Index Valuation Date t by reference to: the value of the Indicator (which determines whether the Core

Index assumes a long or a short position in respect of the Fourth Eurodollar Future), *Indicator(t)*, and the price of the Fourth Eurodollar Future in respect of (i) that Index Valuation Date *t*, *EF(t)*, and (ii) the immediately preceding Rebalancing Date *n*, *EF(n)*:

$$F(t) = \frac{EF(t) - EF(n)}{100} \times Indicator(t)$$

The "**Fourth Eurodollar Future**" in respect of an Index Valuation Date is the Eurodollar Future which expires in the month of the fifth future expiry date on or after that Index Valuation Date. The price of the Fourth Eurodollar Future in respect of any Rebalancing Date is calculated as an arithmetic average of the relevant prices at five different observation points on such date.

(d) **Determination of the Indicator and the Trading Strategy**

The "**Indicator**", *Indicator(t)*, is determined on each Index Valuation Date *t* as either:

- (i) number "1", if the Trading Strategy is to buy the Fourth Eurodollar Future, or
- (ii) number "-1", if the Trading Strategy is to sell the Fourth Eurodollar Future.

The Index Calculation Agent determines the answer to the following questions on the second Index Valuation Date prior to each Rebalancing Date in order to determine the "**Trading Strategy**":

Question 1: Is the ratio of the TwosTens Spread over the TwosTens Volatility greater than a specified level?

Question 2: Is the ratio of the TwosTens Spread over the TwosTens Volatility less than a specified level?

Question 3: Is the Rates Trend Indicator greater than the Rates Level Barrier?

Question 4: Is the Spread Trend Indicator less than the Spread Level Barrier?

The "**TwosTens Spread**" means, in respect of the relevant Index Valuation Date, the difference between the rates for the USD 6M Libor swap rate (a "**USD Swap Rate**") with the designated maturity of ten and two years, each as calculated by reference to relevant public sources, whereas the "**TwosTens Volatility**" represents the volatility of such spread.

The "**Rates Trend Indicator**" means, in respect of the relevant Index Valuation Date, a trend indicator relating to a 3-month USD Libor rate (a "**USD Libor Rate**"), as calculated by reference to relevant public sources, whereas the "**Rate Level Barrier**" is determined by reference to the volatility of the absolute returns on such rate.

The "**Spread Trend Indicator**" means, in respect of the relevant Index Valuation Date, a trend indicator relating to the TwosTens Spread, whereas the "**Spread Level Barrier**" is determined by reference to the volatility of the absolute returns on such spread.

The Index Calculation Agent uses the following diagram to determine whether the Trading Strategy is to buy or to sell the Fourth Eurodollar Future:

4. **DISRUPTION EVENTS**

From time to time the Index Calculation Agent and/or the Index Sponsor may determine that the Index is affected by certain disruption events including (but not limited to) the inability of the Index Calculation Agent to obtain the necessary data for calculating the Index, any suspension or limitation on trading the

constituents of the Index, any cancellation, suspension or substitution of the Core Index, any changes in laws or regulations affecting the Index or any constituents thereof or any rate used in the determination of the Index not reflecting the relevant costs of funding of the Index Sponsor. In the event of any such disruption the Index Sponsor and/or the Index Calculation Agent have certain powers to amend or modify the Index or to suspend or terminate the calculation or publication of the Index. Further detail on disruption events is set out below.

(a) Data disruption

In the event of a disruption relating to the manner that the Index Calculation Agent receives or otherwise acquires information necessary to make any determination or calculation relevant to the Index ("**Data Disruption**"), the Index Calculation Agent shall use reasonable endeavours to source data from alternative sources with the aim of publishing the level of the Index as soon as reasonably practicable. The Index Calculation Agent will not publish the level of the Index until the relevant Data Disruption is over or until it acquires the required data from an alternative source.

(b) Market Disruption Event

"**Market Disruption Events**" 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:

- (i) any relevant futures exchange not opening for business or severely curtailing its hours of business; or
- (ii) trading on a relevant futures exchange being conducted without timely dissemination of closing price data.

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.

(c) Liquidity Disruption Event

"**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 CME such that the prices quoted on the relevant Reuters page for such rate 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.

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 paragraph (c) shall apply.

(d) **Indicator Disruption Event**

If a USD Swap Rate or a USD Libor Rate does not appear on the relevant Reuters screen on any Index Valuation Date, the relevant rate for that Index Valuation Date will be determined by the Index Calculation Agent on the basis of either (i) mid-market semi-annual swap rate quotations, in respect of a USD Swap Rate, or (ii) the mid-market quarterly money market rate quotations, in respect of a USD Libor Rate, provided by five leading swap dealers in the London interbank market, as selected by the Index Calculation Agent, at approximately 11 a.m. London time on the relevant Index Valuation Date. If the Index Calculation Agent is unable to obtain any relevant rate, then there shall be deemed to be a Market Disruption Event and the provisions of paragraph (b) above shall apply.

(e) **Index Restrictions**

If any Eurodollar Future referenced the Index, causes or would cause HSBC and/or certain HSBC group entities to become:

- (i) subject to any legal and/or regulatory reporting and/or disclosure requirements and/or any legal and/or regulatory restrictions; or
- (ii) subject to the imposition of any taxes, duty, withholding, deduction or other charge; or
- (iii) restricted from dealing in such Index constituent pursuant to regulatory or legal obligations or internal policies,

then, if the Index Sponsor determines at any time that the circumstance described in (i), (ii) or (iii) is material, such Eurodollar Future 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 the Index in its discretion as it deems appropriate as a result, including excluding the Restricted Index Constituent from the Index.

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.

5. **SUSPENSION AND TERMINATION OF THE INDEX**

The publication and maintenance of the Index is discretionary. The Index Sponsor may suspend or terminate the publication of the Index at any time, notwithstanding the fact whether any one or more of the disruption events set out in Section 5 (*Disruption Events*) has occurred or not.

In the event that the 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 the Index.

6. **RISK FACTORS RELATING TO THE INDEX**

In addition to the Risk Factors set forth in the Base Terms Module of the Index Rules and risk factors relating to the Index, investment in the product involves substantial risks including but not limited to the following:

Investment in the product entails significant risk

An investment in the product entails significant risks that are not generally associated with similar investments in conventional fixed rate or floating rate instruments. Calculation of the return on the product

is linked to the change in the level of the Index, which may decline as well as rise. Although the investor has the opportunity to receive a high return, the investor risks a lower return than investing in conventional debt instruments. As such, the investment may not be suitable for persons who are unfamiliar with the Index and its individual components, or unwilling or unable to bear the risk attendant with an investment in the product.

Independent appraisal of product

The investor should conduct such independent appraisal of the Index and the rules relating to the Index as it determines appropriate to evaluate the merits and risks of an investment in products linked to the Index. The Issuer (including in its capacity as Index Sponsor) accepts no responsibility whatsoever in respect of the merits or risks of the product or the Index and makes no representation, warranty or guarantee (express or implied) regarding the condition (financial or otherwise) of any assets comprising the Index or the performance of the Index.

No ownership rights

The investor will have no direct interest or right in any asset comprising the Index.

Effects of interest rates underlying the Index

The index is exposed to interest rates. Investors in the product are exposed to the risk that subsequent changes in interest rates may adversely affect the market value of the product. Investment in the product may involve interest rate risk with respect to the settlement currency of the product. 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 market value of the product.

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Index Calculation Agent

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Conflicts of interest between the Issuer and the Index Sponsor

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No investment or professional advice

The Issuer makes no representation whatsoever, including as Index Sponsor, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with an investment in the product.

Index Sponsor

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No advisory or fiduciary relationship

In its capacity as the Index Sponsor, the Issuer does not act as fiduciary for or an advisor to the investor in respect of any determination or judgment or otherwise.

The Issuer and its affiliates are under no obligations to the investor in respect of roles of any such person with respect to the Index

None of the Issuer or any of its affiliates is under any obligation to the investor in respect of any of the roles of any such person with respect to the Index. No such person is under any obligation to monitor whether or not any event or circumstance has occurred unless it is explicitly and positively stated that such person will do so. No such person will be required to (or will be responsible for any failure to) make any determination, waiver, declaration or decision whatsoever in relation to the Index on behalf of or in the interests of the investor.

The Index has a limited operating history and may perform in unanticipated ways

The Index was established in July 2011. There is no historic performance data. Back tested data may be available but it does not represent actual performance achieved nor is it an indication of future performance.

Termination or suspension of Index

Under the rules of the Index, the Index Sponsor may, at any time, terminate the Index or suspend the publication of its level. None of the Issuer, the Calculation Agent, Index Sponsor or the Index Calculation Agent accepts any responsibility for any losses incurred by any party whether incidental or consequential which arise out of any reliance on the continued existence any publication of the Index.

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The Index Sponsor does not accept any liability for loss or damage of any kind arising from the use of any information in any calculation or determination in respect of the Index.

Except in the case of fraudulent misrepresentation and without prejudice to their respective obligations under applicable law, no liability is accepted by Global Banking and Markets whatsoever for any direct, indirect or consequential loss arising from the Index.

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Neither the Index Sponsor nor the Index Calculation Agent makes any representation, warranty or guarantee whatsoever as to the performance of any Index. Any investment products referencing an 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.

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. None of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates is 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.

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HSBC Uniform EUR Volatility Budgeted Index

Index Summary
HSBC Global Markets Indices

Version 2.0
May 2014

SUMMARY OF THE RULES OF THE HSBC UNIFORM EUR VOLATILITY BUDGETED INDEX

*This is a summary of the technical index rules (the "**Index Rules**") for the HSBC Uniform EUR Volatility Budgeted Index (the "**Index**"). The Index Rules include, among other things, further information about HSBC index governance, disruption and adjustment events, amendments and modifications of the Index Rules and detailed calculations followed by the Index Calculation Agent to determine the level of the Index. The Index Rules comprise a base terms module and two index terms modules, each of which may be amended or supplemented from time to time in accordance with the terms of the Index Rules. The Index Rules will be made available upon request to the Issuer and subject to confidentiality undertakings. If there is any conflict between the Index Rules and this summary, the Index Rules shall prevail.*

1. OVERVIEW

The Index has been designed by the Index Sponsor to benefit from price movements in the three month EURIBOR future contract (the "**EURIBOR Future**") traded on London International Financial Futures and Options Exchange ("**LIFFE**"). It uses the HSBC Uniform EUR Core Index (the "**Core Index**") as the basis, but it modifies its level by applying a "volatility budget" mechanism. That mechanism aims to control the volatility of the daily returns of the Core Index, as explained further in Section 3 (*Calculation of the Index Level*) below.

Each of the Index and the Core Index was first calculated on 10 March 2000, at which time their respective levels were set at 100. The level of the Index (the "**Index Level**") and the level of the Core Index (the "**Core Index Level**") are released by 5 p.m. (London time) on each date 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 and Frankfurt (each, an "**Index Valuation Date**") and are calculated in Euro only. Their respective calculation methods do not incorporate any deductions for transaction costs, taxes or fees. The Index is published on Bloomberg page HSUNEU01, whereas the Core Index is published on Bloomberg page HSUNEU00.

2. MANAGEMENT RESPONSIBILITIES

(a) Index Sponsor

The index sponsor is the Global Markets division (the "**Index Sponsor**") of HSBC Bank plc ("**HSBC**"). The 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 the Index. 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 originally set out in the terms of the Index.

(b) Index Calculation Agent

The index calculation agent is Euromoney Trading Limited (the "**Index Calculation Agent**"). The role of the Index Calculation Agent is to provide independent calculation of the Index Level and make various determinations and adjustments. The Index Calculation Agent is responsible for obtaining information for inclusion or use in the calculation of the Index. The Index Calculation Agent will not independently verify such information and does not guarantee the accuracy or completeness of the Index or any data included therein.

(c) Index Committee

The HSBC Global Markets Indices and Strategies Governance Committee (the "**Index Committee**") has been established by the Index Sponsor and comprises core representatives from various functions within the Index Sponsor. The Index Committee is responsible for approving new indices and making certain amendments to existing indices (including the

Index), 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 any index-linked investment product or for investors in such investment product.

(d) **Limitation of liability**

To the extent permitted by applicable law, neither the Index Sponsor nor the Index Calculation Agent shall 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 any error in the Index and neither the Index Sponsor nor the Index Calculation Agent is under any obligation to advise any person of any error therein.

3. **CALCULATION OF INDEX LEVEL**

(a) **Duties and discretions of Index Sponsor and Index Calculation Agent**

All calculations and determinations made by the Index Sponsor and/or the Index Calculation Agent will be made 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 Index-linked 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 Index-linked investment product may reasonably hold in order to hedge its obligations in respect of the performance of the Index in respect of that Index-linked 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 Index.

The calculations and determinations of each of the Index Sponsor and the Index Calculation Agent in relation to the Index and/or any constituent thereof shall be final and binding on all parties in the absence of manifest error.

(b) **Calculation methodology**

The level of the Index is calculated by the Index Calculation Agent in accordance with the terms of the Index.

The "**Index Level**", $S(t)$, is determined in accordance with the following formula on each Index Valuation Date t by reference to: the level of the Index on the immediately preceding Index Valuation Date, $S(t-1)$, the "**Target Volatility Factor**" for the immediately preceding Index Valuation Date, $TVF(t-1)$ (which represents the volatility-budgeted element of the Index) and the "**Core Index Return**", $R(t)$, (which represents a return on the Core Index, which in turn reflects the application of a defined strategy in respect of the EURIBOR futures market, as further described in Section 4(c) (*Determination of the Indicator and the Trading Strategy*) below):

$$S(t) = S(t-1) \times [1 + TVF(t-1) \times R(t)]$$

(c) **Calculation of the Core Index Return**

The "**Core Index Return**", $R(t)$, is determined in accordance with the following formula on each Index Valuation Date t by reference to: the level of the Core Index, $BI(t)$, and the level of the Core Index on the immediately preceding Index Valuation Date, $BI(t-1)$:

$$R(t) = \frac{BI(t) - BI(t-1)}{BI(t-1)}$$

(d) **Calculation of the Target Volatility Factor**

The "**Target Volatility Factor**", $TVF(t)$, is determined in accordance with the following formula on each Index Valuation Date t to be equal to the lower of: (1) 200% and (2) the ratio of (i) the target volatility of 8%, σ_{Target} , and (ii) the Realised Volatility in respect of the Core Index, $\sigma_{Realized}(t)$:

$$TVF(t) = \text{Minimum} \left(\frac{\sigma_{Target}}{\sigma_{Realized}(t)}, 200\% \right)$$

The "**Realised Volatility**" in respect of an Index Valuation Date t is a value representing the highest volatility of the Core Index in a defined period preceding Index Valuation Date t .

4. **CALCULATION OF THE LEVEL OF THE CORE INDEX**

(a) **Calculation methodology**

The level of the Core Index, "**Core Index Level**", $BI(t)$, is determined in accordance with the following formula on each Index Valuation Date t by reference to: the level of the Core Index on the immediately preceding Rebalancing Date, $BI(n)$, and the "**Futures Return**" on such Index Valuation Date, $F(t)$, (which represents a long or a short position in respect of the price for the Fourth EURIBOR Future (as defined below) on that Index Valuation Date and on the immediately preceding Rebalancing Date):

$$BI(t) = BI(n) \times [1 + (10 \times F(t))]$$

The Core Index is rebalanced as of each third Index Valuation Date prior to the third Wednesday in each calendar month, each a "**Rebalancing Date**".

(b) **Calculation of the Futures Return**

The Futures Return, $F(t)$, is determined in accordance with the following formula on each Index Valuation Date t by reference to: the value of the Indicator (which determines whether the Core Index assumes a long or a short position in respect of the Fourth EURIBOR Future), $Indicator(t)$, and the price of the Fourth EURIBOR Future in respect of (i) that Index Valuation Date t , $EF(t)$, and (ii) the immediately preceding Rebalancing Date n , $EF(n)$:

$$F(t) = \frac{EF(t) - EF(n)}{100} \times Indicator(t)$$

The "**Fourth EURIBOR Future**" in respect of an Index Valuation Date is the EURIBOR Future which expires in the month of the fifth future expiry date on or after that Index Valuation Date. The price of the Fourth EURIBOR Future in respect of any Rebalancing Date is calculated as an arithmetic average of the relevant prices at five different observation points on such date.

(c) **Determination of the Indicator and the Trading Strategy**

The "**Indicator**", $Indicator(t)$, is determined on each Index Valuation Date t as either:

- (i) number "1", if the Trading Strategy is to buy the Fourth EURIBOR Future, or

(ii) number "-1", if the Trading Strategy is to sell the Fourth EURIBOR Future.

The Index Calculation Agent determines the answer to the following questions on the second Index Valuation Date prior to each Rebalancing Date in order to determine the "**Trading Strategy**":

Question 1: Is the ratio of the TwosTens Spread over the TwosTens Volatility greater than a specified level?

Question 2: Is the ratio of the TwosTens Spread over the TwosTens Volatility less than a specified level?

Question 3: Is the Rates Trend Indicator greater than the Rates Level Barrier?

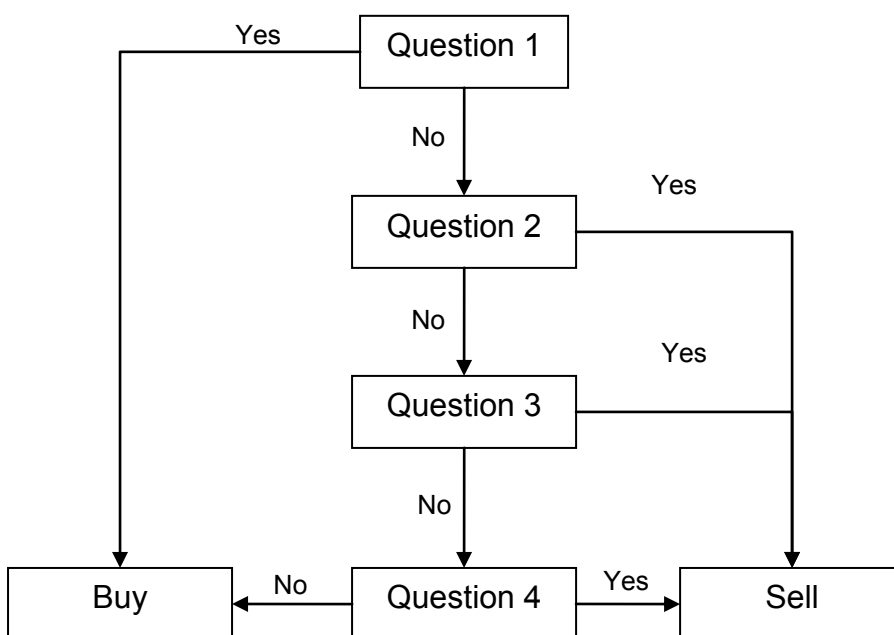
Question 4: Is the Spread Trend Indicator less than the Spread Level Barrier?

The "**TwosTens Spread**" means, in respect of the relevant Index Valuation Date, the difference between the rates for the EURIBOR swap rate (a "**EURIBOR Swap Rate**") with the designated maturity of ten and two years, each as calculated by reference to relevant public sources, whereas the "**TwosTens Volatility**" represents the volatility of such spread.

The "**Rates Trend Indicator**" means, in respect of the relevant Index Valuation Date, a trend indicator relating to a 3-month EURIBOR rate (a "**EURIBOR Rate**"), as calculated by reference to relevant public sources, whereas the "**Rate Level Barrier**" is determined by reference to the volatility of the absolute returns on such rate.

The "**Spread Trend Indicator**" means, in respect of the relevant Index Valuation Date, a trend indicator relating to the TwosTens Spread, whereas the "**Spread Level Barrier**" is determined by reference to the volatility of the absolute returns on such spread.

The Index Calculation Agent uses the following diagram to determine whether the Trading Strategy is to buy or to sell the Fourth EURIBOR Future:



5. **DISRUPTION EVENTS**

From time to time the Index Calculation Agent and/or the Index Sponsor may determine that the Index is affected by certain disruption events including (but not limited to) the inability of the Index Calculation Agent to obtain the necessary data for calculating the Index, any suspension or limitation on trading the constituents of the Index, any cancellation, suspension or substitution of the Core Index, any changes in laws or regulations affecting the Index or any constituents thereof or any rate used in the determination of the Index not reflecting the relevant costs of funding of the Index Sponsor. In the event of any such disruption the Index Sponsor and/or the Index Calculation Agent have certain powers to amend or modify the Index or to suspend or terminate the calculation or publication of the Index. Further detail on disruption events is set out below.

(a) **Data disruption**

In the event of a disruption relating to the manner that the Index Calculation Agent receives or otherwise acquires information necessary to make any determination or calculation relevant to the Index ("**Data Disruption**"), the Index Calculation Agent shall use reasonable endeavours to source data from alternative sources with the aim of publishing the level of the Index as soon as reasonably practicable. The Index Calculation Agent will not publish the level of the Index until the relevant Data Disruption is over or until it acquires the required data from an alternative source.

(b) **Market Disruption Event**

"**Market Disruption Events**" 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:

- (i) any relevant futures exchange not opening for business or severely curtailing its hours of business; or
- (ii) trading on a relevant futures exchange being conducted without timely dissemination of closing price data.

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.

(c) **Liquidity Disruption Event**

"**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 LIFFE such that the prices quoted on the relevant Reuters page for such rate 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.

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 paragraph (c) shall apply.

(d) **Indicator Disruption Event**

If a EURIBOR Swap Rate or a EURIBOR Rate does not appear on the relevant Reuters screen on any Index Valuation Date, the relevant rate for that Index Valuation Date will be determined by the Index Calculation Agent on the basis of either (i) mid-market semi-annual swap rate quotations, in respect of a EURIBOR Swap Rate, or (ii) the mid-market quarterly money market rate quotations, in respect of a EURIBOR Rate, provided by five leading swap dealers in the London interbank market, as selected by the Index Calculation Agent, at approximately 11 a.m. Frankfurt time on the relevant Index Valuation Date. If the Index Calculation Agent is unable to obtain any relevant rate, then there shall be deemed to be a Market Disruption Event and the provisions of paragraph (b) above shall apply.

(e) **Disruption of the Core Index**

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.

(f) **Index Restrictions**

If any EURIBOR Future referenced the Index, causes or would cause HSBC and/or certain HSBC group entities to become:

- (i) subject to any legal and/or regulatory reporting and/or disclosure requirements and/or any legal and/or regulatory restrictions; or
- (ii) subject to the imposition of any taxes, duty, withholding, deduction or other charge; or
- (iii) restricted from dealing in such Index constituent pursuant to regulatory or legal obligations or internal policies,

then, if the Index Sponsor determines at any time that the circumstance described in (i), (ii) or (iii) is material, such EURIBOR Future 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 the Index in its discretion as it deems appropriate as a result, including excluding the Restricted Index Constituent from the Index.

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.

6. **SUSPENSION AND TERMINATION OF THE INDEX**

The publication and maintenance of the Index is discretionary. The Index Sponsor may suspend or terminate the publication of the Index at any time, notwithstanding the fact whether any one or more of the disruption events set out in Section 5 (*Disruption Events*) has occurred or not.

In the event that the 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 the Index.

7. **RISK FACTORS RELATING TO THE INDEX**

In addition to the Risk Factors set forth in the Base Terms Module of the Index Rules and risk factors relating to the Index, investment in the product involves substantial risks including but not limited to the following:

Investment in the product entails significant risk

An investment in the product entails significant risks that are not generally associated with similar investments in conventional fixed rate or floating rate instruments. Calculation of the return on the product is linked to the change in the level of the Index, which may decline as well as rise. Although the investor has the opportunity to receive a high return, the investor risks a lower return than investing in conventional debt instruments. As such, the investment may not be suitable for persons who are unfamiliar with the Index and its individual components, or unwilling or unable to bear the risk attendant with an investment in the product.

Independent appraisal of product

The investor should conduct such independent appraisal of the Index and the rules relating to the Index as it determines appropriate to evaluate the merits and risks of an investment in products linked to the Index. The Issuer (including in its capacity as Index Sponsor) accepts no responsibility whatsoever in respect of the merits or risks of the product or the Index and makes no representation, warranty or guarantee (express or implied) regarding the condition (financial or otherwise) of any assets comprising the Index or the performance of the Index.

No ownership rights

The investor will have no direct interest or right in any asset comprising the Index.

Effects of interest rates underlying the Index

The index is exposed to interest rates. Investors in the product are exposed to the risk that subsequent changes in interest rates may adversely affect the market value of the product. Investment in the product may involve interest rate risk with respect to the settlement currency of the product. 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 market value of the product.

Volatility in interest rates underlying the Index

The index is exposed to interest rates. Interest rates can be volatile and unpredictable. Investors should be aware of the possibility of significant changes in interest rates resulting in a decrease in the market value of the product.

Index Calculation Agent

The Index to which the product is linked is calculated by the Index Calculation Agent. None of the Index Calculation Agent or Index Sponsor makes any representations, warranties or guarantees whatsoever as to the performance of the Index or the product.

Conflicts of interest between the Issuer and the Index Sponsor

The Index to which the product is linked is sponsored, developed and promoted by the Issuer which is the Index Sponsor. The role of the Issuer as Index Sponsor will be performed by the Global Banking and Markets division of the Issuer. The roles of these various divisions within the Issuer may give rise to various potential and actual conflicts of interest.

No investment or professional advice

The Issuer makes no representation whatsoever, including as Index Sponsor, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with an investment in the product.

Index Sponsor

As at the date hereof, HSBC Bank plc acts as Index Sponsor with respect to the Index. In such capacity, HSBC Bank plc may have economic interests adverse to those of the investors, including with respect to certain determinations and judgments that the Index Sponsor may be required to make pursuant to the terms of the Index, any of which may affect payments in respect of the product. HSBC Bank plc may act in its own interests in such capacities and need not have regard to the interests of the investors.

No advisory or fiduciary relationship

In its capacity as the Index Sponsor, the Issuer does not act as fiduciary for or an advisor to the investor in respect of any determination or judgment or otherwise.

The Issuer and its affiliates are under no obligations to the investor in respect of roles of any such person with respect to the Index

None of the Issuer or any of its affiliates is under any obligation to the investor in respect of any of the roles of any such person with respect to the Index. No such person is under any obligation to monitor whether or not any event or circumstance has occurred unless it is explicitly and positively stated that such person will do so. No such person will be required to (or will be responsible for any failure to) make any determination, waiver, declaration or decision whatsoever in relation to the Index on behalf of or in the interests of the investor.

The Index has a limited operating history and may perform in unanticipated ways

The Index was established in July 2011. There is no historic performance data. Back tested data may be available but it does not represent actual performance achieved nor is it an indication of future performance.

Termination or suspension of Index

Under the rules of the Index, the Index Sponsor may, at any time, terminate the Index or suspend the publication of its level. None of the Issuer, the Calculation Agent, Index Sponsor or the Index Calculation Agent accepts any responsibility for any losses incurred by any party whether incidental or consequential which arise out of any reliance on the continued existence any publication of the Index.

8. **GLOBAL MARKETS INDEX DISCLAIMER**

The Index is promoted by the Global Banking and Markets business of HSBC Bank plc (“**Global Banking and Markets**”). The Index is not an independent research product of the Global Research Department. Global Banking and Markets, in its capacity as Index Sponsor, has no responsibility for the calculation of the Index and does not guarantee or represent or warrant the accuracy or completeness of the Index or the data comprised therein.

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Except in the case of fraudulent misrepresentation and without prejudice to their respective obligations under applicable law, no liability is accepted by Global Banking and Markets whatsoever for any direct, indirect or consequential loss arising from the Index.

HSBC Bank plc in its capacity as Index Sponsor does not make any representation, warranty or guarantee whatsoever as to the performance of the Index. Investments can fluctuate in price or value

and the prices, values or income may fall against an investor interest. Changes in rates of exchange and rates of interest may have an adverse effect on the value, price or income of the Index.

The Index Sponsor cannot be held responsible for any errors on the part of external data providers, nor for any delays in publishing the Index.

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The Index Calculation Agent, the Index Sponsor and any of their respective affiliates, together with their respective 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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Member HSBC Group**

HSBC Dynamic 5 ETF Index

Index Summary
HSBC Global Markets Indices

Version 2.0
May 2014

1. Index Overview

The HSBC Dynamic 5 ETF Index (the “**Dynamic ETF Index**” or the “**Index**”) was developed and is maintained by the HSBC Global Markets businesses of HSBC Bank plc (the “**Index Sponsor**”). The Index is calculated by Euromoney Trading Limited (the “**Index Calculation Agent**”) in accordance with the rules for the Index (the “**Index Rules**”), as summarised in this Index Summary.

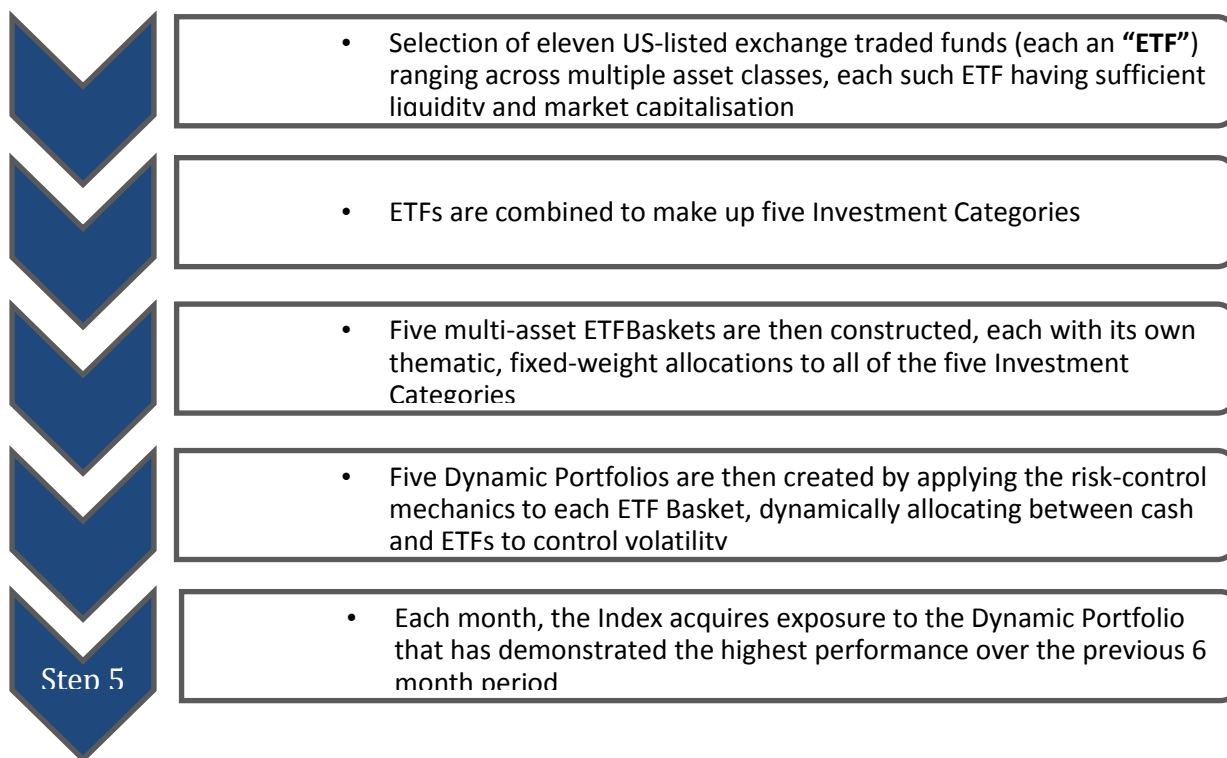
Please note that this Index Summary does not set out the entire methodology for the determination of the level of the Index, and the full Index Rules are available from the Index Sponsor upon request, subject to certain non-disclosure obligations. Please also note that publication and maintenance of the Index is discretionary, and the Index Sponsor may suspend or terminate the Index, or change the Index Rules, at any time, as further described in Section 3 (*Index maintenance and disruption events*).

The Dynamic ETF Index is a notional rules-based dynamic strategy that tracks the returns of a dynamic portfolio of eleven exchange-traded funds (each, an “**ETF Constituent**”). The ETF Constituents represent a diverse range of asset classes and geographic regions which are categorised into separate investment categories (each, an “**Investment Category**”), such as Developed Equities, Developed Bonds, Emerging Markets, Real Assets and Inflation, as further described below. The ETF Constituents are arranged into five baskets (the “**ETF Baskets**”), each with its own thematic, fixed-weight allocations to each Investment Category.

The Index uses the (annualised) volatility of daily returns of each of the five ETF Baskets over specified periods to create five corresponding risk-controlled portfolios (each, a “**Dynamic Portfolio**”). Each such Dynamic Portfolio is composed of the relevant ETF Basket and a notional cash investment, with the weights to each adjusted according to the volatility of the ETF Basket. The Dynamic ETF Index follows a “risk-controlled momentum strategy” approach by selecting, each month, the Dynamic Portfolio with the highest six-month risk-controlled return and using its value to calculate the Index level each day.

2. Construction of the Dynamic ETF Index

The Index is created by following the five steps below:



Step 1 – Selection of the ETF Constituents

The Index acquires exposure to eleven ETF Constituents, as set out in the table below. Each is listed on the New York Stock Exchange and has been selected due to its relatively high liquidity and significant market capitalisation.

The table below also sets out: (a) the average daily liquidity calculated using the average daily volume of shares traded; and (b) the market capitalisation as reported by the ETF Sponsor.

ETF Constituent	ETF Ticker	Description	Market Cap.	Avg. Daily Liquidity
SPDR S&P 500 ETF Trust	SPY	The Trust consists of a portfolio representing all 500 stocks in the S&P 500	\$157B	\$19B
iShares Russell 2000 Index Fund	IWM	The Fund seeks investment results that correspond to the performance of the Russell 200 Index	\$28B	\$3B
iShares MSCI EAFE Index Fund	EFA	The Fund seeks investment results that correspond to the performance of the MSCI EAFE Index	\$49B	\$1B
iShares Barclays 20+ Year Treasuries Bond Fund	TLT	The Fund seeks results that correspond to the price and yield performance of the US Treasury market as defined by the Barclays Capital 20+ Year Treasury Index	\$3B	\$850M
iShares iBoxx Investment Grade Corporate Bond Fund	LQD	The Fund seeks results that correspond to the price and yield performance of a segment of the US investment grade corporate bond market as defined by the iBoxx \$ Liquid Investment Grade Index	\$17B	\$250M
iShares iBoxx High Yield Corporate Bond Fund	HYG	The Fund seeks investment results that correspond to the price and yield performance of the iBoxx \$ Liquid High Yield Index	\$17B	\$302M
iShares MSCI Emerging Markets ETF	EEM	The Fund seeks investment results that correspond generally to the price and yield performance of the MSCI TR Emerging	\$45B	\$2B

**Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – HSBC
Summaries of Managed Indices Rules**

Markets Index				
iShares JP Morgan Emerging Markets Bond Fund	EMB	The Fund seeks investment results that correspond to the price and yield of the JP Morgan Emerging Markets Bond Index.	\$4B	\$101M
iShares DJ US Real Estate ETF	IYR	The Fund seeks investment results that correspond to the performance of the Dow Jones U.S. Real Estate Index	\$4B	\$531M
SPDR Gold Trust	GLD	The investment objective of the Trust is for the Shares to reflect the performance of the price of gold bullion, less the Trust's expenses.	\$38B	\$2B
iShares Barclays TIPS Bond ETF	TIP	The Fund tracks the Barclays Capital US Treasury Inflation Notes Index.	\$14B	\$130M

The information set out in the table above is accurate as at October 2013.

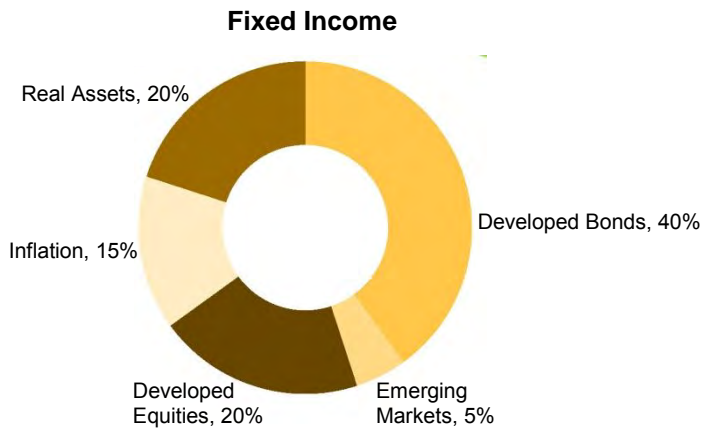
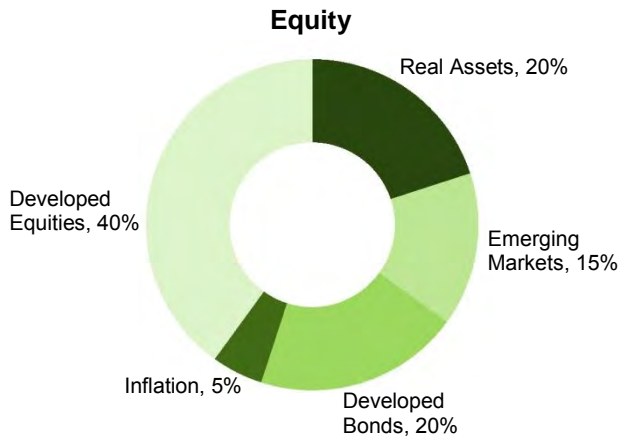
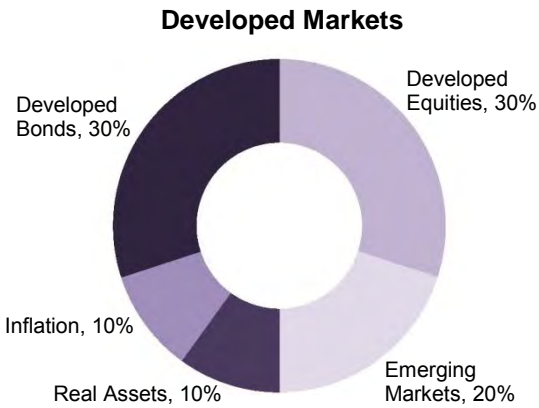
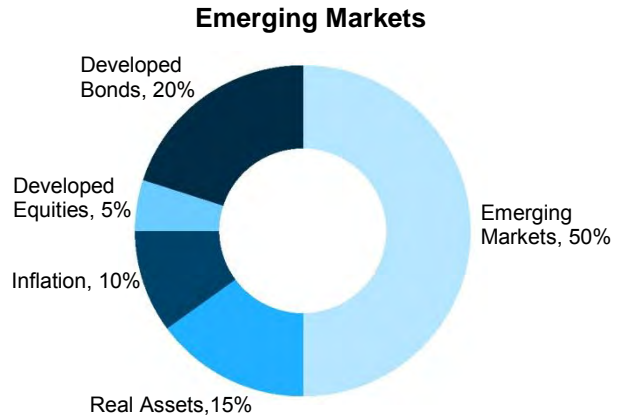
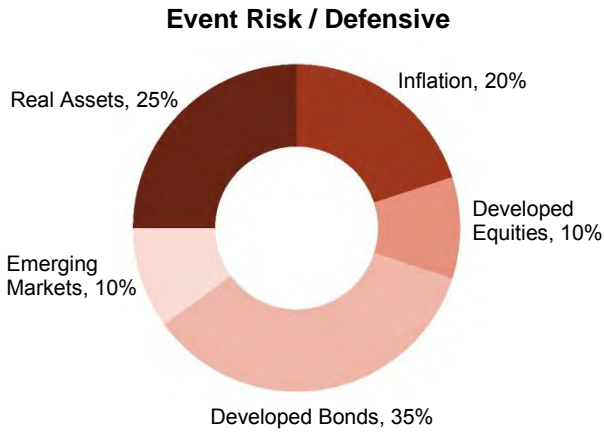
Step 2 – Creation of Investment Categories

The ETF Constituents are divided into five “thematic” Investment Categories, as set out below. A fixed weight (the “**Asset Class Weight**”) is allocated to each ETF Constituent such that the sum of the Asset Class Weights of the ETF Constituents in each Investment Category is equal to 100%.

Investment Category	ETF Constituent	Asset Class Weight
Developed Equities	SPDR S&P 500 ETF Trust	50%
	iShares Russell 2000 Index Fund	25%
	iShares MSCI EAFE Index Fund	25%
Developed Bonds	iShares Barclays 20+ Year Treasuries Bond Fund	55%
	iShares IBOXX Investment Grade Corporate Bond Fund	35%
	iShares IBOXX High Yield Corporate Bond Fund	15%
Emerging Markets	iShares MSCI Emerging Markets ETF	70%
	iShares JP Morgan Emerging Markets Bond Fund	30%
Real Assets	iShares DJ US Real Estate ETF	25%
	SPDR Gold Trust	75%
Inflation	iShares Barclays TIPS Bond ETF	100%

Step 3 – Creation of ETF Baskets

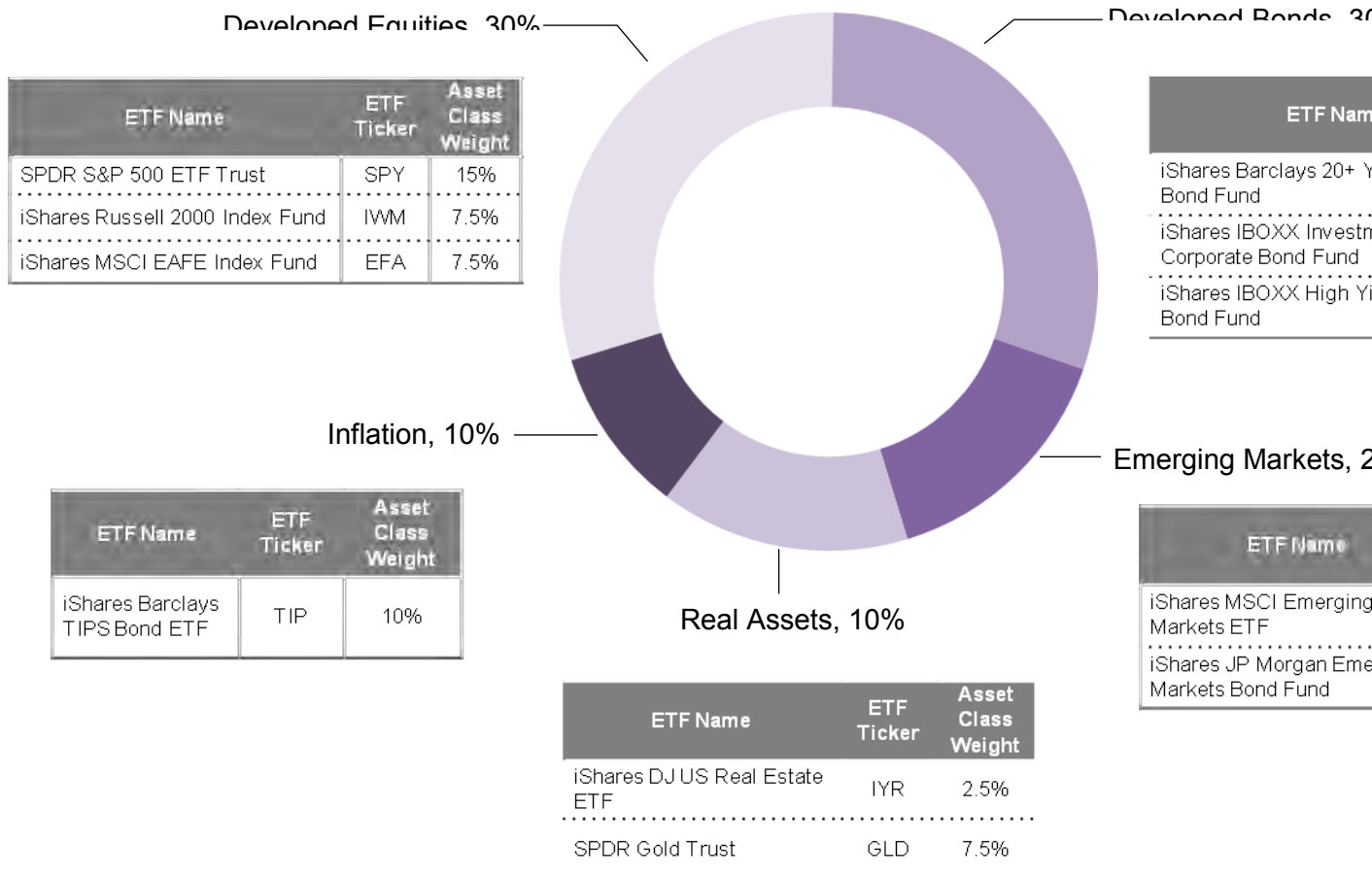
The five Investment Categories above are combined to make five multi-asset ETF Baskets. Each ETF Basket is intended to track a specific investment theme and it is created by allocating fixed exposures to each of the Investment Categories, as set out below:



Consequently, the Asset Class Weights of the ETF Constituents in each of the ETF Baskets are as follows:

ETF Constituent	Event Risk / Defensive Focus ETF Basket	Fixed Income Focus ETF ETF Basket	Equity Focus ETF Basket	Developed Market Focus ETF Basket	Emerging Market Focus ETF Basket
SPDR S&P 500 ETF Trust (SPY)	5%	10%	20%	15%	2.5%
iShares Russell 2000 Index Fund (IWM)	2.5%	5%	10%	7.5%	1.25%
iShares MSCI EAFE Index Fund (EFA)	2.5%	5%	10%	7.5%	1.25%
iShares Barclays 20+ Year Treasury Bond Fund (TLT)	17.5%	20%	10%	15%	10%
iShares iBoxx \$ Investment Grade Corporate Bond Fund (LQD)	12.25%	14%	7%	10.5%	7%
iShares iBoxx \$ High Yield Corporate Bond Fund (HYG)	5.25%	6%	3%	4.5%	3%
iShares MSCI Emerging Markets Index (EEM)	7%	3.5%	10.5%	14%	35%
iShares JP Morgan USD Emerging Markets Bond Fund (EMB)	3%	1.5%	4.5%	6%	15%
iShares Dow Jones U.S. Real Estate Index Fund (IYR)	6.25%	5%	5%	2.5%	3.75%
SPDR Gold Trust (GLD)	18.75%	15%	15%	7.5%	11.25%
iShares Barclays US Treasury Inflation Protected Securities Fund (TIP)	20%	15%	5%	10%	10%

By way of example, the ETF Basket with a focus on Developed Markets will consist of the following ETF Constituents:



Step 4 – Applying risk control to each ETF Basket to create a Dynamic Portfolio

The risk control methodology aims to improve the risk-adjusted returns of the Index by allocating between each ETF Basket and cash to target a specific level of maximum volatility. A portfolio combining an ETF Basket and the level of cash determined pursuant to the methodology set out below is referred to as a Dynamic Portfolio. There is one Dynamic Portfolio for each ETF Basket.

On a daily basis, the Calculation Agent determines the realised volatilities of each ETF Basket over 20-day and 120-day time windows. Depending on the level of volatilities, the Index Calculation Agent determines the allocation to the ETF Basket in the corresponding Dynamic Portfolio in accordance with the table below:

Band	Max Short Vol Window (20 day)	Max Long Vol Window (120 Day)	Portfolio allocation to the ETF Basket
1	5.00%	7.00%	100%

2	5.56%	7.78%	90%
3	6.25%	8.75%	80%
4	7.14%	10.00%	70%
5	8.33%	11.67%	60%
6	10.00%	14.00%	50%
7	12.50%	17.50%	40%
8	16.67%	23.33%	30%
9	25.00%	35.00%	20%
10	50.00%	70.00%	10%
11	>50%	>70%	0%

The allocation to the ETF Basket in each Dynamic Portfolio will correspond to the band closest to, but not greater than, the relevant realised volatility. If the 20-day realised volatility does not indicate the same band as the 120-day realised volatility, then the lower allocation of the two will apply.

For example, if the 20-day realised volatility in respect of the Equity Focus ETF Basket is 9%, but its 120-day realised volatility is 7.5%, then:

- (a) the 20-day realised volatility of 9% corresponds to band 6 and a 50% allocation; and
- (b) the 120 day realised volatility of 7.5% corresponds to band 2 and a 90% allocation.

The Dynamic Portfolio corresponding to the Equity Focus ETF Basket will be composed as follows:

- (a) as 50% is lower than 90%, the allocation to the Equity Focus ETF Basket will be equal to 50%; and
- (b) the remaining 50% of that Dynamic Portfolio will be allocated to a notional cash investment determined by reference to the 1 month USD LIBOR rate (the “**Cash Asset Rate**”).

Step 5 – Allocation to a single best performing Dynamic Portfolio

At the end of each month, the Index Calculation Agent will select the best performing Dynamic Portfolio over the previous rolling six-month period. The level of the Index on each date in the following month will be determined only by reference to that best performing Dynamic Portfolio (and the levels in respect of the other four Dynamic Portfolios will be disregarded).

If another Dynamic Portfolio has had a better performance over the relevant six-month period in the following month, then the Index will be rebalanced to track the performance only of that other Dynamic Portfolio.

3. Index maintenance and disruption events

(a) Index maintenance

The Index Sponsor has a right to make amendments or modifications to the Index Rules in certain circumstances, as set out in the Index Rules. Following any such amendment or modification, the Index Sponsor will revise the Index Rules, which will continue to be available upon request.

The publication and maintenance of the Index is discretionary. The Index Sponsor may suspend or terminate the publication of the Index at any time including, without limitation, following any relevant regulatory changes or the occurrence of any of the disruption events summarised below. In the event that the 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.

(b) Extraordinary Fund Event

If an Extraordinary Fund Event (as described below) has occurred and is continuing with respect to any ETF Constituent (an “**Affected ETF**”), the Index Sponsor may either: (A) terminate the Index; or (B) direct the Index Calculation Agent to make any of the following modifications:

- (i) replace the Affected ETF with a successor ETF;
- (ii) replace the Affected ETF with an alternative ETF;
- (iii) remove the Affected ETF from the Index and reallocate the remaining ETF Constituents.

An “**Extraordinary Fund Event**” includes the occurrence of any of the following circumstances with respect to an ETF Constituent: any breach, violation or modification of the constitutional documents of the relevant ETF Constituent; any insolvency, regulatory or similar proceedings relating to the ETF Constituent or its administrator, manager, advisor or any other relevant service provider; any material modification to its investment strategy or operations; non-compliance by the ETF Constituent, its administrator, manager, advisor or any other relevant service provider with any relevant legal or regulatory obligations; any material modification to its investment strategy or operations any material disruption relating to its trading, listing, liquidity, capitalisation or amount of assets under management; any default by a counterparty with which the ETF Constituent has a material position; any relevant merger event or tender offer; any event relating to one of the jurisdictions to which the ETF Constituent is exposed; or any other relevant events, each as determined by the Index Calculation Agent.

(c) Cash Asset Rate Disruption

If the Index Calculation Agent determines that a disruption has occurred in respect of the Cash Asset Rate, then the Index Calculation Agent may:

- (i) replace the Cash Asset Rate with an alternative cash asset rate that has been announced by the relevant sponsor of such alternative cash asset rate as constituting a successor to the Cash Asset Rate;

- (ii) replace the Cash Asset Rate with an alternative cash asset rate;
- (iii) postpone: (A) the determination of the Cash Asset Rate; and (B) the determination and publication of the levels of the Index; or
- (iv) if the Index Calculation Agent decides that none of the steps in (i) to (iii) is appropriate, it may terminate the Index.

(d) Corporate Actions

If a Share Adjustment Event (as described below) has occurred with respect to an ETF Constituent, the Index Calculation Agent may, in accordance with the Index Rules, make modifications to the calculation of the Index by adjusting the level of the relevant ETF Constituent and, if necessary, adjusting its weight in one or more affected ETF Baskets. In certain circumstances, the Index Calculation Agent may determine that a Share Adjustment Event is deemed to be an Extraordinary Fund Event, in which case the Extraordinary Fund Event provisions will apply (as summarised in Section 3(b) (*Extraordinary Fund Event*) above).

A “**Share Adjustment Event**” includes the occurrence of any of the following circumstances with respect to an ETF Constituent: a subdivision or reclassification of units in that ETF Constituent; a distribution or issue of any extraordinary dividend or distribution; a repurchase of units in that ETF Constituent; 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 units in that ETF Constituent.

(e) Index Market Disruption Events

If the Index Calculation Agent determines that an Index Market Disruption Event (as described below) has occurred on any day, then:

- (i) if rebalancing of the Index would occur on such day or on the following day (each, an “**Index Rebalancing Date**”), the Index Calculation Agent shall, following consultation with the Index Sponsor, either:
 - (i) determine that such day shall still be the Index Rebalancing Day, and make any relevant determinations or adjustments in its discretion; or
 - (ii) determine that the Index Rebalancing Day shall be postponed; and
- (ii) if such day is not an Index Rebalancing Day, the Index Calculation Agent shall, following consultation with the Index Sponsor, either:
 - (i) determine the level of the Index on such day by making any relevant determinations or adjustments in its discretion; or
 - (ii) determine that no level of that Index shall be determined for such day.

An “**Index Market Disruption Event**” includes the occurrence of any of the following circumstances with respect to an ETF Constituent or a unit in an ETF Constituent: any relevant suspension or limitation imposed on trading in that ETF Constituent (or any instrument, such as a futures or an option, in respect of that ETF Constituent) or otherwise any relevant disruption; the closure or an early closure of any relevant trading venue on which either the ETF Constituent or any instrument, such as a futures or an option in respect of that ETF Constituent, is listed or traded; or a

general moratorium is declared in respect of banking activities in the country in which any relevant exchange is located.

(f) Data error or data disruption

If the Index Calculation Agent determines that, at any time, the source of any information relevant to the determination of the level of the Index has amended or modified any such information, the Index Calculation Agent may in, its discretion, make any re-determination or re-calculation in respect of the Index and retrospectively adjust the level of the Index accordingly.

If there is any disruption to the manner in which the Index Calculation Agent acquires information necessary to make any determination relevant to the Index, the Index Calculation Agent will use reasonable endeavours to source data from alternative sources with the aim of publishing the level of the Index as soon as reasonably practicable. The Index Calculation Agent will not publish the level of an Index until the relevant disruption is over or until it acquires the required data from an alternative source.

Risk Factors relating to the Index

In addition to the risk factors relating to the Index set out in the Base Terms Module of the Index Rules and risk factors relating to the Index which may be set out in the relevant Asset Terms Module or Index Terms Module, prospective investors should consider the following:

The Index may not be successful, and may not outperform any alternative strategy that might be employed in respect of the exchange traded funds (“ETFs”) or achieve its target volatility

The Index follows a notional rules-based proprietary strategy that operates on the basis of pre-determined rules. No assurance can be given that the investment strategy on which the Index is based will be successful or that the Index will outperform any alternative strategy that might be employed in respect of the ETFs. Furthermore, no assurance can be given that the Index will achieve its target maximum volatility of 5%. The actual realized volatility of the Index may be greater or less than 5%.

The Index comprises notional assets and liabilities

The exposure to the ETF Basket and any cash investment are purely notional and will exist solely in the records maintained by or on behalf of the Index Calculation Agent. There is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. Consequently, an investor will not have any claim against any of the reference assets that comprise the Index. The strategy tracks the excess return of a notional dynamic basket over the 1-month USD LIBOR interest rate (calculated daily) and, as such, any allocation to a cash investment within the Index, which also accrues at the 1-month USD LIBOR interest rate, will not affect the level of the Index.

Changes in the market value of the ETFs may not be reflected in the level of the Index

Changes in the market values of the ETFs may not result in a comparable change in the level of the Index.

The Index has a limited operating history and may perform in unanticipated ways

The Index was established on 9 May 2013 and therefore has a limited operating history. Back tested data may be available but it does not represent actual performance achieved nor is it an indication of future performance.

The Index is subject to market risks

The performance of the index is dependent on the performance of the eleven ETFs, as constructed as available in the five Portfolios over 1-month USD LIBOR. As a consequence, the Index is exposed to the price performance and credit performance of the ETFs, as well as fluctuations in the 1-month USD LIBOR interest rate. As a result, any increase in the level of the Index may be offset by increases in the 1-month USD LIBOR.

Risks associated with the Index’s momentum investment strategy

The Index is constructed using what is generally known as a momentum investment strategy. Momentum investing generally seeks to capitalize on positive trends in the price of assets. As such, the weights of the ETFs in the Index are based on the performance of the ETFs from the immediately preceding six month period. However, there is no guarantee that trends existing in the preceding six month period will continue in the future. A momentum strategy is different from a strategy that seeks long-term exposure to a portfolio consisting of constant components with

fixed weights. The Index may fail to realize gains that could occur as a result of being exposed to assets that experienced price declines, but after which experience a sudden price spike. As a result, if market conditions do not represent a continuation of prior observed trends, the level of the Index, which is rebalanced based on prior trends, may decline. Additionally, even when the closing prices or levels of the ETFs are trending downwards, the Index will continue to be composed of the eleven ETFs. Due to the “long- only” construction of the Index, the weight of each ETF will not fall below zero in respect of each Rebalancing Calculation Date (as defined in the Index Summary) even if the relevant ETF displayed a negative performance over the relevant six month period. No assurance can be given that the investment strategy used to construct the Index will outperform any alternative index that might be constructed from the ETFs.

The Index may perform poorly during periods characterized by short-term volatility

The Index’s strategy is based on momentum investing. Momentum investing strategies are effective at identifying the current market direction in trending markets. However, in non-trending, sideways markets momentum investment strategies are subject to “whipsaws”. A whipsaw occurs when the market reverses and does the opposite of what is indicated by the trend indicator, resulting in a trading loss during the particular period. Consequently, the Index may perform poorly in non-trending, “choppy” markets characterized by short-term volatility.

The Index may be partially un-invested

The weight of a cash investment (if any) for a Portfolio at any given time represents the portion of the synthetic portfolio that is un-invested in the applicable ETF Basket at that time. The Index will reflect no return for any un-invested portion (i.e., any portion represented by a cash investment).

The ETFs composing the Index may be replaced by a substitute ETF or index in certain extraordinary events

Following the occurrence of certain Extraordinary Fund Events with respect to an ETF as described under “Annex 1: Index Summary - The HSBC Dynamic 5 ETF Excess Return Index — Extraordinary Fund Event,” the affected ETF may be replaced by a substitute ETF or index. Investors should realize that the changing of an ETF may affect the performance of the Index as the replacement ETF may perform significantly better or worse than the affected ETF.

Any of the ETFs may be replaced by an index under extraordinary circumstances, in which case the risks relating to indices will affect the level of the Index

Under certain extraordinary circumstances, any ETF may be replaced by a substitute index that possesses substantially similar characteristics or provides a substantially similar exposure as the ETF being replaced, as determined by the index calculation agent in its discretion. Investors in investment products linked to the Index will not have rights that holders of the assets underlying a substitute index would have such as, if applicable, voting rights or rights to dividends or other distributions. If the substitute index is an equity index that is not a total return index, the value of the substitute index will not reflect dividends on the equity securities included in such equity index.

Moreover, the policies of the sponsor of the substitute index concerning the methodology and calculation of the substitute index, including decisions regarding additions, deletions or substitutions of the assets underlying the substitute index could affect the level of the successor index. The Index could also be affected if the sponsor of the substitute index discontinues or suspends calculation or dissemination of the substitute index, in which case it may become difficult to determine the level of the Index. The index sponsor of the substitute index will have

no obligation to consider your interests in calculating or revising such substitute index.

If the assets included in the substitute index are denominated in currencies other than U.S. dollars, then the value of the Index will be subject to currency exchange risk. If the assets underlying a substitute index have been issued by non-U.S. companies or non-U.S. governments, the level of the substitute index and therefore the value of the Index will be affected by political, economic, financial and social factors in the relevant countries, including changes in a relevant country's government, economic and fiscal policies, currency exchange laws and other foreign laws or restrictions.

Correlation of performances among the ETFs may reduce the performance of the Index

Performances of the ETFs may become highly correlated from time to time, including, but not limited to, a period in which there is a substantial decline in a particular sector or asset type represented by the ETFs and which has a higher weighting in the Index relative to any of the other sectors or asset types, as determined by the Index's strategy. High correlation during periods of negative returns among ETFs representing any one sector or asset type and which ETFs have a substantial percentage weighting in the Index could have an adverse effect on any payments on, and the value of, investment products linked to the Index.

Changes in the value of the ETFs may offset each other

Because the Index is linked to the performance of the ETFs, which collectively represent a diverse range of asset classes and geographic regions, price movements between the ETFs representing different asset classes or geographic regions may not correlate with each other. At a time when the value of an ETF representing a particular asset class or geographic region increases, the value of other ETFs representing a different asset class or geographic region may not increase as much or may decline. Therefore, in calculating the level of the Index, increases in the value of some of the ETFs may be moderated, or more than offset, by lesser increases or declines in the level of other ETFs.

The level of the Index will include the deduction of the 1-month USD LIBOR interest rate and a fee

One way in which the Index may differ from a typical index is that its level will include a deduction from the performance of the applicable portfolio of both the 1-month USD LIBOR interest rate and a fee of 0.50% per annum. This fee will be deducted daily. As a result of the deduction of this fee, the level of the Index will trail the value of a hypothetically identically construed synthetic portfolio from which no such fee is deducted.

ETFs

Neither the Index Sponsor nor the Calculation Agent have undertaken any investigation of any of the ETFs. Neither the Index Summary nor the Index Rules provide information with respect to the ETFs. No investigation has been made of the financial condition or the creditworthiness of the ETFs. An investor should obtain and evaluate the same information concerning the ETFs as it would if it were to invest directly in the ETFs. In particular, investors should carefully investigate and consider any risks associated with (i) Equity/Bond ETFs, (ii) real estate investment trusts and the SPDR Gold Trust.

Risks relating to the 1-month USD LIBOR

The 1-month USD LIBOR will be affected by a number of factors, including, but not limited to changes in, or perceptions about, future rates, general economic conditions, prevailing interest rates and the policy of the Federal Reserve Board. There can be no assurance that the method

by which the 1-month USD LIBOR is calculated will not change. Such changes in the method of calculation could reduce the level of the 1-month USD LIBOR and consequently, the return on the cash investment.

The 1-month USD LIBOR is subject to volatility due to a variety of factors affecting interest rates generally, including sentiment regarding underlying strength in the US, European and global economics, expectation regarding the level of price inflation, sentiment regarding credit quality in the US, European and global credit markets, central bank policy regarding interest rates and performance of capital markets. Decreases in the 1-month LIBOR will have a negative impact on the performance of the cash investment, while increases in the 1-month USD LIBOR will have a negative impact on the overall performance of the Index, which measure the performance of the applicable Portfolio over 1-month USD LIBOR.

DISCLAIMERS

Notional Index and Index Rules

No assurance can be given that the investment strategy used to construct the Dynamic ETF Index will be successful or that the Dynamic ETF Index will outperform any alternative basket or strategy that might be constructed from the ETF Constituents. Furthermore, no assurance can be given that the Dynamic ETF Index will achieve its target volatility of 5%. The actual realised volatility of the Dynamic ETF Index may be greater or less than 5%.

The Index is described as a “notional” or synthetic portfolio or basket of assets because there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. The Index merely references certain assets, the performance of which will be used as a reference point for calculating the level of the Index.

The description of the Index and methodology included in this Index Summary is based on the Index Rules formulated by HSBC Bank plc. The Index Rules, and not this Index Summary, will govern the calculation and constitution of the Index and other decisions and actions related to its maintenance. The Index Rules in effect as of the date of this Index Summary are available upon request. The Index is the intellectual property of HSBC Bank plc, and HSBC Bank plc reserves all rights with respect to its ownership of the Index. The Index is reported by Bloomberg L.P. under the ticker symbol “HSIED5UE”.

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The Index Calculation Agent in respect of each Index in the HSBC Dynamic 5 Index Series is calculated by the Quantitative Techniques business ("QT") of the Global Research Division of the Global Markets part of HSBC Bank plc. Following the sale of QT to Euromoney Trading Limited, which is scheduled to occur by no later than 1 October 2013, the role of the Index Calculation Agent will still be performed by QT, but QT will then be a division of Euromoney Trading Limited.

Except in the case of fraudulent misrepresentation and without prejudice to its obligations under applicable law and/or the regulatory system to which it is subject, no liability (whether directly or indirectly, in contract, in tort, or otherwise) is accepted by the Index Sponsor 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 of its role under the Index Rules.

The Index Sponsor makes no 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. The Index Sponsor can not be held responsible for any errors, intentional or unintentional on the part of external data providers, nor for any delays in publishing any Index.

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Index Summary
HSBC Global Markets Indices

Version 2.0
June 2014

Summary of the Rules for the HSBC Europe Super Ten Equity Index Series

<p>HSBC Europe Super Ten Equity Index Series Overview</p>	<p>The HSBC Europe Super Ten Equity Index Series (the "Series") is a group of indices denominated in different currencies (each an "Index") that aim to track the return of a portfolio of equities, representing companies selected by the Research Provider to be a members of the 'HSBC Europe Super Ten' Research Portfolio. The portfolio of shares will be revised from time to time at the discretion of the Research Provider.</p> <p>Each Index in the Series reflects the performance of an objective and systematic investment into the stock portfolio produced by the Research Provider. The indices include a number of stock screening criteria designed to improve the investibility of the Research Provider's portfolio. Stocks that pass the screening criteria become Index Constituents.</p> <p>The indices are published as total return Indices, which represent a funded investment. The return on the total return Index includes the return generated through dividend income from the portfolio components.</p> <p>Details of each Index in the Series, including the relevant parameters used to calculate each Index, are set out at the end of this summary.</p>
<p>Calculation of Index Level</p>	<p>The Index Level $S(t)$ is determined as follows on each Index Valuation Date t by aggregating the index points value (the "Constituent Amount") of each Index Constituent.</p> $S(t) = \sum_j CA_j(t)$ <p>The Constituent Amount is determined by the product of weight and return of each Index Constituent and the Index Level.</p>
<p>Determination of Target Weighting and Rebalancing</p>	<p>Each "Index Rebalancing" is triggered upon the release of a new research publication from the Research Provider on any relevant date (the "Research Publication Date"), as determined by the Index Calculation Agent.</p> <p>Target weights for new Index Constituents are calculated on the date (the "Rebalance Calculation Date") that occurs on the first Index Valuation Date that is at least five Index Valuation Dates following the Research Publication Date and is also the first Index Valuation Date on which all exchanges where each incoming, outgoing or unchanged Constituent is open for trading.</p> <p>On each Rebalance Calculation Date, the Index Calculation Agent shall test each stock in the Research Portfolio against the following Liquidity Constraints to determine whether such stock qualifies as an Index Constituent:</p> <ul style="list-style-type: none"> a) Minimum Available Foreign Investor Amount b) Minimum Free Float Market Capitalisation c) Minimum Average Daily Transacted Value <p>The Target Weight on each Rebalance Calculation Date for each Constituent will be determined first by assigning a Liquidity Factor to each Constituent. The Liquidity Factor is the ratio of (i) that Constituent's Average Daily Transacted Value and a target Average Daily Transacted Value set to USD 20,000,000, subject to a cap of 1.</p> <p>The Target Weight for each Constituent is then determined by dividing its Liquidity Factor by the sum of the Liquidity Factors of all Constituents, subject to a cap of 15%.</p> <p>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.</p>
<p>Calculation of</p>	<p>On the Rebalance Calculation Date, the Rebalancing Amount for each Index Constituent will be</p>

**Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – HSBC
Summaries of Managed Indices Rules**

Rebalancing Amount	equal to the difference between its current Weighting and its Target Weighting, expressed in index points. The Transaction Costs (if any) are then applied to this Rebalancing Amount and deducted from the Index Level accordingly.
Index Valuation Date	The Index Valuation Date for the Index is each day on which an exchange or exchanges for no more than two Index Constituents are scheduled to be closed for business, as determined by the Index Calculation Agent.
Index Calculation Agent	Standard & Poor's Financial Services LLC. The role of the Index Calculation Agent is to provide independent calculation of the Index Level and make various determinations and adjustments. 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.
Index Sponsor	HSBC Global Markets. 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. 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.
Index Disruption	From time to time the Index Calculation Agent and/or the Index Sponsor may determine that an Index is affected by certain disruption events including (but not limited to) the inability of the Index Calculation Agent to obtain the necessary data for calculating the Index, any suspension or limitation on trading the constituents of the Underlying, any cancellation, suspension or substitution of the Underlying, any changes in laws or regulations affecting the Underlying or any constituents thereof or any rate used in the determination of the Index not reflecting the relevant costs of funding of the Index Sponsor. In the event of any such disruption the Index Sponsor and/or the Index Calculation Agent have certain powers to amend or modify the relevant Index or to suspend or terminate the calculation or publication of the Index.

Further Detail and Contacts

This is a summary of the technical index rules for the HSBC Europe Super Ten Equity Index Series (the "Index Rules"). The Index Rules include, among other things, further information about HSBC index governance, disruption and adjustment events, amendments and modifications of the Index Rules and detailed calculations followed by the Index Calculation Agent to determine index levels. The Index Rules comprise a base terms module, an asset terms module and an index terms module, each of which may be amended or supplemented from time to time in accordance with the terms of the Index Rules. The Index Rules will be made available upon request to HSBC and subject to confidentiality.

For the Index Rules and general information about the HSBC Europe Super Ten Equity Index Series and other HSBC Global Markets Indices please contact your local HSBC Global Markets representative.

Index Series

Indices	HSBC Europe Super Ten Equity Net Total Return Index (USD) HSBC Europe Super Ten Equity Net Total Return Index (EUR)
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Index Parameters

Index	HSBC Europe Super Ten Equity Net Total Return Index
Research Provider	HSBC Global Research
Research Portfolio	Europe Super Ten
Base Currency	EUR
Transaction Costs	As specified in Article 6 (<i>Transaction Costs and Approved Exchanges</i>) of the Supporting Terms Module (Equities & Multi-Asset)
Base Index Initial Level	1000.00
Base Index Start Date	24 October 2011
Cash Asset	1 Month Euribor (Bloomberg: EUR001M Index)
Bloomberg	HSIEESEN Index

The description of the Index and methodology included in this Index Summary is based on the Index Rules formulated by HSBC Bank plc. The Index Rules, and not this Index Summary, will govern the calculation and constitution of the Index and other decisions and actions related to its maintenance.

Risk Factors in relation to the Index

In addition to the Risk Factors set forth in the Base Terms Module of the Index Rules and risk factors relating to the Index, investment in the product involves substantial risks including but not limited to the following:

Investment in the product entails significant risk

An investment in the product entails significant risks that are not generally associated with similar investments in conventional fixed rate or floating rate debt securities. Calculation of the return on the product is linked to the change in the level of the Index, which may decline as well as rise. Although the investor has the opportunity to receive a high return, the investor risks a lower return than investing in conventional debt instruments. As such, the investment may not be suitable for persons who are unfamiliar with the Index and its individual components, or unwilling or unable to bear the risk attendant with an investment in the product.

Independent appraisal of product

The investor should conduct such independent appraisal of the Index and the rules relating to the Index as it determines appropriate to evaluate the merits and risks of an investment in product linked to the Index. The Issuer (including in its capacities as Research Provider and Index Sponsor) accepts no responsibility whatsoever in respect of the merits or risks of the product or the Index and makes no representation, warranty or guarantee (express or implied) regarding the condition (financial or otherwise) of any assets comprising the Index or the performance of the Index.

No ownership rights

The investor will have no direct interest or right in any asset comprising the Index.

Risks in relation to assets underlying the Index

The Index is exposed to a basket of shares which may be denominated in foreign currencies and as such involves substantial foreign exchange risk.

Index Calculation Agent

The Index to which the product is linked is calculated by the Index Calculation Agent using research produced by the Research Provider. The Research Provider does not produce such research for the purposes of the Index or the product; rather, such research is made available to third parties through distribution channels. Consequently, none of the Research Provider, Index Calculation Agent or Index Sponsor makes any representations, warranties or guarantees whatsoever as to the performance of the Index or the product.

Conflicts of interest between the Issuer and the Index Sponsor

The Index to which the product is linked is sponsored, developed and promoted by the Issuer which is the Index Sponsor. The role of the Issuer as Index Sponsor will be performed by the Global Banking and Markets division of the Issuer. The analysts of the Research Provider producing research is a division of HSBC Global Research which is also a division of the Issuer. The roles of these various divisions within the Issuer may give rise to various potential and actual conflicts of interest.

No investment or professional advice

The Issuer makes no representation whatsoever, including as Research Provider and Index Sponsor, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with an investment in the product.

Index Sponsor

As at the date hereof, HSBC Bank plc acts as Index Sponsor with respect to the Index. In such capacity, HSBC Bank plc may have economic interests adverse to those of the investors, including with respect to certain determinations and judgments that the Index Sponsor may be required to make pursuant to the terms of the Index, any of which may affect payments in respect of the product. HSBC Bank plc may act in its own interests in such capacities and need not have regard to the interests of the investors.

No advisory or fiduciary relationship

In its capacity as the Index Sponsor or Research Provider, the Issuer does not act as fiduciary for or an advisor to the investor in respect of any determination or judgment or otherwise.

The Issuer and its affiliates are under no obligations to the investor in respect of roles of any such person with respect to the Index

None of the Issuer or any of its affiliates is under any obligation to the investor in respect of any of the roles of any such person with respect to the Index. No such person is under any obligation to monitor whether or not any event or circumstance has occurred unless it is explicitly and positively stated that such person will do so. No such person will be required to (or will be responsible for any failure to) make any determination, waiver, declaration or decision whatsoever in relation to the Index on behalf of or in the interests of the investor.

The index has a limited history and may perform in unanticipated ways

The Index was established in October 2012. Back tested data may be available but it does not represent actual performance achieved nor is it an indication of future performance.

Termination or suspension of Index

Under the rules of the Index, the Index Sponsor may, at any time, terminate the Index or suspend the publication of its level. None of the Issuer, the Calculation Agent, Index Sponsor, the Index Calculation Agent or the Research Provider accepts any responsibility for any losses incurred by any party whether incidental or consequential which arise out of any reliance on the continued existence any publication of the Index.

Disclaimers

Index Calculation Agent Disclaimer

The HSBC Europe Super Ten Equity Index (the “Index”) is the exclusive property of HSBC Bank Plc, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) (“S&P Dow Jones Indices”) to calculate and maintain the Index. S&P® is a registered trademark of Standard & Poor’s Financial Services LLC (“SPFS”); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”); and these trademarks have been licensed to S&P Dow Jones Indices. “Calculated by S&P Dow Jones Indices” and its related stylized mark(s) have been licensed for use by HSBC Bank Plc.

HSBC Bank Plc’s Index is not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices, SPFS, Dow Jones or any of their affiliates (collectively, “S&P Dow Jones Indices Entities”). S&P Dow Jones Indices Entities do not make any representation or warranty, express or implied, to the owners of HSBC Bank Plc’s Index or any member of the public regarding the advisability of investing in securities generally or in the Index particularly or the ability of the Index to track general market performance. S&P Dow Jones Indices Entities only relationship to HSBC Bank Plc with respect to the Index is the licensing of certain trademarks, service marks and trade names of S&P Dow Jones Indices Entities and for the providing of calculation and maintenance services related to the Index. S&P Dow Jones Indices Entities are not responsible for and have not participated in the determination of the prices and amount of the Index or the timing of the issuance or sale of the Index or in the determination or calculation of the equation by which the Index is to be converted into cash. S&P Dow Jones Indices Entities have no obligation or liability in connection with the administration, marketing or trading of the Index. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within the Index is not a recommendation by S&P Dow Jones Indices Entities to buy, sell, or hold such security, nor is it considered to be investment advice.

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Research disclaimer

The role of the Research Provider in respect of the Index is limited to providing the Relevant Research Publication, as set out in the Index Rules. The Research Provider does not produce the Relevant Research Publication for the purposes of the Index; rather, the Relevant Research Publication is made available to third parties through distribution channels. The Research Provider makes no representations, warranties or guarantees whatsoever as to the performance of the Index. Investment Products linked to the Index can fluctuate in price or value and prices, values or income may fall against an investor’s interests. Changes in rates of exchange and equity prices may have an adverse effect on the Index Level and the value, price or income of any Investment Product linked to the Index. The Research Provider has no responsibility for the calculation of the Index and does not guarantee or represent or warrant the accuracy or completeness of any Index or the data comprised therein. Except in the case of fraud and without prejudice to its obligations under applicable law and/or the regulatory system to which it is subject, no liability (whether directly or indirectly, in contract, in tort, or otherwise) is accepted by the Research Provider for any direct, indirect, special, punitive, consequential or any other losses or damages incurred by any person that arise out of or in connection with the Index, its performance or for the consequences of any Rebalancing on Investment Products.

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The Index Sponsor does not accept any liability for loss or damage of any kind arising from the use of any information in any calculation or determination in respect of the Index.

Except in the case of fraudulent misrepresentation and without prejudice to their respective obligations under applicable law, no liability is accepted by Global Banking and Markets whatsoever for any direct, indirect or consequential loss arising from the Index.

HSBC Bank plc in its capacity as Index Sponsor does not make any representation, warranty or guarantee whatsoever as to the performance of the Index. Investments can fluctuate in price or value and the prices, values or income may fall against an investor interest. Changes in rates of exchange and rates of interest may have an adverse effect on the value, price or income of the Index.

The Index Sponsor cannot be held responsible for any errors on the part of external data providers, nor for any delays in publishing the Index.

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Except in the case of fraudulent misrepresentation and without prejudice to its obligations under applicable law and/or the regulatory system to which it is subject, no liability (whether directly or indirectly, in contract, in tort, or otherwise) is accepted by: (a) the Index Sponsor, (b) any other member, division, affiliate or agent of the HSBC Group, (c) the Index Calculation Agent, or (d) any division, affiliate or agent of the Index Calculation Agent, 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 any Index, including in relation to the performance by the Index Sponsor or the Index Calculation Agent in their respective roles under the Index Rules for any such Index.

Neither the Index Sponsor nor the Index Calculation Agent makes any representation, warranty or guarantee whatsoever as to the performance of any Index. Any investment products referencing an 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.

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. None of the Index Sponsor, the Index Calculation Agent or any of their respective affiliates is 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.

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The Index Calculation Agent, the Index Sponsor and any of their respective affiliates, together with their respective 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 Asia Super Ten Equity Index

Index Summary
HSBC Global Markets Indices

Version 2.0
June 2014

Summary of the Rules for the HSBC Asia Super Ten Equity Index Series

<p>HSBC Asia Super Ten Equity Index Series Overview</p>	<p>The HSBC Asia Super Ten Equity Index Series (the "Series") is a group of indices denominated in different currencies (each an "Index") that aim to track the return of a portfolio of equities, representing companies selected by the Research Provider to be a members of the 'HSBC Asia Super Ten' Research Portfolio. The portfolio of shares will be revised from time to time at the discretion of the Research Provider.</p> <p>Each Index in the Series reflects the performance of an objective and systematic investment into the stock portfolio produced by the Research Provider. The indices include a number of stock screening criteria designed improve the investibility of the Research Provider's portfolio. Stocks that pass the screening criteria become Index Constituents.</p> <p>The indices are published as total return Indices, which represent a funded investment. The return on the total return Index includes the return generated through dividend income from the portfolio components.</p> <p>Details of each Index in the Series, including the relevant parameters used to calculate each Index, are set out at the end of this summary.</p>
<p>Calculation of Index Level</p>	<p>The Index Level $S(t)$ is determined as follows on each Index Valuation Date t by aggregating the index points value (the "Constituent Amount") of each Index Constituent.</p> $S(t) = \sum_j CA_j(t)$ <p>The Constituent Amount is determined by the product of weight and return of each Index Constituent and the Index Level.</p>
<p>Determination of Target Weighting and Rebalancing</p>	<p>Each "Index Rebalancing" is triggered upon the release of a new research publication from the Research Provider on any relevant date (the "Research Publication Date"), as determined by the Index Calculation Agent.</p> <p>Target weights for new Index Constituents are calculated on the date (the "Rebalance Calculation Date") that occurs at least five Index Valuation Dates following the Research Publication Date.</p> <p>On each Rebalance Calculation Date, the Index Calculation Agent shall test each stock in the Research Portfolio against the following Liquidity Constraints to determine whether such stock qualifies as an Index Constituent:</p> <ol style="list-style-type: none"> a) Minimum Available Foreign Investor Amount b) Minimum Free Float Market Capitalisation c) Minimum Average Daily Transacted Value <p>The Target Weight on each Rebalance Calculation Date for each Constituent will be determined first by assigning a Liquidity Factor to each Constituent. The Liquidity Factor is the ratio of (i) that Constituent's Average Daily Transacted Value and a target Average Daily Transacted Value set to USD 20,000,000, subject to a cap of 1.</p> <p>The Target Weight for each Constituent is then determined by dividing its Liquidity Factor by the sum of the Liquidity Factors of all Constituents, subject to a cap of 15%.</p> <p>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.</p>
<p>Calculation of Rebalancing</p>	<p>On the Rebalance Calculation Date, the Rebalancing Amount for each Index Constituent will be equal to the difference between its current Weighting and its Target Weighting, expressed in</p>

**Part D - Product Supplement for Equity/Index-Linked Notes and Warrants and Preference Share-Linked Notes – HSBC
Summaries of Managed Indices Rules**

Amount	index points. The Transaction Costs (if any) are then applied to this Rebalancing Amount and deducted from the Index Level accordingly.
Index Valuation Date	The Index Valuation Date for the Index is each day on which an exchange or exchanges for no more than two Index Constituents are scheduled to be closed for business, as determined by the Index Calculation Agent.
Index Calculation Agent	Standard & Poor's Financial Services LLC. The role of the Index Calculation Agent is to provide independent calculation of the Index Level and make various determinations and adjustments. 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.
Index Sponsor	HSBC Global Markets. 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. 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.
Index Disruption	From time to time the Index Calculation Agent and/or the Index Sponsor may determine that an Index is affected by certain disruption events including (but not limited to) the inability of the Index Calculation Agent to obtain the necessary data for calculating the Index, any suspension or limitation on trading the constituents of the Underlying, any cancellation, suspension or substitution of the Underlying, any changes in laws or regulations affecting the Underlying or any constituents thereof or any rate used in the determination of the Index not reflecting the relevant costs of funding of the Index Sponsor. In the event of any such disruption the Index Sponsor and/or the Index Calculation Agent have certain powers to amend or modify the relevant Index or to suspend or terminate the calculation or publication of the Index.

Further Detail and Contacts

This is a summary of the technical index rules for the HSBC Asia Super Ten Equity Index Series (the "Index Rules"). The Index Rules include, among other things, further information about HSBC index governance, disruption and adjustment events, amendments and modifications of the Index Rules and detailed calculations followed by the Index Calculation Agent to determine index levels. The Index Rules comprise a base terms module, an asset terms module and an index terms module, each of which may be amended or supplemented from time to time in accordance with the terms of the Index Rules. The Index Rules will be made available upon request to HSBC and subject to confidentiality.

For the Index Rules and general information about the HSBC Asia Super Ten Equity Index Series and other HSBC Global Markets Indices please contact your local HSBC Global Markets representative.

Index Series

Indices	HSBC Asia Super Ten Equity Net Total Return Index (USD) HSBC Asia Super Ten Equity Net Total Return Index (EUR)
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Index Parameters

Index	HSBC Asia Super Ten Equity Net Total Return Index
Research Provider	HSBC Global Research
Research Portfolio	Asia Super Ten
Base Currency	USD
Transaction Costs	As specified in Article 6 (<i>Transaction Costs and Approved Exchanges</i>) of the Supporting Terms Module (Equities & Multi-Asset)
Base Index Initial Level	1000.00
Base Index Start Date	17 November 2011
Cash Asset	U.S.1 Month Constant Maturity Treasury Rate as published by the US Federal Reserve (Bloomberg: H15T1M Index)
Bloomberg	HSIEASUN Index

The description of the Index and methodology included in this Index Summary is based on the Index Rules formulated by HSBC Bank plc. The Index Rules, and not this Index Summary, will govern the calculation and constitution of the Index and other decisions and actions related to its maintenance.

Risk Factors relating to the Index

In addition to the Risk Factors set forth in the Base Terms Module of the Index Rules and risk factors relating to the Index, investment in the product involves substantial risks including but not limited to the following:

Investment in the product entails significant risk

An investment in the product entails significant risks that are not generally associated with similar investments in conventional fixed rate or floating rate debt securities. Calculation of the return on the product is linked to the change in the level of the Index, which may decline as well as rise. Although the investor has the opportunity to receive a high return, the investor risks a lower return than investing in conventional debt instruments. As such, the investment may not be suitable for persons who are unfamiliar with the Index and its individual components, or unwilling or unable to bear the risk attendant with an investment in the product.

Independent appraisal of product

The investor should conduct such independent appraisal of the Index and the rules relating to the Index as it determines appropriate to evaluate the merits and risks of an investment in product linked to the Index. The Issuer (including in its capacities as Research Provider and Index Sponsor) accepts no responsibility whatsoever in respect of the merits or risks of the product or the Index and makes no representation, warranty or guarantee (express or implied) regarding the condition (financial or otherwise) of any assets comprising the Index or the performance of the Index.

No ownership rights

The investor will have no direct interest or right in any asset comprising the Index.

Risks in relation to assets underlying the Index

The Index is exposed to a basket of shares which may be denominated in foreign currencies and as such involves substantial foreign exchange risk.

Risks in relation to exposure to emerging market currencies

The Index may be exposed to emerging market currencies. Emerging market currencies may be more volatile and risks relating to foreign exchange controls, settlement disruption, tax, accounting, regulation and law change including nationalisation or expropriation of assets or general political unrest or war may be greater with respect to emerging markets currencies.

Prospective purchasers are advised to consider carefully the special risks of investing in emerging market currencies. Emerging market economies generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. Emerging market economies and their currencies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade.

The risk exists that an emergency situation may arise in one or more developing markets as a result of which trading in currencies may cease or may be substantially curtailed.

Index Calculation Agent

The Index to which the product is linked is calculated by the Index Calculation Agent using research produced by the Research Provider. The Research Provider does not produce such research for the purposes of the Index or the product; rather, such research is made available to third parties through distribution channels. Consequently, none of the Research Provider, Index Calculation Agent or Index Sponsor makes any representations, warranties or guarantees whatsoever as to the performance of the Index or the product.

Conflicts of interest between the Issuer and the Index Sponsor

The Index to which the product is linked is sponsored, developed and promoted by the Issuer which is the Index Sponsor. The role of the Issuer as Index Sponsor will be performed by the Global Banking and Markets division of the Issuer. The analysts of the Research Provider producing research is a division of HSBC Global Research which is also a division of the Issuer. The roles of these various divisions within the Issuer may give rise to various potential and actual conflicts of interest.

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Index Sponsor

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No advisory or fiduciary relationship

In its capacity as the Index Sponsor or Research Provider, the Issuer does not act as fiduciary for or an advisor to the investor in respect of any determination or judgment or otherwise.

The Issuer and its affiliates are under no obligations to the investor in respect of roles of any such person with respect to the Index

None of the Issuer or any of its affiliates is under any obligation to the investor in respect of any of the roles of any such person with respect to the Index. No such person is under any obligation to monitor whether or not any event or circumstance has occurred unless it is explicitly and positively stated that such person will do so. No such person will be required to (or will be responsible for any failure to) make any determination, waiver, declaration or decision whatsoever in relation to the Index on behalf of or in the interests of the investor.

The index has a limited history and may perform in unanticipated ways

The Index was established in July 2012. Back tested data may be available but it does not represent actual performance achieved nor is it an indication of future performance.

Termination or suspension of Index

Under the rules of the Index, the Index Sponsor may, at any time, terminate the Index or suspend the publication of its level. None of the Issuer, the Calculation Agent, Index Sponsor, the Index Calculation Agent or the Research Provider accepts any responsibility for any losses incurred by any party whether incidental or consequential which arise out of any reliance on the continued existence any publication of the Index.

Disclaimers

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HSBC GEMs Super 15 Equity Index

Index Summary
HSBC Global Markets Indices

Version 2.0
June 2014

Summary of the Rules for the HSBC GEMs (“Global Emerging Markets”) Super 15 Equity Index Series

<p>HSBC GEMs Super 15 Equity Index Series Overview</p>	<p>The HSBC GEMs Super 15 Equity Index Series (the "Series") is a group of indices denominated in different currencies (each an "Index") that aim to track the return of a portfolio of equities, representing companies selected by the Research Provider to be a members of the 'HSBC GEMs Super 15' Research Portfolio. The portfolio of shares will be revised from time to time at the discretion of the Research Provider.</p> <p>Each Index in the Series reflects the performance of an objective and systematic investment into the stock portfolio produced by the Research Provider. The indices include a number of stock screening criteria designed to improve the investibility of the Research Provider's portfolio. Stocks that pass the screening criteria become Index Constituents.</p> <p>The Indices are published as total return Indices, which represent a funded investment. The return on the total return Index includes the return generated through dividend income from the portfolio components.</p> <p>Details of each Index in the Series, including the relevant parameters used to calculate each Index, are set out at the end of this summary.</p>
<p>Calculation of Index Level</p>	<p>The Index Level $S(t)$ is determined as follows on each Index Valuation Date t by aggregating the index points value (the "Constituent Amount") of each Index Constituent.</p> $S(t) = \sum_j CA_j(t)$ <p>The Constituent Amount is determined by the product of the Index Level on the preceding Index Valuation Date and the weight and return of each Index Constituent.</p>
<p>Determination of Target Weighting and Rebalancing</p>	<p>Each "Index Rebalancing" is triggered upon the release of a new research publication from the Research Provider on any relevant date (the "Research Publication Date"), as determined by the Index Calculation Agent.</p> <p>Target Weights for new Index Constituents are announced on the London Business Day immediately following the Research Publication Date (the "Announcement Date").</p> <p>Changes to each Index are effected on the date (the "Rebalance Calculation Date") that occurs on the first Index Valuation Date that is (i) at least three Index Valuation Dates following the Research Publication Date and (ii) the first Index Valuation Date on which the exchanges in respect of each incoming, outgoing or unchanged Index Constituent has traded for at least two regular trading sessions following the Announcement Date.</p> <p>On each Announcement Date, the Index Calculation Agent shall test each stock in the Research Portfolio against the following Liquidity Constraints to determine whether such stock qualifies as an Index Constituent:</p> <ol style="list-style-type: none"> a) Minimum Available Foreign Investor Amount b) Minimum Free Float Market Capitalisation c) Minimum Average Daily Transacted Value <p>The Target Weight in respect of each Rebalance Calculation Date for each Constituent will be determined first by assigning a Liquidity Factor to each Constituent. The Liquidity Factor is the ratio of (i) that Constituent's Average Daily Transacted Value and a target Average Daily Transacted Value set to USD 20,000,000, subject to a cap of 1.</p> <p>The Target Weight for each Constituent is then determined by dividing its Liquidity Factor by the sum of the Liquidity Factors of all Constituents, subject to a cap of 15%.</p> <p>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.</p>

Calculation of Rebalancing Amount	On the Rebalance Calculation Date, the Rebalancing Amount for each Index Constituent will be equal to the difference between its current Weighting and its Target Weighting, expressed in index points. The Transaction Costs (as defined below), if any, are then applied to this Rebalancing Amount and deducted from the Index Level accordingly.
Index Valuation Date	An Index Valuation Date for each Index is each day on which an exchange or exchanges for no more than two Index Constituents are scheduled to be closed for business, as determined by the Index Calculation Agent.
Index Calculation Agent	S&P Dow Jones Indices LLC. The role of the Index Calculation Agent is to provide independent calculation of the Index Level and make various determinations and adjustments. 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.
Index Sponsor	HSBC Global Markets. 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. 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.
Index Disruption	From time to time the Index Calculation Agent and/or the Index Sponsor may determine that an Index is affected by certain disruption events including (but not limited to) the inability of the Index Calculation Agent to obtain the necessary data for calculating the Index, any suspension or limitation on trading the constituents of the Underlying, any cancellation, suspension or substitution of the Underlying, any changes in laws or regulations affecting the Underlying or any constituents thereof or any rate used in the determination of the Index not reflecting the relevant costs of funding of the Index Sponsor. In the event of any such disruption the Index Sponsor and/or the Index Calculation Agent have certain powers to amend or modify the relevant Index or to suspend or terminate the calculation or publication of the Index.

Further Detail and Contacts

This is a summary of the technical index rules for the HSBC GEMs Super 15 Equity Index Series (the "Index Rules"). The Index Rules include, among other things, further information about HSBC index governance, disruption and adjustment events, amendments and modifications of the Index Rules and detailed calculations followed by the Index Calculation Agent to determine index levels. The Index Rules comprise a base terms module, an asset terms module and an index terms module, each of which may be amended or supplemented from time to time in accordance with the terms of the Index Rules. The Index Rules will be made available upon request to HSBC and subject to confidentiality.

For the Index Rules and general information about the HSBC GEMs Super 15 Equity Index Series and other HSBC Global Markets Indices please contact your local HSBC Global Markets representative.

Index Series

Indices	HSBC GEMs Super 15 Equity Net Total Return Index (USD) HSBC GEMs Super 15 Equity Net Total Return Index (EUR)
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Index Parameters

Index	HSBC GEMs Super 15 Equity Net Total Return Index
Research Provider	HSBC Global Research
Research Portfolio	GEMs Super 15
Base Currency	USD
Transaction Costs	As specified in Article 6 (<i>Transaction Costs and Approved Exchanges</i>) of the Supporting Terms Module (Equities & Multi-Asset)
Base Index Initial Level	1000.00
Base Index Start Date	4 February 2013
Cash Asset	1 Month USD Libor (Bloomberg: US0001M Index)
Bloomberg	HSIEGSUN Index

The description of the Index and methodology included in this Index Summary is based on the Index Rules formulated by HSBC Bank plc. The Index Rules, and not this Index Summary, will govern the calculation and constitution of the Index and other decisions and actions related to its maintenance.

Risk Factors relating to the Index

In addition to the Risk Factors set forth in the Base Terms Module of the Index Rules and risk factors relating to the Index, investment in the product involves substantial risks including but not limited to the following:

Investment in the product entails significant risk

An investment in the product entails significant risks that are not generally associated with similar investments in conventional fixed rate or floating rate debt securities. Calculation of the return on the product is linked to the change in the level of the Index, which may decline as well as rise. Although the investor has the opportunity to receive a high return, the investor risks a lower return than investing in conventional debt instruments. As such, the investment may not be suitable for persons who are unfamiliar with the Index and its individual components, or unwilling or unable to bear the risk attendant with an investment in the product.

Independent appraisal of product

The investor should conduct such independent appraisal of the Index and the rules relating to the Index as it determines appropriate to evaluate the merits and risks of an investment in product linked to the Index. The Issuer (including in its capacities as Research Provider and Index Sponsor) accepts no responsibility whatsoever in respect of the merits or risks of the product or the Index and makes no representation, warranty or guarantee (express or implied) regarding the condition (financial or otherwise) of any assets comprising the Index or the performance of the Index.

No ownership rights

The investor will have no direct interest or right in any asset comprising the Index.

Risks in relation to assets underlying the Index

The Index is exposed to a basket of shares which may be denominated in foreign currencies and as such involves substantial foreign exchange risk.

Risks in relation to exposure to emerging market currencies

The Index may be exposed to emerging market currencies. Emerging market currencies may be more volatile and risks relating to foreign exchange controls, settlement disruption, tax, accounting, regulation and law change including nationalisation or expropriation of assets or general political unrest or war may be greater with respect to emerging markets currencies.

Prospective purchasers are advised to consider carefully the special risks of investing in emerging market currencies. Emerging market economies generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. Emerging market economies and their currencies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade.

The risk exists that an emergency situation may arise in one or more developing markets as a result of which trading in currencies may cease or may be substantially curtailed.

Index Calculation Agent

The Index to which the product is linked is calculated by the Index Calculation Agent using research produced by the Research Provider. The Research Provider does not produce such research for the purposes of the Index or the product; rather, such research is made available to third parties through distribution channels. Consequently, none of the Research Provider, Index Calculation Agent or Index Sponsor makes any representations, warranties or guarantees whatsoever as to the performance of the Index or the product.

Conflicts of interest between the Issuer and the Index Sponsor

The Index to which the product is linked is sponsored, developed and promoted by the Issuer which is the Index Sponsor. The role of the Issuer as Index Sponsor will be performed by the Global Banking and Markets division of the Issuer. The analysts of the Research Provider producing research is a division of HSBC Global Research which is also a division of the Issuer. The roles of these various divisions within the Issuer may give rise to various potential and actual conflicts of interest.

No investment or professional advice

The Issuer makes no representation whatsoever, including as Research Provider and Index Sponsor, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with an investment in the product.

Index Sponsor

As at the date hereof, HSBC Bank plc acts as Index Sponsor with respect to the Index. In such capacity, HSBC Bank plc may have economic interests adverse to those of the investors, including with respect to certain determinations and judgments that the Index Sponsor may be required to make pursuant to the terms of the Index, any of which may affect payments in respect of the product. HSBC Bank plc may act in its own interests in such capacities and need not have regard to the interests of the investors.

No advisory or fiduciary relationship

In its capacity as the Index Sponsor or Research Provider, the Issuer does not act as fiduciary for or an advisor to the investor in respect of any determination or judgment or otherwise.

The Issuer and its affiliates are under no obligations to the investor in respect of roles of any such person with respect to the Index

None of the Issuer or any of its affiliates is under any obligation to the investor in respect of any of the roles of any such person with respect to the Index. No such person is under any obligation to monitor whether or not any event or circumstance has occurred unless it is explicitly and positively stated that such person will do so. No such person will be required to (or will be responsible for any failure to) make any determination, waiver, declaration or decision whatsoever in relation to the Index on behalf of or in the interests of the investor.

The index has a limited history and may perform in unanticipated ways

The Index was established in February 2014. Back tested data may be available but it does not represent actual performance achieved nor is it an indication of future performance.

Termination or suspension of Index

Under the rules of the Index, the Index Sponsor may, at any time, terminate the Index or suspend the publication of its level. None of the Issuer, the Calculation Agent, Index Sponsor, the Index Calculation Agent or the Research Provider accepts any responsibility for any losses incurred by any party whether incidental or consequential which arise out of any reliance on the continued existence any publication of the Index.

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HSBC Volatility Futures Index Family

Index Summary
HSBC Global Markets Indices

Version 1.0
May 2015

1. Overview

Each index in the HSBC Volatility Futures Index Family (each, an "**Index**") was developed and is maintained by the HSBC Global Markets businesses of HSBC Bank plc (the "**Index Sponsor**"). Each Index is calculated by S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC), or any successor thereto (the "**Index Calculation Agent**") in accordance with the rules for the Index (the "**Index Rules**") as summarised in this Index Summary.

The methodology for each Index reflects the performance of objective, systematic investment strategies that dynamically switch between a combination of long, short or flat futures positions on the SPX Volatility Index, as sponsored by the Chicago Board Options Exchange (the "**VIX Index**").

The Indices in the HSBC Volatility Futures Index Family can be divided into base indices (each, a "**Base Index**") and volatility control indices (each, a "**Volatility Control Index**"). The Base Indices are calculated first and they take a full unconstrained notional exposure to VIX Index futures. They are then used as building blocks for the Volatility Control Indices.

Each Volatility Control Index is a risk control version of the relevant Base Index and is constructed by applying volatility control mechanics to such Base Index. Each Volatility Control Index aims to manage the level of risk exposure by investing notionally in:

- a volatility futures base index, and
- a hypothetical cash investment linked to a cash index, where necessary.

The rebalancing strategy applied to each Volatility Control Index aims to deliver the volatility-control by adjusting the exposure between the relevant cash index and the Base Index with reference to the realised volatility, which is calculated over a one-month and a three-month time period.

2. Indices within the HSBC Volatility Futures Index Family

The HSBC Volatility Futures Index Family comprises four separate Base Indices and four separate Volatility Control Indices, each calculated in total return and excess return versions, as set out in the table below. The level of each Index (each, an "**Index Level**") is published on the Bloomberg page specified below.

(a) Total Return Indices

Total Return Indices	Bloomberg Code
HSBC US Volatility Alpha Base TR Index	HSIEVABT
HSBC US Volatility Alpha 10% Risk Control TR Index	HSIEVA1T
HSBC US Volatility Premium Base TR Index	HSIEVPBT
HSBC US Volatility Premium 10% Risk Control TR Index	HSIEVP1T

(b) Excess Return Indices

Excess Return Indices	Bloomberg Code
HSBC US Volatility Alpha Base ER Index	HSIEVABE
HSBC US Volatility Alpha 10% Risk Control ER Index	HSIEVA1E
HSBC US Volatility Premium Base ER Index	HSIEVPBE
HSBC US Volatility Premium 10% Risk Control ER Index	HSIEVP1E

3. Steps in the calculation of each Index

In order to calculate the level of each Index on each day, the Index Calculation Agent performs the following steps:

1. Step 1 - Calculation of the Rolling Futures Underlying

First, the Index Calculation Agent determines the level of the rolling futures strategy (the "**Rolling Futures Underlying**"), which is used as a building block for each Base Index. The objective of the Rolling Futures Underlying is to calculate and track the value of a weighted-average one-month constant maturity volatility futures position in respect of the VIX Index.

2. Step 2 – Calculation of the Volatility Surprise Indicator

Second, the Index Calculation Agent determines the value of an indicator (the "**Volatility Surprise Indicator**") which gauges the level of volatility expectations for a particular period against the actual realised volatility for the same period. The indicator seeks to identify whether markets are performing as expected or whether there have been any surprises resulting in higher volatility expectations.

The value of the Volatility Surprise Indicator is either zero (0) or one (1) and this determines the investment position of each Base Index in relation to the Rolling Futures Underlying. This means that, depending on the value of the Volatility Surprise Indicator, the relevant Base Index will assume a long or short position in respect of that Rolling Futures Underlying, or it will not be exposed to the Rolling Futures Underlying at all, depending on the index variant, as further explained below.

3. Step 3 – Calculation of the Base Indices

The Index Calculation Agent then determines the level of each Base Index. There are two Base Indices in the HSBC Volatility Futures Index Family:

- **HSBC US Volatility Alpha Base ER Index**

The HSBC Volatility Alpha Base ER Index assumes either a long or short position in respect of the Rolling Futures Underlying depending on the value of the Volatility Surprise Indicator.

- **HSBC US Volatility Premium Base ER Index**

The HSBC Volatility Premium Base ER Index either assumes a short position in relation to the Rolling Futures Underlying, or has no exposure to that underlying, depending on the value of the Volatility Surprise Indicator.

4. Step 4 – Calculation of Volatility Control Indices

The Index Calculation Agent also determines the volatility control versions of each Base Index using the HSBC Volatility Control Methodology by reference to: (a) the level of the relevant Base Index, and (b) the value of a notional cash investment, where required.

These Volatility Control Indices are as follows:

- **HSBC US Volatility Alpha 10% Risk Control ER Index**
- **HSBC US Volatility Premium 10% Risk Control ER Index**

Each Volatility Control Index has an in-built mechanism which aims to ensure that its volatility does not exceed 10% over a specified period.

5. Step 5 – Calculation of the total return variants of the Base Indices and Volatility Control Indices

Finally, total return versions of the Indices are calculated by accruing the Federal Funds Effective Rate on the Index Level for each of the four excess return Indices listed above.

Further details as to the calculation of each step are set out below.

4. Determination of the underlying components

(a) Determination of the Rolling Futures Underlying

Each Base Index invests dynamically into a rolling futures underlying, the objective of which is to track a weighted average constant maturity of one month. This strategy rolls a fraction of its position each day in even proportions between the two one-month Volatility Index futures relating to the VIX Index that are closest to expiry.

Specifically, each Base Index reflects the change in value between:

- (i) **First-to-Expire VIX Futures Contract** - the 'front month' volatility index futures contract relating to the VIX Index expiring on the Wednesday that is thirty days prior to the third Friday of the following calendar month (each such Wednesday, a "**Futures Contract Expiration Date**"); and
- (ii) **Second-to-Expire VIX Futures Contract** - the futures contract relating to the VIX Index expiring on the immediately following Futures Contract Expiration Date.

The start date for this strategy is 30 June 2005.

(b) Determination of the Volatility Surprise Indicator

In respect of any day, the Volatility Surprise Indicator gauges the level of volatility expectations for a period of the immediately preceding 22 business days against the actual realised volatility for that same period. The indicator seeks to identify whether markets are performing as expected or whether there have been any surprises resulting in unexpected market moves.

The Volatility Surprise Indicator compares the spread between the exponentially weighted realised volatility of the S&P 500 Index (i.e. an equities index) and the implied volatility for the S&P 500 Index using the VIX Index (i.e. a volatility index). The indicator, whether positive or negative, is used to determine the investment position of each Base Index, as explained below.

5. Calculation of the level of each Base Index

(a) Calculation of the HSBC Volatility Alpha Base ER Index

The HSBC Volatility Alpha Base ER Index is calculated by reference to the long or short return of the Rolling Futures Underlying, depending on the value of the Volatility Surprise Indicator. This Base Index assumes: (i) a long position in respect of the Rolling Futures Underlying if the Volatility Surprise Indicator determines that the actual realised volatility of the S&P 500 Index is greater than the implied volatility of the VIX Index, or (ii) a short position if the Volatility Surprise Indicator determines that the implied volatility of the VIX Index is greater than the actual realised volatility of the S&P 500 Index. This value is then reduced by the Total Transaction Cost VA incurred in respect of each day on which this Base Index is determined.

The "**Total Transaction Cost VA**" is determined by reference to the proportion of the HSBC Volatility Alpha Base ER Index rolled on each day, provided that the costs are double if there is a change in the Volatility Surprise Indicator. This is to account for the cost of closing a long position and opening a short position, or vice versa. The calculation method of Total Transaction Cost VA is transparent and replicable, and is described fully in the Index Rules.

The start date for the HSBC Volatility Alpha Base ER Index is 30 June 2005.

(b) Calculation of the HSBC US Volatility Premium Base Index

The HSBC Volatility Premium Base ER Index is calculated by reference to the short return of the Rolling Futures Underlying return as long as the Volatility Surprise Indicator shows that the implied volatility of the VIX Index is greater than the actual realised volatility of the S&P 500 Index. If the actual realised volatility of the S&P 500 Index is greater than the implied volatility of the VIX Index, then this Base Index assumes no position in relation to the Rolling Futures Underlying. This value is then reduced by the Total Transaction Cost VP incurred in respect of each day on which this Base Index is determined.

The "**Total Transaction Cost VP**" is determined by reference to either (i) the proportion of this Base Index rolled on the relevant date of determination (if there is no change in the value of the Volatility Surprise Indicator), or (ii) the entire Base Index (in case of a change in the Volatility Surprise Indicator), to account

for the cost of closing or opening a short position. The calculation method of Total Transaction Cost VP is transparent and replicable, and is described fully in the Index Rules.

The start date for the HSBC Volatility Premium Base ER Index is 30 June 2005.

6. Calculation of the Volatility Control Indices

Two Volatility Control Indices are calculated, as follows:

- **HSBC US Volatility Alpha 10% Risk Control ER Index**

The risk control variant is based on the HSBC US Volatility Alpha Base ER Index, but has been adjusted such that the realised volatility of the level of the HSBC US Volatility Alpha Base ER Index would not exceed 10%.

- **HSBC US Volatility Premium 10% Risk Control ER Index**

The risk control variant is based on the HSBC US Volatility Premium Base ER Index, but has been adjusted such that the realised volatility of the level of the HSBC US Volatility Premium Base ER Index would not exceed 10%.

Each Volatility Control Index has been created using the HSBC Volatility Control Methodology, which has been developed to seek improved risk-adjusted returns that are higher than the returns on the relevant underlying indices.

The value of each Volatility Control Index is then reduced by the Index Fee of 0.75% per annum in respect of each day on which the Index is determined.

The methodology reflects the performance of an objective, systematic investment strategy that rebalances exposures through adjustments in notional investments between:

- (i) the relevant underlying Base Index (each, an "**Underlying Index**"); and
- (ii) a hypothetical non-interest bearing risk-free investment

The rebalancing strategy adjusts the exposure of the relevant Volatility Control Index to the relevant Underlying Index by reference to the realised volatility of such Underlying Index. When the volatility of the Underlying Index rises, the exposure to the Underlying Index decreases, and the exposure to the risk-free investment increases. Conversely, when the volatility of the Underlying Index decreases, the exposure to the Underlying Index increases, and the exposure to the risk-free investment decreases.

7. Calculation of the total return versions of the Indices

Each of the Base Indices and Volatility Control Indices listed in Sections 5 and 6 of this Index Summary (each, an "**Excess Return Index**") is calculated on an excess return basis.

Total return versions of each of the Excess Return Indices (each, a "**Total Return Index**") are derived from the values of: (a) the relevant Base Index or a Volatility

Control Index, as applicable, and (b) the US Cash Return Deposit Index, as set out in the following table:

Total Return Index	Excess Return Index	Deposit Index
HSBC US Volatility Alpha Base TR Index	HSBC Volatility Alpha Base ER Index	The US Cash Return Deposit Index
HSBC US Volatility Alpha 10% Risk Control TR Index	HSBC US Volatility Alpha 10% Risk Control ER Index	
HSBC US Volatility Premium Base TR Index	HSBC US Volatility Premium Base ER Index	
HSBC US Volatility Premium 10% Risk Control TR Index	HSBC US Volatility Premium 10% Risk Control ER Index	

Each such Total Return Index is created by accruing the rate of the US Cash Return Deposit Index on the Index Level of the relevant underlying Excess Return Index.

The "**US Cash Return Deposit Index**" is an index whose value is determined by reference to the Federal Funds Effective Rate (Bloomberg code: FEDL01 Index).

8. Index maintenance and disruption events

(a) Index maintenance

The Index Sponsor has a right to make amendments or modifications to the Index Rules in certain circumstances, as set out in the Index Rules. Following any such amendment or modification, the Index Sponsor will revise the Index Rules, which will continue to be available upon request.

The publication and maintenance of the Index is discretionary. The Index Sponsor may suspend or terminate the publication of the Index at any time, including, without limitation, following any relevant regulatory changes or the occurrence of any of the disruption events summarised below. In the event that the 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.

(b) Market Disruption Events

If the Index Calculation Agent determines that an Index Market Disruption Event has occurred, then:

- (i) if such day would otherwise be a rebalancing date in relation to an Index (each, an "**Index Rebalancing Date**"), the Index Calculation Agent shall, following consultation with the Index Sponsor, either:
 - (A) determine that such day shall still be the Index Rebalancing Day, in which case the Index Calculation Agent shall determine the level of the relevant Index on such day (1) 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 in order to rebalance or reconstitute the relevant Index and (2) by taking into account any amendments or modifications (if any) to the Index Rules for an Index as the Index Sponsor determines appropriate and as notified to the Index Calculation Agent by the Index Sponsor; or
 - (B) determine that such day shall not be the Index Rebalancing Day, but it shall be such other day as the Index Calculation Agent shall select, in which case no rebalancing or reconstituting (however described) of the relevant Index or determination of the level of a Index shall be made on what would otherwise have been that Index Rebalancing Day; and
- (ii) if such day is not an Index Rebalancing Day, the Index Calculation Agent shall, following consultation with the Index Sponsor either:
 - (A) determine the level of the Index on such day (1) 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 in

order to rebalance or reconstitute the relevant Index and (2) by taking into account any amendments or modifications (if any) to the Index Rules for an Index as the Index Sponsor determines appropriate and as notified to the Index Calculation Agent by the Index Sponsor; or

- (B) determine that no level of that Index shall be determined for such day.

For the purposes of this section:

"Exchange" means the New York Stock Exchange.

"Futures Exchange" means the Chicago Board Options Exchange.

"Index Market Disruption Event" means, with respect to the VIX Index or the S&P 500 Index (each, a **"Relevant Index"**):

- (i) the occurrence or existence on any Trading Day either (x) during the one half hour period before the Scheduled Closing Time for the Exchange in respect of such Relevant Index is listed, as determined by the Index Calculation Agent, or (y) at any time during the regular trading session on the Exchange or the Futures Exchange without regard to after hours trading or any other trading outside of the regular trading session hours on such day:
 - (A) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the Exchange or the Futures Exchange or otherwise):
 1. on the Exchange as a whole; or
 2. on the Futures Exchange of any options contracts or futures contracts on, or relating to, that Relevant Index; or
 - (B) 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 on the Exchange or to effect transactions in relation to or to obtain market values for options contracts or futures contracts on or relating to that Relevant Index on the Futures Exchange;
- (ii) the closure on any Trading Day of the Exchange or the Futures Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by the Exchange or the Futures Exchange, as the case may be, at least one hour prior to the earlier of:
 - (A) the actual closing time for the regular trading session on the Exchange or the Futures Exchange on such Trading Day; and
 - (B) the submission deadline (if applicable) for orders to be entered into the Exchange or the Futures Exchange system for execution at the Relevant Time on such Trading Day; or

- (iii) a general moratorium is declared in respect of banking activities in the country in which the Exchange or the Futures Exchange is located,

in each case, if, in the determination of the Index Calculation Agent, any of the foregoing is material.

"Scheduled Closing Time" means, in relation to an Exchange or Futures Exchange and a Trading Day, the scheduled weekday closing time of such Exchange or Futures Exchange on such Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"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 on which all the relevant Exchange(s) are scheduled to be open for trading for its/their regular trading sessions; and
- (ii) for all other purposes, a day on which any Exchange and/or any Futures Exchange is scheduled to be open for its regular trading session.

(c) Futures Disruption

(i) Futures Contract or Successor Futures Exchange

- (A) If at any relevant time the Index Calculation Agent determines, following consultation with the Index Sponsor, that any Futures Contract is not calculated and quoted by the Futures Exchange (as defined above), but it is calculated and published by a successor exchange (the **"Successor Futures Exchange"**) acceptable to the Index Sponsor, the Futures Contract will be deemed to be such Futures Contract so calculated and published by that Successor Futures Exchange.
- (B) If at any relevant time the Index Calculation Agent determines, following consultation with the Index Sponsor, that any Futures Contract is replaced by a successor futures contract 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 Futures Contract (a **"Successor Futures Contract"**), then the Futures Contract will be deemed to be that Successor Futures Contract.

(ii) Futures Extraordinary Events

If the Index Calculation Agent determines that a Futures Extraordinary Event has occurred, then:

- (A) on day on which the Index Level for an Index is determined, the Index Calculation Agent may, in its discretion, either (1) 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 Futures Extraordinary Event, or (2) 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;

- (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 Futures Extraordinary Event (including substituting the Index with another index) that, in the commercially reasonable determination of the Index Sponsor, preserve the intended commercial purpose of the Index and determine the effective date of any such amendment or modification; or
- (C) if the Index Sponsor decides that it is impossible or impracticable to make changes to the Index Rules for an Index that would preserve its intended commercial purpose under (B) above, it can terminate such Index and cease publishing its level.

For the purposes of this section:

"Futures Contract" means each volatility index futures contract used by the Index Calculation Agent to determine the Rolling Futures Underlying Level on any day.

"Futures Extraordinary Event" means that, at any relevant time with respect to any Futures Contract and as determined by the Index Calculation Agent:

- (i) the Futures Exchange makes or announces that it will make any material change in the formula for or the method of calculating the Futures Contract or in any way materially modifies the Futures Contract (other than a modification prescribed in that formula or method to maintain the Futures Contract);
- (ii) the Futures Exchange permanently cancels that Futures Contract;
- (iii) the Futures Exchange fails to calculate and/or publish the level of the Futures Contract on the day on which the level of such Futures Contract was scheduled to be published;
- (iv) the Futures Exchange announces changes relating to the modification, exclusion, inclusion or substitution of any Futures Contracts or material legal or regulatory impediments develop in the ability of market participants to establish or maintain a position in the Futures Contract; or
- (v) a material ongoing decrease in the trading liquidity of the relevant Futures Contract or a material disruption or error in the pricing or publication of the Futures Contract has occurred.

(d) Disruption relating to the US Cash Return Deposit Index

If the Index Calculation Agent determines that a Cash Asset Disruption Event has occurred in respect of the Cash Asset Rate (the "**Affected CAR**"), then the Index Calculation Agent may, at the direction of the Index Committee:

- (i) replace the Affected CAR with an alternative cash asset rate that has been announced by the respective sponsor of such alternative cash asset rate as constituting a successor to the Affected CAR, provided that such alternative cash asset rate: (A) is comprised of identical or substantially similar

underlying components as the Affected CAR and (B) uses similar formulas and methods of calculation as the Affected CAR (any such alternative, a "**Successor CAR**");

- (ii) replace the Affected CAR with an alternative cash asset rate that, although not a Successor CAR, (A) is intended to provide a substantially similar investment exposure as the Affected CAR; and (B) uses similar formulas and methods of calculation as the Affected CAR (any such alternative rate, a "**Substitute CAR**");
- (iii) postpone: (A) the determination of the Cash Asset Rate; and (B) the determination and publication of the levels of the relevant Volatility Control Index; or
- (iv) if the Index Calculation Agent decides that none of the steps in (i) to (iii) above is appropriate, it may terminate any Volatility Control Index.

In the event that a Successor CAR or a Substitute CAR has been identified as described in paragraphs (i) or (ii) above, the Index Calculation Agent shall make such adjustments in calculating the level of the relevant Volatility Control Index as are necessary to avoid distortive effects on the level of such Volatility Control Index caused by a different calculation methodology of the Successor CAR or the Substitute CAR.

For the purposes of this section:

"**Cash Asset Disruption Event**" means that, in respect of the relevant date of determination and as determined by the Index Calculation Agent:

- (i) the Cash Asset Rate is not available for any reason;
- (ii) as a result of lack of liquidity in the relevant interbank market or otherwise, the Cash Asset Rate does not reflect the relevant costs of funding of the Index Sponsor; or
- (iii) 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**" is a rate equal to the Federal Funds Effective Rate, as set out on Bloomberg screen FEDL01 Index.

"**Index Committee**" means the HSBC Global Markets Indices and Strategies Governance Committee, a committee established by the Global Markets division of HSBC Bank plc.

(e) Base Index Disruption

If (1) the level of a Base Index falls to zero, has a negative value on any date of determination, or (2) a Base Index is terminated by the Index Sponsor, (each such Base Index, the "**Affected Base Index**"), the Index Sponsor may elect, at the direction of the Index Committee, to either:

- (i) replace the Affected Base Index with any other Base Index, or another index that otherwise most closely replicates the profile of the Affected Base Index, in each case, for the purposes of any related Volatility Control Index; or

- (ii) terminate the Affected Base Index and/or any Volatility Control Index related to such Affected Base Index and cease publishing their level.

(f) Cancellation of licence

If, in respect of the VIX Index or the S&P 500 Index, any licence granted to the Index Sponsor or Index Calculation Agent to use any such indices (each an "**Affected Index**") for the purposes of any Index terminates, or is otherwise disputed, impaired or ceases (for any reason), the Index Calculation Agent may remove such Affected Index from the index calculation and may amend the Index Rules as it determines in good faith to be appropriate to account for such a change.

(g) Data error or data disruption

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.

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.

"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.

Risk Factors relating to the Indices

In addition to the risk factors relating to the Indices set out in the Base Terms Module of the Index Rules, prospective investors should consider the following:

The Indices may not be successful, and may not outperform any alternative strategy that might be employed in respect of the futures contracts on the VIX Index ("VIX Futures") or achieve its target volatility

Each Index follows a notional rules-based proprietary strategy that operates on the basis of pre-determined rules. No assurance can be given that the investment strategy on which that Index is based will be successful or that such Index will outperform any alternative strategy that might be employed in respect of the VIX Futures. Furthermore, no assurance can be given that any Index will achieve its target maximum volatility of 10%. The actual realized volatility of an Index may be greater or less than 10%.

The Indices comprises notional assets and liabilities

The exposure to the VIX Futures and any cash investment are purely notional and will exist solely in the records maintained by or on behalf of the Index Calculation Agent. There is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. Consequently, an investor will not have any claim against any of the reference assets that comprise an Index. The strategy tracks the return of an amount calculated by reference to the VIX Futures and, in the case of Total Return Indices, the Federal Funds Effective Rate interest rate ("**Fed Funds Rate**") (calculated daily). As Excess Return Indices are not exposed to the Fed Funds Rate, any change in such rate will not affect the their Index Level.

Changes in the market value of the VIX Futures may not be reflected in the level of an Index

Changes in the market values of the VIX Futures may not result in a comparable change in the level of an Index as a consequence of the risk control mechanism.

The Indices have a limited operating history and may perform in unanticipated ways

Each Index was established on 30 September 2014 and backtested to 31 December 2005 and therefore has a limited operating history. Backtested data is available but it does not represent actual performance achieved nor is it an indication of future performance.

The Indices are subject to market risks

The performance of each Index is dependent on the performance of the VIX Futures and influenced by the S&P 500 PR Index (the "**S&P 500**") and the VIX Index. As a consequence, each Index is exposed to the movements of the VIX Index, VIX Futures and the S&P 500, as well as (for Total Return Indices) fluctuations in the Fed Funds Rate. These factors are interrelated and any one factor may enhance or offset the performance of another.

The VIX Index is a theoretical calculation and is not a tradable index

The VIX Index is a theoretical calculation and cannot be traded on a spot price basis. The settlement price at maturity of the VIX Futures contained in an Index is based on this theoretically derived calculation. As a result the behaviour of the futures contracts may be different from futures contracts whose settlement price is based on a tradable asset.

Each Index is based upon holding a rolling long or short position in futures on the VIX Index. These futures will not necessarily track the performance of the VIX Index.

Changing prices of the VIX Futures will affect each Index

Each Index is composed of VIX Futures. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, futures contracts normally specify a certain date for delivery of the underlying asset or for settlement in cash based on the level of the underlying asset. As the futures contracts that comprise each Index approach expiration, they are replaced by similar contracts that have a later expiration.

The policies of the S&P Dow Jones Indices and the Futures Exchange and changes that affect the composition and valuation of the S&P 500 or the VIX Index could affect each Index

The policies of the S&P Dow Jones Indices and the Futures Exchange concerning the calculation of the level of the S&P 500 and the VIX Index, respectively, and any additions, deletions or substitutions of equity securities or options contracts and the manner in which changes affecting the equity securities, options contracts or futures contracts are reflected in the S&P 500 or the VIX Index, respectively, could affect the value of each Index.

If events such as these occur, or if the value of a Base Index is not available or cannot be calculated because of a market disruption event or for any other reason, the Index Calculation Agent may be required to make a good faith estimate in its sole discretion of the value of the relevant Index on the relevant dates or it could postpone its publication. The circumstances in which the Index Calculation agent will be required to make such a determination are described more fully in Section 8(b) (*Market Disruption Events*) of this Index Summary.

Risks associated with the momentum investment strategy of each Index

Each Index is constructed using what is generally known as a momentum investment strategy. Momentum investing generally seeks to capitalize on trends in the price of assets. As such, the exposure to the VIX Futures in an Index is based on the volatility indicator which compares the realized volatility of the S&P 500 against the implied volatility represented by the VIX Index during the preceding 22 days (the "**Observation Period**"). However, there is no guarantee that trends existing in the Observation Period will continue in the future. If market conditions do not represent a continuation of prior observed trends, the level of the relevant Index, which is rebalanced based on prior trends, may decline. No assurance can be given that the investment strategy used to construct such Index will outperform any alternative index that might be constructed from the VIX Futures.

An Index may perform poorly during periods characterized by short-term volatility

The strategy of each Index is based on momentum investing. Momentum investing strategies are effective at identifying the current market direction in trending markets. However, in non-trending, sideways markets momentum investment strategies are subject to "whipsaws". A whipsaw occurs when the market reverses and does the opposite of what is indicated by the trend indicator, resulting in a trading loss during the particular period. Consequently, the Indices may perform poorly in non-trending, "choppy" markets characterized by short-term volatility.

Each Index may assume a long or short position in respect of the VIX Futures and can be volatile

Depending on the value of the volatility indicator, each Index may assume a long or short position in respect of the VIX Futures. This means that if either: (a) an Index has long exposure to the VIX Futures and the value of the VIX Futures declines or (b) an Index has short exposure to the VIX Futures and the value of the VIX Futures rises, this is likely to have a negative effect on the level of such Index and the index value can fall to zero in an unprecedented change in sentiment. Futures contracts on the VIX can be volatile and move significantly on unexpected market sentiment, leading to possible large short-term losses.

An Index may be partially un-invested due to the risk control mechanism

The weight of a cash investment (if any) for an Index at any given time represents the portion of the synthetic portfolio that is un-invested in the VIX Futures at that time due to the risk control mechanism. In the case of any Excess Return Indices, they will reflect no return for any un-invested portion (i.e., any portion represented by a cash investment), but will continue to be affected by the index fee. (The components of the index fee are further explained below).

The Index Rules may be modified, and an Index may be cancelled, in certain circumstances

Following the occurrence of certain Futures Extraordinary Events, the Index Sponsor may make any amendments or modifications to the Index Rules to account for the economic effect of any such events, as described in Section 7(c) (*Futures Disruption*) of this Index Summary. If it is impossible or impracticable to make appropriate change, any relevant Index may be cancelled in the sole discretion of the Index Sponsor.

If the Base Index underlying a Volatility Control Index falls to zero, it may be replaced by another Base Index, or the Volatility Control Index may be cancelled

If the Base Index underlying a Volatility Control Index falls to zero or has a negative value, or if this Index Sponsor terminates such Base Index, the Index Sponsor may elect, in its discretion, to either replace that Base Index with another Base Index, or terminate the relevant Volatility Control Index and cease publishing its value.

The level of each Index will include the deduction of a fee

The calculation of each Index will incorporate a deduction for an index fee and also for transaction costs. The deduction of the index fee and transaction costs will serve to reduce the level of such Index. The index fee is 0.75% per annum. The transaction costs are not a per annum amount but are an adjustment made in order to account for the synthetic costs (bid-ask spread, slippage and brokerage) that would be incurred by a professional investor seeking to replicate the futures contracts positions. The transaction costs are calculated in accordance with Section 8 (*Base Index Parameters Tables*) of the Index Rules, available upon request. The transaction costs do not incorporate any broker-dealer spread, commission or other fee. Both the index fee and the transaction costs are deducted from the level of each Index and act as a drag on such Index.

Risks relating to the Fed Funds Rate

The Fed Funds Rate will be affected by a number of factors, including, but not limited to changes in, or perceptions about, future rates, general economic conditions, prevailing

interest rates and the policy of the Federal Reserve Board. There can be no assurance that the method by which the Fed Funds Rate is calculated will not change. Such changes in the method of calculation could reduce the level of the Fed Funds Rate and consequently, the return on the cash investment.

The Fed Funds Rate is subject to volatility due to a variety of factors affecting interest rates generally, including sentiment regarding underlying strength in the US, European and global economics, expectation regarding the level of price inflation, sentiment regarding credit quality in the US, European and global credit markets, central bank policy regarding interest rates and performance of capital markets. Decreases in the Fed Funds Rate will have a negative impact on the performance of the cash investment.

If the Fed Funds Rate is not available or if there is any market disruption relating to such rate (including lack of liquidity in the relevant market), the Index Sponsor may, in its discretion, replace the Fed Funds Rate with any other suitable rate, postpone the determination of the level of an Index, or terminate any affected Index.

Rebalancing activity in respect of the Indices may impact the prices and trading of the underlying futures contracts

Hedging transactions entered into due to the rebalancing mechanics in respect of each Index will contribute to the trading volume of the underlying futures contracts and may adversely affect the market price of such underlying futures contracts and in turn the level of the applicable Index.

The Indices are calculated and traded once a day

The Indices and the direction signal, which determines the investment position, are calculated daily using official close prices. Investors are therefore exposed to large intraday changes in market sentiment as any required rebalancing takes place only at market close.

The Volatility Target of the Indices may not be achieved:

Whilst each Index aims to maintain realised volatility below 10%, sudden rises in the movement of VIX futures may cause the realised volatility to temporarily exceed this target.

DISCLAIMERS

Notional Index and Index Rules

No assurance can be given that the investment strategy used to construct any Index will be successful or that each Index will outperform any alternative basket or strategy that might be constructed from the same or similar constituents.

Each Index is described as a "notional" or synthetic portfolio or basket of assets because there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. Each Index merely references certain assets, the performance of which will be used as a reference point for calculating its Index Level.

The description of each Index and methodology included in this disclosure statement is based on rules formulated by HSBC Bank plc (the "**Rules**"). The Rules, and not this description, will govern the calculation and constitution of each Index and other decisions and actions related to their maintenance. The Rules in effect as of the date of this disclosure statement are available upon request. Each Index is the intellectual property of HSBC Bank plc, and HSBC Bank plc reserves all rights with respect to its ownership of the Index.

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ANNEX 3 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 12 June 2015 (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.

This 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**"). This 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 this 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 this Offering Memorandum (in relation to Commodity/Commodity Index-Linked Notes) and Parts A and C of this 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 this 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.

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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**

12 June 2015

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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 this 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 this 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 12 June 2015 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 (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

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 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 [2005/2006/2007/2008/2009/2010/2011/2012/2013/2014] Conditions (the "[2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] [2013] [2014] 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] [2013] [2014] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] [2013] [2014] 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', 'Issuance 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.)

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) []¹
(*Condition 2*):
 - (ii) Calculation Amount²: []
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/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*]

¹ *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.*

² *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 INTEREST (IF ANY) PAYABLE

10. Fixed Rate Note provisions: [Applicable/Not applicable]
(Condition 4) (If not applicable, delete the remaining sub-paragraphs of this paragraph.)
- (i) Rate(s) of Interest: [] per cent. [per annum] [] [payable [annually/semi-annually/quarterly/ monthly] in arrear] []
- (ii) Interest Payment Date(s): [dd/mm, dd/mm, dd/mm and dd/mm] [in each year]
[adjusted in accordance with [specify] [Business Day Convention and any applicable Business Centre(s)] for the definition of "**Business Day**"] / [not adjusted]
- (iii) Fixed Coupon Amount(s): [[] per Calculation Amount] [Not applicable]
- (iv) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / Not applicable / other (specify)]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ Not applicable / other (give details)]
- (vi) Business Centre(s): [Not applicable/give details]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not applicable/give details] (Consider if day count fraction, particularly for Euro denominated issues, should be on an Actual/Actual basis)
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]³: [specify]
- (ii) Interest Payment Dates: [Not applicable – Floating Rate Convention applies] [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 Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

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- (3) Relevant Screen Page: []
 - (4) Relevant Financial Centre: []
 - (5) Relevant Time: []
 - (6) Relevant Currency: []
 - (vii) ISDA Determination: [Applicable / Not applicable]
 - (1) Floating Rate Option: []
 - (2) Designated Maturity: []
 - (3) Reset Date: []
 - (viii) Linear Interpolation: [Not applicable]/[Applicable – the Rate of Interest for the Interest Period ending on the Interest Payment Date falling in [] shall be calculated using Linear Interpolation]
 - (ix) Margin(s): [[+/-][] per cent. [per annum]] [Not applicable]
 - (x) 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: []
- (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): []

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- (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]
 - (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] [<i>Answer will be no where no Registered Notes or where the issue is wholly or partly a Rule 144A issue</i>] |
| 21. | [New Global Note [(<i>delete if Registered Note</i>)]/ Issued under the new safekeeping structure [(<i>delete if Bearer Note</i>)]: | [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: (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] [(<i>specify</i>)] |
| (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] [<i>If yes, specify: The Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.</i>] |
| (iv) | Coupons to be attached to Definitive Notes: ⁴ | [Yes] [No] [Not applicable]
[<i>N.B. This will need to be considered even if Permanent Global Notes are not exchangeable at the bearer's option into Definitive Notes because of exchangeability upon "melt down" of clearing systems - see provisions contained in Permanent Global Note</i>] |
| (v) | Talons for future Coupons to be attached to Definitive Notes: ⁵ | [Yes/No/Not applicable]
[<i>N.B. The above comment also applies here</i>] |
| 23. | Exchange Date for exchange of Temporary Global Note: | [Not earlier than 40 days after the Issue Date] [(<i>specify</i>)] |
| 24. | Payments:
(Condition 9) | |
| (i) | Relevant Financial Centre Day: | [<i>specify all places</i>] |
| (ii) | Payment of Alternative Payment Currency Equivalent: | [Applicable] [Not Applicable] |
| | - Settlement Currency Jurisdiction: | [] |

⁴ Definitive Notes will typically have coupons attached to them if interest bearing.

⁵ 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

- 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 [[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*] []]]

Part E - Product Supplement for Commodity/Commodity Index-Linked Notes and Warrants – Pro Forma Pricing Supplements for Commodity/Commodity Index-Linked Notes

- 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"]]

Part E - Product Supplement for Commodity/Commodity Index-Linked Notes and Warrants – Pro Forma Pricing Supplements for Commodity/Commodity Index-Linked Notes

(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 22][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 Day(s): [specify]
 - (f) Knock-out Period Ending Date: [specify]
 - (g) Knock-out Period Ending Date Commodity Business Day Convention: [Not applicable/Applicable]

- (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 the Pricing Supplement and this 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**"), and (where applicable) each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager), 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, and each person causing such purchaser to purchase or hold any interest in the Warrants (such as an investment manager), 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, IF ANY, TO BE DELIVERED UPON EXERCISE THEREOF]⁶ 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

⁶ To be included if the underlying securities have not been registered under the Securities Act.

"**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.

*EITHER*⁷

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND NOTE (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF (A) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), OR (B) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHOSE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR INTEREST HEREIN WOULD RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"). "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA.]"

*OR*⁸

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT EITHER (A) SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF A "**BENEFIT PLAN INVESTOR**" AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1986,

⁷ This paragraph is to be included if the Pricing Supplement specifies "ERISA prohibited".

⁸ This paragraph is to be included if the Pricing Supplement specifies "ERISA terms apply".

AS AMENDED ("ERISA") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") (ANY SUCH LAW OR REGULATION, A "SIMILAR LAW"), INCLUDING ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN, THE INCLUSION OF WHICH FOR PURPOSES OF ERISA OR ANY SIMILAR LAW, AS THE CASE MAY BE, WOULD RESULT IN SUCH ENTITY BEING DEEMED A BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN OR (B)(I) SUCH BENEFICIAL OWNER'S ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF SATISFYING ALL OF THE APPLICABLE CONDITIONS OF ONE OR MORE OF THE FOLLOWING PROHIBITED TRANSACTION CLASS EXEMPTIONS ("PTCE") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 OR PTCE 96-23 ISSUED BY THE U.S. DEPARTMENT OF LABOR, OR SUCH OTHER PROHIBITED TRANSACTION EXEMPTION FOR WHICH THE PURCHASER OR TRANSFEREE (AND, IF APPLICABLE, ANY PERSON OR ENTITY ACTING ON BEHALF OF SUCH PURCHASER OR TRANSFEREE) DEMONSTRATES TO THE SATISFACTION OF THE ISSUER THAT ALL APPLICABLE CONDITIONS ARE SATISFIED (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH PLAN OR NON-U.S. PLAN, WILL NOT RESULT IN A VIOLATION OF ANY SIMILAR LAW), AND (II) NEITHER ISSUER NOR ITS AFFILIATES HAS PROVIDED ANY ADVICE THAT HAS FORMED OR MAY FORM A PRIMARY BASIS FOR THE DECISION TO PURCHASE, HOLD, OR DISPOSE OF ANY INTEREST IN THIS NOTE ON BEHALF OF ANY BENEFICIAL OWNER. "BENEFIT PLAN INVESTORS" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."]

- (4) In addition, each purchaser of, and each person causing such purchaser to purchase or hold any interest in, 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) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA prohibited", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, that such purchaser or transferee shall not acquire, hold or subsequently dispose of such Note for, or on behalf of, or with the assets of: (x) any Benefit Plan Investor (as defined in Section 3(42) of ERISA), or (y) any governmental, church or non-U.S. plan which is subject to Similar Law whose acquisition, holding or disposition of such Note or an interest therein would result in a violation of any Similar Law. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.
- (6) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA terms apply", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable)

to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, either that (a) such purchaser or transferee is not (and for so long as it holds such Notes or any interests therein will not be), and is not (and for so long as it holds such Notes or interests therein will not be) acting on behalf of a Benefit Plan Investor as defined in Section 3(42) of ERISA or a governmental, church or non-U.S. plan which is subject to any Similar Law, including any entity whose underlying assets include the assets of any Benefit Plan Investor or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Benefit Plan Investor or Similar Law Plan or (b)(i) such purchaser or transferee's acquisition, holding and disposition of this Note or an interest therein does not and will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code as a result of satisfying all of the applicable conditions of one or more of the following Prohibited Transaction Class Exemption ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23 issued by the U.S. Department of Labor, or such other prohibited transaction exemption for which the purchaser or transferee (and, if applicable, any person or entity acting on behalf of such purchaser or transferee) demonstrates to the satisfaction of the Issuer that all applicable conditions are satisfied (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law), and (ii) neither Issuer nor its affiliates has provided any advice that has formed or may form a primary basis for the decision to purchase, hold, or dispose of any interest in the Notes on behalf of any purchaser or transferee. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.

- (7) 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.]]

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] [Not applicable]⁹
[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.] *[include this text if "yes" selected]*

[Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, then the Issuer may (in its absolute discretion) elect to deposit the Notes with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)]*[include this text for registered notes]* . Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility

⁹ *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

criteria have been met.] [*Include this text if "no" selected*]

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:
(*Condition 15*) [London] [Not applicable] [*specify*]
21. ERISA Considerations: [ERISA prohibited] [ERISA terms apply]

ADDITIONAL PROVISIONS RELATING TO COMMODITY/COMMODITY INDEX-LINKED WARRANTS

The following additional condition shall be deemed to be added as Condition 17 to the terms and conditions set out in the section headed "*Terms and Conditions of the Warrants*" appearing in "*Part C – Information relating to the Warrants Generally*" of this 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 this 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:

- (iii) 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
- (iv) 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 11 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 Warranholders in accordance with Condition 11, 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 Warranholders in accordance with Condition 11; 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 Warranholders in accordance with Condition 11, 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 12 June 2015 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 (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

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 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 [2005/2006/2007/2008/2009/2010/2011/2012/2013/2014] Conditions (the "[2005] [2006] [2007] [2008] [2009] [2010][2011][2012][2013][2014] 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] [2013] [2014] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] [2013] [2014] 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', 'Issuance 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 Registered Warrant]/[N/A]. Warrants in definitive form [will/will not] be issued. [other (specify)]
11. Form of Warrant: [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 Date] the immediate following day that is [a Business Day] [an Underlying Currency Pair Fixing Date]]
 - (ii) Automatic Exercise: [Applicable/Not applicable]¹⁰
 - (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 day that is [a Business Day] [an Underlying Currency Pair Fixing Date]]
14. (i) Minimum Exercise Number/Minimum Trading [] Warrants

¹⁰ 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

- Size:
- (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: []¹¹ / [Not Applicable]
20. Selling Restrictions: In addition to selling restrictions listed in "**Purchase and Sale of the Warrants**" contained in the Offering

¹¹ Only applicable if Condition 4(f) (*Optional Physical Settlement*) or 4(g) (*Optional Cash Settlement*) is applicable.

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: []¹²

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]

(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)

¹² *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

- (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 sub-paragraphs 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 Day(s): [specify]
 - (f) Knock-out Period Ending Date: [specify]
 - (g) Knock-out Period Ending Date Commodity: [Not applicable/Applicable]

Business Day Convention:

- (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*]
[*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.)
24. 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]
- 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 Warrants offered in the United States in reliance on Rule 144A are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such Warrants.

Each prospective purchaser of Warrants offered in reliance on Rule 144A (a "**144A Offeree**"), by accepting delivery of the Pricing Supplement and this 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**"), and (where applicable) each person causing such purchaser to purchase or hold any interest in the Warrants (such as an investment manager), 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, and each person causing such purchaser to purchase or hold any interest in the Warrants (such as an investment manager), 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]¹³ 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

¹³ To be included if the underlying securities have not been registered 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.

*EITHER*¹⁴

[EACH BENEFICIAL OWNER OF THIS WARRANT OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS WARRANT (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS WARRANT THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS WARRANT THAT SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS WARRANT OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS WARRANT OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF (A) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), OR (B) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHOSE ACQUISITION, HOLDING AND DISPOSITION OF THIS WARRANT OR INTEREST HEREIN WOULD RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"). "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA.]"

*OR*¹⁵

[EACH BENEFICIAL OWNER OF THIS WARRANT OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS WARRANT (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS WARRANT THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS WARRANT THAT EITHER (A) SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS WARRANT OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS WARRANT OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF A "**BENEFIT PLAN INVESTOR**" AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1986, AS AMENDED ("**ERISA**") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION

¹⁴ This paragraph is to be included if the Pricing Supplement specifies "ERISA prohibited".

¹⁵ This paragraph is to be included if the Pricing Supplement specifies "ERISA terms apply".

PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") (ANY SUCH LAW OR REGULATION, A "SIMILAR LAW"), INCLUDING ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN, THE INCLUSION OF WHICH FOR PURPOSES OF ERISA OR ANY SIMILAR LAW, AS THE CASE MAY BE, WOULD RESULT IN SUCH ENTITY BEING DEEMED A BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN OR (B)(I) SUCH BENEFICIAL OWNER'S ACQUISITION, HOLDING AND DISPOSITION OF THIS WARRANT OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF SATISFYING ALL OF THE APPLICABLE CONDITIONS OF ONE OR MORE OF THE FOLLOWING PROHIBITED TRANSACTION CLASS EXEMPTIONS ("PTCE") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 OR PTCE 96-23 ISSUED BY THE U.S. DEPARTMENT OF LABOR, OR SUCH OTHER PROHIBITED TRANSACTION EXEMPTION FOR WHICH THE PURCHASER OR TRANSFEREE (AND, IF APPLICABLE, ANY PERSON OR ENTITY ACTING ON BEHALF OF SUCH PURCHASER OR TRANSFEREE) DEMONSTRATES TO THE SATISFACTION OF THE ISSUER THAT ALL APPLICABLE CONDITIONS ARE SATISFIED (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH PLAN OR NON-U.S. PLAN, WILL NOT RESULT IN A VIOLATION OF ANY SIMILAR LAW), AND (II) NEITHER ISSUER NOR ITS AFFILIATES HAS PROVIDED ANY ADVICE THAT HAS FORMED OR MAY FORM A PRIMARY BASIS FOR THE DECISION TO PURCHASE, HOLD, OR DISPOSE OF ANY INTEREST IN THIS WARRANT ON BEHALF OF ANY BENEFICIAL OWNER. "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."]

[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.]¹⁶

- (4) Each purchaser of, and each person causing such purchaser to purchase or hold any interest in, 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) If the Pricing Supplement in relation to a Tranche of Warrants specifies "ERISA prohibited", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Warrants (such as an investment manager), by such purchase or holding of any Warrant (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Warrant through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Warrant, that such purchaser or transferee shall not acquire, hold or subsequently dispose of such Warrant for, or on behalf of, or with the assets of: (x) any Benefit Plan Investor (as defined in Section 3(42) of ERISA), or (y) any governmental, church or non-U.S. plan which is subject to Similar Law whose acquisition,

¹⁶ Only include this language in respect of physically settled warrants.

holding or disposition of such Warrant or an interest therein would result in a violation of any Similar Law. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.

- (6) If the Pricing Supplement in relation to a Tranche of Warrants specifies "ERISA terms apply", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Warrants (such as an investment manager), by such purchase or holding of any Warrant (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Warrant through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Warrant, either that (a) such purchaser or transferee is not (and for so long as it holds such Warrants or any interests therein will not be), and is not (and for so long as it holds such Warrants or interests therein will not be) acting on behalf of a Benefit Plan Investor as defined in Section 3(42) of ERISA or a governmental, church or non-U.S. plan which is subject to any Similar Law, including any entity whose underlying assets include the assets of any Benefit Plan Investor or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Benefit Plan Investor or Similar Law Plan or (b)(i) such purchaser or transferee's acquisition, holding and disposition of this Warrant or an interest therein does not and will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code as a result of satisfying all of the applicable conditions of one or more of the following Prohibited Transaction Class Exemption ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23 issued by the U.S. Department of Labor, or such other prohibited transaction exemption for which the purchaser or transferee (and, if applicable, any person or entity acting on behalf of such purchaser or transferee) demonstrates to the satisfaction of the Issuer that all applicable conditions are satisfied (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law), and (ii) neither Issuer nor its affiliates has provided any advice that has formed or may form a primary basis for the decision to purchase, hold, or dispose of any interest in the Warrants on behalf of any purchaser or transferee. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.
- (7) 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:

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

**Part E - Product Supplement for Commodity/Commodity Index-Linked Notes and Warrants – Pro Forma Pricing
Supplement for Commodity/Commodity Index-Linked Warrants**

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]
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: [ERISA prohibited] [ERISA terms apply]

REGISTERED AND HEAD OFFICE OF THE ISSUER

HSBC Bank plc
8 Canada Square
London E14 5HQ
UK

**PRINCIPAL PAYING
AGENT, PRINCIPAL
WARRANT AGENT, ISSUE
AGENT, REGISTRAR,
TRANSFER AGENT AND
AUTHENTICATION AGENT**

DEALER

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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 (2003 ISDA Credit Derivatives Definition Version)

This product supplement in relation to Credit-Linked Notes constitutes Part F ("**Part F**") of the offering memorandum dated 12 June 2015 (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 and applies in relation to Credit-Linked Notes for which "Part F – Product Supplement for Credit-Linked Notes (2003 ISDA Credit Derivatives Definitions Version)" is specified as applicable in the relevant Pricing Supplement.

This 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"). This 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 this 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, which include terms based on the 2003 ISDA Credit Derivatives Definitions. This Part F should be read together with Parts A and B of this Offering Memorandum.

An investment in Credit-Linked Notes involves risks. See Part A of this 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

12 June 2015

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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 – CASH SETTLEMENT)**

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 – Cash Settlement)*" 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 – Cash Settlement" 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 – Cash Settlement)*", such "*Additional Terms and Conditions Relating to Credit-Linked Notes (Single name – Unleveraged – Cash Settlement)*" 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 the Issuer has overpaid one or more Interest Amounts as a result of one or more Interest Payment Dates occurring between the Valid Credit Event Resolution Request Date and the Credit Event Notice Date, the Issuer may elect in its sole and absolute discretion to instigate the clawback of any such overpaid Interest Amounts."

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(l) below," at the beginning; and
- (ii) the following provision shall be included as Condition 5(l):

"5(l) Condition precedent to interest entitlement

The Issuer's obligation to make any payment of interest in accordance with Condition 5 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 the Issuer has overpaid one or more Interest Amounts as a result of one or more Interest Payment Dates occurring between the Valid Credit Event Resolution Request Date and the Credit Event Notice Date, the Issuer may elect in its sole and absolute discretion to instigate the clawback of any such overpaid Interest Amounts."

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) each Note shall be redeemed at an amount equal to such Note's pro rata share of the Partial Redemption Portion. For the avoidance of doubt, the principal amount of each such Note not so redeemed in part shall remain outstanding and interest shall continue to accrue on the principal amount outstanding of such Note as provided in Condition 4 or Condition 5 as the case may be (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).

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 (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 (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 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(l) (but excluding any Excluded Obligation), (ii) each Reference Obligation, unless specified as an Excluded Obligation, and (iii) any other obligation of a Reference Entity specified as such.

"Obligation Acceleration" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

"Obligation Currency" means the currency or currencies in which an Obligation is denominated.

"Obligation Default" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

"Parallel Auction" means "Auction" as defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Cancellation Date" means "Auction Cancellation Date" as defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Final Price Determination Date" means the Auction Final Price Determination Date as defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Settlement Date" means "Auction Settlement Date" as defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Settlement Terms" means, following the occurrence of a Restructuring where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Standard Terms with respect to the relevant Reference Entity, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions applicable to the Reference Transaction.

"Permissible Deliverable Obligations" has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included in the Final List pursuant to the Deliverable Obligation Terms applicable to the relevant Auction.

"Payment Requirement" means the amount specified as such or its equivalent in the relevant Obligation Currency, or if Payment Requirement is not so specified, USD1,000,000 or its

equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

"Portfolio" means a portfolio of one or more Valuation Obligations with (i) in the case of Valuation Obligations that are Borrowed Money obligations, an outstanding principal balance (including (if Included Accrued Interest is specified) or excluding (if Exclude Accrued Interest is specified) accrued but unpaid interest as determined by the Issuer or the Calculation Agent acting in a commercially reasonable manner) or (ii) in the case of Valuation Obligations that are not Borrowed Money obligations, a Due and Payable Amount (or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount) (the **"Valuation Obligation Calculation Amount"**), which in aggregate shall not exceed the Reference Entity Calculation Amount (or, if a partial redemption is designated in respect of a Restructuring Credit Event, the relevant Partial Redemption Portion) as of the relevant Valuation Date), which is identified by the Issuer to the Calculation Agent not later than the third Business Day immediately preceding the relevant Valuation Date, **provided that** such Portfolio may be amended by the Issuer at the Issuer's discretion up to one Business Day prior to the Valuation Date.

"Potential Failure to Pay" means, in the sole and absolute determination of the Issuer, the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations in accordance with the terms of such Obligations at the time of such failure.

"Potential Repudiation/Moratorium" means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

"Publicly Available Information" means information that reasonably confirms any of the facts relevant to the determination that the Credit Event has occurred and which (i) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information; **provided that**, if the Issuer or the Calculation Agent or any of its respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless the Issuer or the Calculation Agent or its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (ii) is information received from or published by (a) a Reference Entity (or a Sovereign Agency in respect of a Reference Entity which is a Sovereign) or (b) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (iv) of the definition of Bankruptcy above against or by a Reference Entity or (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.

In relation to any information of the type described in (ii), (iii) or (iv) above, the Issuer and the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.

Publicly Available Information need not state (a) in relation to the definition of Downstream Affiliate above, the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity and (b) that such occurrence (1) has met the Payment Requirement or Default Requirement, (2) is the result of exceeding any applicable Grace Period or (3) has met the subjective criteria specified in certain Credit Events.

"Public Source" means each source of Publicly Available Information specified as such (or, if a source is not so specified, each of Bloomberg Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian

Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

"Qualifying Affiliate Guarantee" means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

"Qualifying Guarantee" means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **"Underlying Obligation"**) for which another party is the obligor (the **"Underlying Obligor"**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment).

"Qualifying Participation Seller" means any participation seller that meets the requirements specified. If no such requirements are specified, there shall be no Qualifying Participation Seller.

"Reference Entity Calculation Amount" has the meaning given to it in Schedule 1 to the 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 (i) with respect to an entity that is not a Sovereign, 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 or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. 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 or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo 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) With respect to a Sovereign Reference Entity, "Successor" means each entity which becomes a direct or indirect successor to such Reference Entity by way of Succession Event, irrespective of whether any such successor assumes any of the obligations of such Reference Entity. 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 date of the occurrence of the Succession Event), and with effect from the date of the occurrence of the Succession Event, each Sovereign and/or entity, if any, that qualifies under this section, **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 this section, 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.
- (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,
 - (A) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event; or
 - (B) with respect to a Reference Entity that is a Sovereign, the date of the occurrence 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 (b)(iii) and inserting thereafter the following as a new sub-paragraph (b)(iv):

"(iv) 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 directly after such new paragraph (b)(iv):

"The Calculation Agent may from time to time modify 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 ISDA 2003 Credit Derivative Definitions or the ISDA 2014 Credit Derivatives Definitions, including, without limitation, in relation to credit events, successors, 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 – CASH SETTLEMENT)**

(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 – Cash Settlement)*" 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 12 June 2015 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 (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

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 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 [2005/2006/2007/2008/2009/2010/2011/2012/2013/2014] Conditions (the "[2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] [2013] [2014] 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] [2013] [2014] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] [2013] [2014] 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', 'Issuance 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]¹:
 - [(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/None²]
- (iii) Selling concession: [[] per cent/None³]
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 Amount⁴: Subject to the occurrence of a Succession Event or a partial redemption following a Restructuring Credit Event, []

¹ Delete for debt securities with a denomination per unit of less than EUR 100,000.

² 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.

³ 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.

⁴ 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.

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(f) and 11.
- 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]
- First 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)] / [Specified Period]⁵: [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 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

⁵ Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

- 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.]⁶ / [*specify*]⁷
- (ii) Interest Payment Dates: [Not applicable – Floating Rate Convention applies] [*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): []
 - (3) Relevant Screen Page: []
 - (4) Relevant Financial Centre: []
 - (5) Designated Maturity: []

⁶ This option is applicable when "Interest Period(s)" has been selected.

⁷ 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 – Cash Settlement)**

- (viii) ISDA Determination: [Applicable/Not applicable]
 - (1) Floating Rate Option: []
 - (2) Designated Maturity: []
 - (3) Reset Date: []
 - (ix) Linear Interpolation: [Not Applicable]/[Applicable – the Rate of Interest for the Interest Period ending on the Interest Payment Date falling in [] shall be calculated using Linear Interpolation]
 - (x) Margin(s): [[+/-] per cent. per annum] [Not applicable]
 - (xi) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/Actual/360/ other (specify)] (as defined in Condition [1])
 - (xii) Relevant time: []
 - (xiii) Minimum Rate of Interest: [[] per cent. per annum] [Not applicable]
 - (xiv) Maximum Rate of Interest: [[] per cent. per annum] [Not applicable]
 - (xv) 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. Equity/Index-Linked Interest Note and 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(f) 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(j)) 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: An amount (subject to a minimum of zero) equal to:

- (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

(ii) each Calculation Amount's *pro rata* share of any Hedging Costs, subject to a minimum of zero.

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*)].

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] [*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: [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:
(*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 Notes⁸: [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 Notes⁹: [Yes/No/Not applicable] [*N.B. the above comment applies here*]

⁸ Definitive Notes will typically have coupons attached to them if interest bearing.

⁹ Talons will be needed if there are 27 or more coupons.

**Part F – Product Supplement for Credit-Linked Notes – Pro Forma Pricing Supplement for Credit-Linked Notes
(Single name – Unleveraged – Cash Settlement)**

- | | | |
|-----|--|--|
| 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 – Cash Settlement)" (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

- | | | |
|-----|---|---|
| 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)] |
| | Exemption(s) from requirements under Directive 2003/71/EC (as amended) (the "Prospectus Directive"): | [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."]

[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 |

**Part F – Product Supplement for Credit-Linked Notes – Pro Forma Pricing Supplement for Credit-Linked Notes
(Single name – Unleveraged – Cash Settlement)**

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:¹⁰

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 the Pricing Supplement and this 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**"), and (where applicable) each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager) 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, and each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager), 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

¹⁰ Please note that the default selling restrictions are for Regulation S offers and sales only.

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.

*EITHER*¹¹

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND NOTE (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF (A) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), OR (B) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHOSE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR INTEREST HEREIN WOULD RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"). "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."]

*OR*¹²

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT EITHER (A) SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF A "**BENEFIT PLAN INVESTOR**" AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1986, AS AMENDED ("**ERISA**") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS

¹¹ This paragraph is to be included if the Pricing Supplement specifies "ERISA prohibited".

¹² This paragraph is to be included if the Pricing Supplement specifies "ERISA terms apply".

OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"), INCLUDING ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN, THE INCLUSION OF WHICH FOR PURPOSES OF ERISA OR ANY SIMILAR LAW, AS THE CASE MAY BE, WOULD RESULT IN SUCH ENTITY BEING DEEMED A BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN OR (B)(I) SUCH BENEFICIAL OWNER'S ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF SATISFYING ALL OF THE APPLICABLE CONDITIONS OF ONE OR MORE OF THE FOLLOWING PROHIBITED TRANSACTION CLASS EXEMPTIONS ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 OR PTCE 96-23 ISSUED BY THE U.S. DEPARTMENT OF LABOR, OR SUCH OTHER PROHIBITED TRANSACTION EXEMPTION FOR WHICH THE PURCHASER OR TRANSFEREE (AND, IF APPLICABLE, ANY PERSON OR ENTITY ACTING ON BEHALF OF SUCH PURCHASER OR TRANSFEREE) DEMONSTRATES TO THE SATISFACTION OF THE ISSUER THAT ALL APPLICABLE CONDITIONS ARE SATISFIED (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH PLAN OR NON-U.S. PLAN, WILL NOT RESULT IN A VIOLATION OF ANY SIMILAR LAW), AND (II) NEITHER ISSUER NOR ITS AFFILIATES HAS PROVIDED ANY ADVICE THAT HAS FORMED OR MAY FORM A PRIMARY BASIS FOR THE DECISION TO PURCHASE, HOLD, OR DISPOSE OF ANY INTEREST IN THIS NOTE ON BEHALF OF ANY BENEFICIAL OWNER. "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."]

- (4) In addition, each purchaser of, and each person causing such purchaser to purchase or hold any interest in, 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) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA prohibited", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, that such purchaser or transferee shall not acquire, hold or subsequently dispose of such Note for, or on behalf of, or with the assets of: (x) any Benefit Plan Investor (as defined in Section 3(42) of ERISA), or (y) any governmental, church or non-U.S. plan which is subject to Similar Law whose acquisition, holding or disposition of such Note or an interest therein would result in a violation of any Similar Law. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.
- (6) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA terms apply", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note

through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, either that (a) such purchaser or transferee is not (and for so long as it holds such Notes or any interests therein will not be), and is not (and for so long as it holds such Notes or interests therein will not be) acting on behalf of a Benefit Plan Investor as defined in Section 3(42) of ERISA or a governmental, church or non-U.S. plan which is subject to any Similar Law, including any entity whose underlying assets include the assets of any Benefit Plan Investor or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Benefit Plan Investor or Similar Law Plan or (b)(i) such purchaser or transferee's acquisition, holding and disposition of this Note or an interest therein does not and will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code as a result of satisfying all of the applicable conditions of one or more of the following Prohibited Transaction Class Exemption ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23 issued by the U.S. Department of Labor, or such other prohibited transaction exemption for which the purchaser or transferee (and, if applicable, any person or entity acting on behalf of such purchaser or transferee) demonstrates to the satisfaction of the Issuer that all applicable conditions are satisfied (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law), and (ii) neither Issuer nor its affiliates has provided any advice that has formed or may form a primary basis for the decision to purchase, hold, or dispose of any interest in the Notes on behalf of any purchaser or transferee. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.

- (7) 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] [Not applicable]¹³
[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs 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

¹³ 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.

times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
[include this text if "yes" selected]

[Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, then the Issuer may (in its absolute discretion) elect to deposit the Notes with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)] [include this text for registered notes]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [Include this text if "no" selected]

- | | | |
|-----|--|--|
| 14. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | [CREST/ None/ <i>specify other</i>] |
| 15. | Delivery: | Delivery [against/free of] payment |
| 16. | Settlement procedures: | [Eurobond/Medium Term Note/ <i>other (specify)</i>] |
| 17. | Additional Paying Agent(s) (if any): | [HSBC Bank plc] [<i>specify other</i>] [Not applicable]

[None/ <i>specify</i>] |
| 18. | Common Depositary: | [HSBC Bank plc] [Not applicable] [<i>specify</i>] |
| 19. | Calculation Agent: | [HSBC Bank plc] [HSBC France] [<i>other (specify)</i>] |
| 20. | City in which specified office of Registrar to be maintained:
(<i>Condition 15</i>) | [London] [Not applicable] [<i>specify</i>] |
| 21. | ERISA Considerations: | [ERISA prohibited] [ERISA terms apply] |

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 www.isda.org , 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 ¹⁴ :	[] 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

¹⁴ If a percentage is not specified, the Conditions provide that the Reference Price will be one hundred percent.

the applicable Standard Terms.

Excluded Obligations¹⁵: [None]

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: The Final Price will be the weighted average of the highest firm bid price obtained for each Valuation Obligation in the Portfolio, expressed as a percentage, determined by the Calculation Agent.

With respect to each Valuation Obligation, the Calculation Agent shall conduct a dealer poll of at least three dealers indicated by the Issuer to the Calculation Agent in its sole and absolute discretion from the Dealer List set out below, with the exception that the Issuer may select a dealer not on the Dealer List if such dealer is a market-maker in the relevant type of Valuation Obligation or other major credit derivatives market participant. On the Valuation Date, the Calculation Agent shall seek to obtain Full Quotations from the selected dealers for an outstanding principal amount of each Valuation Obligation equal to its Valuation Obligation Calculation Amount.

To the extent that the Calculation Agent is unable to obtain at least two Full Quotations for a Valuation Obligation or a Weighted Average Quotation on any day during the ten Business Day period following the Valuation Date, the Calculation Agent shall wait ten Business Days (the last such Business Day, the "**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

¹⁵ Unless specified here as an Excluded Obligation, the Reference Obligation will be an Obligation.

**Part F – Product Supplement for Credit-Linked Notes – Pro Forma Pricing Supplement for Credit-Linked Notes
(Single name – Unleveraged – Cash Settlement)**

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

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 LLC

Merrill Lynch International

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 – UNLEVERAGED – PHYSICAL SETTLEMENT)**

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 – Physical Settlement)" 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 – Physical Settlement" 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 – Physical Settlement)", such "Additional Terms and Conditions Relating to Credit Linked Notes (Single name – Unleveraged – Physical Settlement)" 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 the Issuer has overpaid one or more Interest Amounts as a result of one or more Interest Payment Dates occurring between the Valid Credit Event Resolution Request Date and the Credit Event Notice Date, the Issuer may elect in its sole and absolute discretion to instigate the clawback of any such overpaid Interest Amounts."

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(l) below," at the beginning; and
- (ii) the following provision shall be included as Condition 5(l):

"5(l) Condition precedent to interest entitlement

The Issuer's obligation to make any payment of interest in accordance with Condition 5 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)(x) or 7(j)(xi), 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 the Issuer has overpaid one or more Interest Amounts as a result of one or more Interest Payment Dates occurring between the Valid Credit Event Resolution Request Date and the Credit Event Notice Date, the Issuer may elect in its sole and absolute discretion to instigate the clawback of any such overpaid Interest Amounts."

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*

Delivery of a Credit Event Notice

- (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.

Terms relating to Physical Settlement

- (iii) If the Issuer gives a Credit Event Notice, unless the Issuer has determined that:
- (1) it would be unlawful, impossible or otherwise impracticable to deliver to each Noteholder any of the Deliverable Portfolio Constituents in accordance with sub-paragraph (ii)(B) of the Cash Settlement Event definition; or
 - (2) no Valuation Obligations would be comprised in the Deliverable Portfolio in accordance with sub-paragraph (iii)(B) of the Cash Settlement Event definition,

the Issuer shall deliver a Physical Settlement Notice to each Noteholder in accordance with Condition 14(a) (*Notices to Noteholders*) and subject (i) as provided in Conditions 7(j)(x) and 7(j)(xi) below and (ii) the receipt by the Issuer of a duly completed Asset Transfer Notice from each Noteholder in accordance with Condition 14(b) (*Notices from Noteholders*) on or prior to the date specified in the Physical Settlement Notice as the deadline for such receipt by the Issuer, the Issuer shall redeem the Notes (in whole or in part, as applicable) by Delivery, or by procuring the Delivery, to each Noteholder of such Noteholder's pro rata share of the Deliverable Portfolio (if any) excluding any Undeliverable Obligations, in accordance with details provided in the Asset Transfer Notice, on or before the Physical Settlement Date (such Delivery, "**Physical Settlement**" and each date of such Delivery of a Deliverable Portfolio Constituent, a "**Delivery Date**") in accordance with this Condition 7(j).

Terms relating to Asset Transfer Notice and Delivery

- (iv) An Asset Transfer Notice, once delivered to the Issuer, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Noteholder may not transfer Notes which are the subject of an Asset Transfer Notice following delivery of such Asset Transfer Notice to the Issuer. Failure to properly complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether an Asset Transfer Notice has been properly completed and delivered in accordance with the Conditions shall be made by the Issuer and shall be conclusive and binding on each Noteholder.
- (v) It is a condition to each Noteholder's entitlement to Delivery of any Deliverable Portfolio Constituents that all Delivery Fees have been paid in respect thereof to the Issuer in full prior to such Delivery, to the satisfaction of the Issuer.
- (vi) After Delivery to, or for the account of, a Noteholder of any Deliverable Portfolio Constituent and for such time as the Issuer or other transferor or its agent or nominee (each, as applicable, the "**Transferor**") shall continue to be registered in any clearing system as the owner of such Deliverable Portfolio Constituent (the "**Intervening Period**"), the Transferor shall not (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 Transferor in its capacity as holder of such Deliverable Portfolio Constituent, (ii) be under any obligation to exercise any rights attaching to such Deliverable Portfolio Constituent 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 such Noteholder or any other person may sustain or suffer as a result, whether directly or indirectly, of the Transferor being registered in such clearing system during such Intervening Period as legal owner of such Deliverable Portfolio Constituent.

Terms relating to Cash Settlement

- (vii) Notwithstanding Condition 7(j)(iii) above, if the Issuer gives a Credit Event Notice and at any time prior to the Maturity Date a Cash Settlement Event occurs, the Issuer (subject as provided in Conditions 7(j)(x) and 7(j)(xi) below) shall be obliged to redeem the Notes (or relevant part thereof) by payment on each applicable Credit Event Redemption Date(s) of an amount in respect of each Note equal to such Note's pro rata share of the related Credit Event Redemption Amount(s) (such payment, "**Cash Settlement**").
- (viii) For the avoidance of doubt, if Cash Settlement Events occur pursuant to both of subparagraphs (ii) and (iii) of the definition thereof, a Credit Event Redemption Amount and related Credit Event Redemption Date will be determined in respect of each such Cash Settlement Event separately.

Terms relating to Interest

- (ix) 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.

Terms relating to Successors

- (x) This Condition 7(j)(x) 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(j)(x) will apply so as to require the Issuer to redeem each Note in part only in an amount equal to such Note's pro rata share of 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 Condition 7(j)(ix) above):
 - (A) where Physical Settlement applies, on or before the Physical Settlement Date by Delivery in respect of each Note of such Note's pro rata share of the Deliverable Portfolio (if any) excluding any Undeliverable Obligations (provided that for the purposes of this Condition 7(j)(x), when determining the Deliverable Portfolio, the references in the definition thereof to "Reference Entity Calculation Amount" shall be deemed to be references to the "Successor Partial Redemption Amount"); and

- (B) where Cash Settlement applies, on the relevant Credit Event Redemption Date, by payment of an amount in respect of each Note equal to such Note's pro rata share of the Credit Event Redemption Amount (provided that for the purposes of this Condition 7(j)(x), when determining the Credit Event Redemption Amount and the Portfolio (if applicable), the references in the definitions thereof to "Reference Entity Calculation Amount" shall be deemed to be references to the "Successor Partial Redemption Amount").

For the avoidance of doubt, the principal amount of each such Note not so redeemed in part shall remain outstanding and interest shall continue to accrue on the principal amount outstanding of such Note as provided in Condition 5 (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).

- (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.

Terms relating to Restructuring Credit Events

- (xi) This Condition 7(j)(xi) 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 each Note in part only in an amount equal to such Note's pro rata share of the Partial Redemption Portion (which shall be the amount on which interest shall be treated as having ceased to accrue or to accrue (as applicable) as contemplated in Condition 7(j)(ix) above):

- (A) where Physical Settlement applies, on or before the Physical Settlement Date by Delivery in respect of each Note of such Note's pro rata share of the Deliverable Portfolio (if any) excluding any Undeliverable Obligations (provided that for the purposes of this Condition 7(j)(xi), when determining the Deliverable Portfolio, the references in the definition thereof to "Reference Entity Calculation Amount" shall be deemed to be references to the "Partial Redemption Portion"); and

- (B) where Cash Settlement applies, on the relevant Credit Event Redemption Date, by payment of an amount in respect of each Note equal to such Note's pro rata share of the Credit Event Redemption Amount (provided that for the purposes of this Condition 7(j)(xi), when determining the Credit Event Redemption Amount, the references in the definition thereof to "Reference Entity Calculation Amount" shall be deemed to be references to the "Partial Redemption Portion").

The Issuer shall be entitled to require such a partial redemption (or a redemption in full of each Note) 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:

- (i) the principal amount of each such Note not so redeemed in part shall remain outstanding and interest shall continue to accrue on the principal amount outstanding of such Note as provided in Condition 5 (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate);
- (ii) 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; and
- (iii) this Condition 7(j)(xi) (*Terms relating to Restructuring Credit Events*) may apply in respect of each Successor Partial Redemption Amount determined pursuant to Condition 7(j)(x) (*Terms relating to Successors*) and this Condition 7(j)(xi) (*Terms relating to Restructuring Credit Events*) shall be construed accordingly."

"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 (i) 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 and (ii) any obligation delivered to the Issuer (and/or its Affiliates) under a Representative Auction-Settled Transaction, a Hedge Transaction or otherwise. 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 Physical 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.

"Asset Transfer Notice" means a notice in writing from a Noteholder substantially in the form set out in Schedule 5 (*Form of Asset Transfer Notice*) hereto and which includes:

- (i) a representation that such Noteholder is an Eligible Holder;
- (ii) (A) details of the account with Euroclear, Clearstream, Luxembourg or other relevant clearing system to which the Deliverable Portfolio should be delivered, if the Deliverable Portfolio to be delivered comprises Valuation Obligations that are then deliverable through any such clearing system or (B) if the Deliverable Portfolio comprises Valuation Obligations that are not so deliverable, appropriate delivery instructions and all necessary consents or authorisations (including of any applicable designee) with respect thereto as requested by the Issuer; and
- (iii) confirmation that it has requested Euroclear/Clearstream to block its account at the time of sending the notice.

"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" has the meaning given in Condition 7(j)(viii).

"Cash Settlement Event" means the occurrence of any of the following:

- (i) the Issuer does not receive a duly completed Asset Transfer Notice from each Noteholder on or prior to the date specified in the Physical Settlement Notice as the deadline for such receipt by the Issuer (for any reason without limitation, including because the Issuer did not deliver a Physical Settlement Notice to the Noteholders in accordance with Condition 7(j)(iii));
- (ii) (A) the Issuer receives a duly completed Asset Transfer Notice from each Noteholder on or prior to the date specified in the Physical Settlement Notice as the deadline for such receipt by the Issuer and (B) the Issuer determines in its sole and absolute discretion that it would be unlawful, impossible or otherwise impracticable (including without limitation, due to failure of the relevant clearing system, any law, regulation, or court order, market conditions, or the non-receipt of any consents with respect to the delivery of loans) to deliver to each Noteholder any or all of the Deliverable Portfolio Constituents; or
- (iii) (A) the Issuer receives a duly completed Asset Transfer Notice from each Noteholder on or prior to the date specified in the Physical Settlement Notice as the deadline for such receipt by the Issuer and (B) the Issuer and/or any of its Affiliates for any reason whatsoever will not receive or has not received, pursuant to any Representative Auction-Settled Transaction, Hedge Transaction or otherwise, enough Valuation Obligations to redeem the Notes in full by Physical Settlement in accordance with

Condition 7(j)(iii) (*Physical Settlement*), as determined by the Issuer in its sole and absolute discretion.

"**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 (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 (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**" means:

(A) if a Cash Settlement Event occurs pursuant to sub-paragraph (i) of the definition thereof, an amount equal to:

- (i) the product of:
 - (a) the relevant portion of the Reference Entity Calculation Amount; and
 - (b) the weighted average (weighted by reference to the outstanding principal amount of the relevant obligations as follows) of:
 - (x) if a Dealer Poll Event occurs pursuant to any of sub-paragraphs (1) to (5) of the definition thereof, the Final Price for the Portfolio determined pursuant to the Dealer Poll Method;
 - (y) if a Dealer Poll Event occurs pursuant to sub-paragraph (6) of the definition thereof, the Final Price of each Undeliverable Obligation (if any) determined pursuant to the Dealer Poll Method; and
 - (z) if a Dealer Poll Event does not occur, the Auction Final Price;

less

(ii) any Hedging Costs;

(B) if a Cash Settlement Event occurs pursuant to sub-paragraph (ii) of the definition thereof, an amount in respect of the portion of the Notes which would have been redeemed by Physical Settlement but for the occurrence of such Cash Settlement Event equal to:

- (i) the product of:
 - (a) the relevant portion of the Reference Entity Calculation Amount; and
 - (b) the Final Price of each Undeliverable Obligation determined pursuant to the Dealer Poll Method,

less

(ii) a pro rata share of any Hedging Costs (such Hedging Costs reduced by an amount equal to the amount (if any) in respect of which the Issuer has been effectively compensated by the prior redemption of Notes pursuant to either Physical Settlement or pursuant to (C) below); and

- (C) if a Cash Settlement Event occurs pursuant to sub-paragraph (iii) of the definition thereof, an amount in respect of the portion of the Notes which would have been redeemed by Physical Settlement but for the occurrence of such Cash Settlement Event equal to:
- (i) the product of:
 - (a) the relevant portion of the Reference Entity Calculation Amount; and
 - (b) either:
 - (x) if a Dealer Poll Event occurs pursuant to any of sub-paragraphs (1) to (5) of the definition thereof, the Final Price for the Portfolio determined pursuant to the Dealer Poll Method; and
 - (y) otherwise, the Auction Final Price; or
- less*
- (ii) a pro rata share of any Hedging Costs (such Hedging Costs reduced by an amount equal to the amount (if any) in respect of which the Issuer has been effectively compensated by the prior redemption of Notes pursuant to either Physical Settlement or pursuant to (B) above),

in each case (i) as determined by the Calculation Agent, (ii) rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards) and (iii) which shall not be less than zero.

"Credit Event Redemption Date" means (i) in respect of a redemption of the Notes (in whole or in part) pursuant to Physical Settlement, each Delivery Date in respect of such redemption and (ii) in respect of a redemption of the Notes (in whole or in part) pursuant to Cash Settlement, in respect of each Credit Event Redemption Amount, the latest to occur of:

- (a) if such Credit Event Redemption Amount is to be determined (in whole or in part) by reference to an Auction Final Price, the fifth Business Day following the latest of (i) the Physical Settlement Date (ii) the Auction Settlement Date or the Parallel Auction Settlement Date (as applicable) and (iii) the relevant Credit Event Notice Date; and
- (b) if such Credit Event Redemption Amount is to be determined (in whole or in part) by reference to one or more Final Prices determined in accordance with the Dealer Poll Method, the later of (i) the Physical Settlement Date and (ii) the tenth Business Day following the last Valuation Date to occur (or Backup Valuation Date, as applicable).

"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.

"**Dealer Poll Event**" means, in relation to a Credit Event, the occurrence of one or more of the following in respect of such Credit Event:

- (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 or a Hedge Transaction would be settled in accordance with the Dealer Poll Method;
- (5) no Credit Event Resolution Request Date has occurred on or prior to the first Business Day prior to the Valuation Date; or
- (6) the Issuer has taken physical delivery of an Undeliverable Obligation.

"**Dealer Poll Method**" has the meaning given in Schedule 1.

"**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.

"**Deliver**" means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Valuation Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Valuation Obligations in the Deliverable Portfolio to the Noteholders, as the case may be, free and clear of any and all liens, charges, claims or encumbrances (including, without limitation, any counterclaim, defence (other than a counterclaim or defence as set out in the definition of "**Credit Event**") or right of set off by or of the Reference Entity or, as applicable, an Underlying Obligor) provided that to the extent that the Valuation Obligations consist of Direct Loan Participations, "Deliver" means to create (or procure the creation) of a participation in favor of the Noteholders and to the extent that the Valuation Obligations consist of Qualifying Guarantees, "Deliver" means to Deliver both the Qualifying Guarantee and the Underlying Obligation. "**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. Notwithstanding the previous sentence, in the case of a

Loan, Delivery may be effected using the provisions of any documentation (which term shall be deemed to include any market advisory that the relevant Credit Derivatives Determinations Committee Resolves to approve for such purpose) that the relevant Credit Derivatives Determinations Committee Resolves constitutes documentation customarily used in the relevant market for Delivery of such Loan at that time, as such documentation may be amended to the extent the relevant Credit Derivatives Determinations Committee Resolves is appropriate, which is consistent with the delivery and payment obligations of the Issuer.

"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.

"Deliverable Portfolio" means a portfolio of one or more Valuation Obligations which the Issuer and/or any of its Affiliates has actually taken physical delivery pursuant to any Representative Auction-Settled Transaction, Hedge Transaction or otherwise 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) which in aggregate shall not exceed the lesser of (a) 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) and (b) the outstanding principal balance (or the equivalent in the Settlement Currency) of Valuation Obligations actually received by the Issuer under any Representative Auction-Settled Transaction, Hedge Transaction or otherwise (and determined by the Issuer as allocable to its issuance of the Notes), in each case *less* any Hedging Costs.

"Deliverable Portfolio Constituent" means a Valuation Obligation included in the Deliverable Portfolio and, if the Deliverable Portfolio comprises only one such Valuation Obligation, that sole Valuation Obligation comprising the Deliverable Portfolio.

"Delivery Date" has the meaning given in Condition 7(j)(iii) (*Terms relating to Physical Settlement*).

"Delivery Fees " means any stamp tax, recordation, processing or similar fees or other expenses or fees reasonably incurred or expected to be incurred by the Issuer and/or its Affiliates, arising from the receipt by the Issuer and/or its Affiliates, or delivery by the Issuer and/or its Affiliates to each Noteholder, of the Deliverable Portfolio.

"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 Holder**" means, in respect of a Valuation Obligation, a holder of the type specified as being eligible to hold such Valuation Obligation in the terms of the documentation supporting the issuance of such Valuation Obligation.

"**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.

"**Final Price**" means:

- (A) in respect of the Undeliverable Obligations (or portions thereof), the weighted average of the highest firm bid price obtained by the Issuer and/or its Affiliates in respect of the actual sale of the Undeliverable Obligations (or portions thereof), *provided* that if no firm bid is received in respect of an Undeliverable Obligation (or portion thereof), the Final Price of such Undeliverable Obligation (or portion thereof) shall be deemed to be zero (0). The Issuer and/or its Affiliates shall conduct a dealer poll of at least three dealers on the Valuation Date from the Dealer List set out in Schedule 2 to the Pricing Supplement; and
- (B) in respect of the Portfolio, 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 in the Portfolio, 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 in Schedule 1 to the Pricing Supplement, 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 or a Weighted Average Quotation for a Valuation Obligation in the Portfolio on any day during the ten (10) Business Day period following the Valuation Date, the Calculation Agent shall wait ten (10) Business Days (the 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 (4) 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.

"**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.

"**Hedge Transaction**" means any hedge credit derivative transaction(s) entered into by the Issuer and/or any of its Affiliates for purposes of hedging any obligation(s) or position(s) of the Issuer arising out of or in connection with the issuance of the Notes.

"**Hedging Costs**" means an amount (in the Settlement Currency) 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 and any Delivery Fees which have not been paid to the satisfaction of the Issuer.

"**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 Dealer Poll 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 Dealer Poll 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.

"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.

"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.

"Physical Settlement" has the meaning given in Condition 7(j)(iii).

"Physical Settlement Date" means the last Business Day of the longest Physical Settlement Period for any Deliverable Portfolio Constituent following the later to occur of (i) valid receipt by the Issuer of the duly completed Asset Transfer Notice and (ii) the date on which the Issuer and/or its Affiliates receive, pursuant to any Representative Auction-Settled Transaction,

Hedge Transaction or otherwise, the entirety of Deliverable Portfolio Constituents, as determined by the Issuer in its sole and absolute discretion.

"Physical Settlement Notice" means a notice in writing substantially in the form set out in Schedule 4 (*Form of Physical Settlement Notice*) from the Issuer to the Noteholders delivered in accordance with Condition 14 (*Notices*) that, *inter alia*, (a) requests each Noteholder duly to complete and deliver to the Issuer an Asset Transfer Notice by the deadline specified in the Physical Settlement Notice and (b) confirms that the Issuer will redeem the relevant portion of the Notes by way of Physical Settlement (subject to the occurrence of a Cash Settlement Event).

"Physical Settlement Period" means, in respect of a Valuation Obligation, the longest number of Business Days for settlement in accordance with the then current market practice for such Valuation Obligation as determined by the Calculation Agent.

"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 (or its equivalent in the Settlement Currency) (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) less the outstanding principal balance (or the equivalent in the Settlement Currency) of any Undeliverable Obligations, 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 2 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.

"Representative Auction-Settled Transaction" means a representative auction-settled transaction entered into by the Issuer and/or any of its Affiliates as buyer and deemed to be created pursuant to the Credit Derivatives Auction Settlement Terms published by ISDA in respect of the Reference Entity.

"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 2 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 (i) with respect to an entity that is not a Sovereign, 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 or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. 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 or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo 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) With respect to a Sovereign Reference Entity, **"Successor"** means each entity which becomes a direct or indirect successor to such Reference Entity by way of Succession Event, irrespective of whether any such successor assumes any of the obligations of such Reference Entity. 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 date of the occurrence of the Succession Event), and with effect from the date of the occurrence of the Succession Event, each Sovereign and/or entity, if any, that qualifies under this section, 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 this section, 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.
- (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,
 - (A) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event; or
 - (B) with respect to a Reference Entity that is a Sovereign, the date of the occurrence 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.

"Undeliverable Obligation" means either:

- (i) if a Cash Settlement Event occurs pursuant to sub-paragraph (i) of the definition thereof, each Valuation Obligation (if any) comprised in the Deliverable Portfolio; or
- (ii) if a Cash Settlement Event occurs pursuant to sub-paragraph (ii) of the definition thereof, any Valuation Obligation which the Issuer determines that it is unlawful, impossible or otherwise impracticable (including without limitation, as a result of failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of loans) to deliver to one or more Noteholders.

"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 Dealer Poll 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 (b)(iii) and inserting thereafter the following as a new sub paragraph (b)(iv):

"(iv) 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 directly after such new paragraph (b)(iv):

**Part F – Product Supplement for Credit-Linked Notes – Additional Terms and Conditions relating to Credit-Linked
Notes
(Single name – Unleveraged – Physical Settlement)**

"The Calculation Agent may from time to time modify 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 ISDA 2003 Credit Derivative Definitions or the ISDA 2014 Credit Derivatives Definitions, including, without limitation, in relation to credit events, successors, 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 – PHYSICAL SETTLEMENT)

(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 – Physical Settlement)" 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 12 June 2015 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 (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

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 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 [2005/2006/2007/2008/2009/2010/2011/2012/2013/2014] Conditions (the "[2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] [2013] [2014] 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] [2013] [2014] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] [2013] [2014] 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', 'Issuance 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]¹⁶:
 - [(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/None¹⁷]
- (iii) Selling concession: [[] per cent/None¹⁸]
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]¹⁹
- (ii) Calculation Amount²⁰: Subject to the occurrence of a Succession Event or a

¹⁶ Delete for debt securities with a denomination per unit of less than EUR 100,000.

¹⁷ 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.

¹⁸ 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.

¹⁹ Note that this Pricing Supplement has been drafted on the basis that a single Note in a denomination equal to the Aggregate Principal Amount of the Tranche will be issued and it should not be used if there will be multiple Notes constituting a Tranche.

²⁰ 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

- partial redemption following a Restructuring Credit 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 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(f) and 11.
- 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 last Credit Event Redemption Date to occur, 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.

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.

9. Change of interest or redemption basis: [In the event that the Notes are redeemed on a Credit Event Redemption Date, redemption of the Notes shall be pursuant to and in accordance with the Additional Conditions][/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 last Credit Event Redemption Date to occur, (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): [[] 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)] / [Specified Period]²¹: [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 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.]²² / [*specify*]²³
- (ii) Interest Payment Dates: [Not applicable – Floating Rate Convention applies] [*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 last Credit Event Redemption Date to occur, (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 []

²¹ Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

²² This option is applicable when "Interest Period(s)" has been selected.

²³ 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 – Physical Settlement)**

- 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) Linear Interpolation: [Not Applicable]/[Applicable – the Rate of Interest for the Interest Period ending on the Interest Payment Date falling in [] shall be calculated using Linear Interpolation]
- (x) Margin(s): [[+/-] per cent. per annum] [Not applicable]
- (xi) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/Actual/360/ other (specify)] (as defined in Condition [1])
- (xii) Relevant time: []
- (xiii) Minimum Rate of Interest: [[] per cent. per annum] [Not applicable]
- (xiv) Maximum Rate of Interest: [[] per cent. per annum] [Not applicable]
- (xv) 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. | Equity/Index-Linked Interest Note
and other variable-linked Interest
Note provisions | [Applicable/Not applicable] |

PROVISIONS RELATING TO REDEMPTION

- | | | |
|------|---|--|
| 15. | Issuer's optional redemption (Call
Option):
(<i>Condition 7(c)</i>) | [Applicable/Not applicable] |
| 16. | Noteholder's optional redemption
(Put Option):
(<i>Condition 7(d)</i>) | [Applicable/Not applicable] |
| 17. | Final Redemption Amount:
(<i>Condition 7(a)</i>) | [[] per Calculation Amount [<i>specify – if not par, also
specify details of any formula</i>] |
| | | 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:
(<i>Condition 7(a)</i>) | Not applicable |
| 20. | Early Redemption Amount: | Yes |
| (i) | Early Redemption Amount
(upon redemption for
taxation reasons, illegality or
following an Event of
Default) (<i>Condition 7(b)</i> ,
<i>7(f)</i> and <i>Condition 11</i>): | The Early Redemption Amount shall be determined in
good faith by the Calculation Agent in its absolute
discretion to be each Note's <i>pro rata</i> share of the fair
market value of the Notes immediately prior to the early
redemption date less each Note's <i>pro rata</i> share of any
Hedging Costs, subject to a minimum of zero. |
| (ii) | Other redemption
provisions:
(<i>Condition 7(j)</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 Physical Settlement and/or Cash
Settlement on each applicable Credit Event Redemption
Date pursuant to and in accordance with the Additional
Conditions. |

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.
- Credit Event Redemption Amount: [As defined in the Additional Conditions.][]
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] [*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: [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:
(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 Notes²⁴: [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 Notes²⁵: [Yes/No/Not applicable] [*N.B. the above comment applies here*]
24. Exchange Date for exchange of [specify/Not earlier than 40 days following the Issue

²⁴ Definitive Notes will typically have coupons attached to them if interest bearing.

²⁵ Talons will be needed if there are 27 or more coupons.

**Part F – Product Supplement for Credit-Linked Notes – Pro Forma Pricing Supplement for Credit-Linked Notes
(Single Name – Unleveraged – Physical Settlement)**

Temporary Global Note:	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 (<i>Definitions</i>))
26. Redenomination: (Condition 10)	[Applicable/Not applicable]
27. Other terms:	The " <i>Additional Terms and Conditions relating to Credit-Linked Notes (Single name – Unleveraged – Physical Settlement)</i> " (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

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 " 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:²⁶

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 the Pricing Supplement and this 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**"), and (where applicable) each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager) 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, and each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager), 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

²⁶ Please note that the default selling restrictions are for Regulation S offers and sales only.

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.

*EITHER*²⁷

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND NOTE (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF (A) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), OR (B) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHOSE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR INTEREST HEREIN WOULD RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"). "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA.]

*OR*²⁸

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT EITHER (A) SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF A "**BENEFIT PLAN INVESTOR**" AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1986, AS AMENDED ("**ERISA**") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS

²⁷ This paragraph is to be included if the Pricing Supplement specifies "ERISA prohibited".

²⁸ This paragraph is to be included if the Pricing Supplement specifies "ERISA terms apply".

OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"), INCLUDING ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN, THE INCLUSION OF WHICH FOR PURPOSES OF ERISA OR ANY SIMILAR LAW, AS THE CASE MAY BE, WOULD RESULT IN SUCH ENTITY BEING DEEMED A BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN OR (B)(I) SUCH BENEFICIAL OWNER'S ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF SATISFYING ALL OF THE APPLICABLE CONDITIONS OF ONE OR MORE OF THE FOLLOWING PROHIBITED TRANSACTION CLASS EXEMPTIONS ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 OR PTCE 96-23 ISSUED BY THE U.S. DEPARTMENT OF LABOR, OR SUCH OTHER PROHIBITED TRANSACTION EXEMPTION FOR WHICH THE PURCHASER OR TRANSFEREE (AND, IF APPLICABLE, ANY PERSON OR ENTITY ACTING ON BEHALF OF SUCH PURCHASER OR TRANSFEREE) DEMONSTRATES TO THE SATISFACTION OF THE ISSUER THAT ALL APPLICABLE CONDITIONS ARE SATISFIED (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH PLAN OR NON-U.S. PLAN, WILL NOT RESULT IN A VIOLATION OF ANY SIMILAR LAW), AND (II) NEITHER ISSUER NOR ITS AFFILIATES HAS PROVIDED ANY ADVICE THAT HAS FORMED OR MAY FORM A PRIMARY BASIS FOR THE DECISION TO PURCHASE, HOLD, OR DISPOSE OF ANY INTEREST IN THIS NOTE ON BEHALF OF ANY BENEFICIAL OWNER. "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."]

- (4) In addition, each purchaser of, and each person causing such purchaser to purchase or hold any interest in, 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) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA prohibited", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, that such purchaser or transferee shall not acquire, hold or subsequently dispose of such Note for, or on behalf of, or with the assets of: (x) any Benefit Plan Investor (as defined in Section 3(42) of ERISA), or (y) any governmental, church or non-U.S. plan which is subject to Similar Law whose acquisition, holding or disposition of such Note or an interest therein would result in a violation of any Similar Law. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.
- (6) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA terms apply", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note

through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, either that (a) such purchaser or transferee is not (and for so long as it holds such Notes or any interests therein will not be), and is not (and for so long as it holds such Notes or interests therein will not be) acting on behalf of a Benefit Plan Investor as defined in Section 3(42) of ERISA or a governmental, church or non-U.S. plan which is subject to any Similar Law, including any entity whose underlying assets include the assets of any Benefit Plan Investor or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Benefit Plan Investor or Similar Law Plan or (b)(i) such purchaser or transferee's acquisition, holding and disposition of this Note or an interest therein does not and will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code as a result of satisfying all of the applicable conditions of one or more of the following Prohibited Transaction Class Exemption ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23 issued by the U.S. Department of Labor, or such other prohibited transaction exemption for which the purchaser or transferee (and, if applicable, any person or entity acting on behalf of such purchaser or transferee) demonstrates to the satisfaction of the Issuer that all applicable conditions are satisfied (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law), and (ii) neither Issuer nor its affiliates has provided any advice that has formed or may form a primary basis for the decision to purchase, hold, or dispose of any interest in the Notes on behalf of any purchaser or transferee. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.

- (7) 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] [Not applicable]²⁹
[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs 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

²⁹ 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.

times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
[include this text if "yes" selected]

[Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, then the Issuer may (in its absolute discretion) elect to deposit the Notes with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)] [include this text for registered notes] . Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [Include this text if "no" selected]

- | | | |
|-----|--|---|
| 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: | [ERISA prohibited] [ERISA terms apply] |

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, which falls on a day that is not a Business Day.
Reference Entity:	The entity specified in Schedule 3 and any Successor either (a) identified by the Calculation Agent pursuant to the definition of " <i>Successor</i> " 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 " <i>Transaction Type</i> " 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 29 May 2012, 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, 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 ³⁰ :	[•] 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, [<i>insert</i> 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.

³⁰ If a percentage is not specified, the Conditions provide that the Reference Price will be one hundred percent.

Excluded Obligations:	[None]
3. Settlement Terms (Dealer Poll Method)	
Terms relating to Cash Settlement (if the Dealer Poll 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.
Dealer List:	[ABN Amro Bank NV 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 LLC Merrill Lynch International 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>
[•]	[•]	[•]	[•]

SCHEDULE 3
FORM OF PHYSICAL SETTLEMENT NOTICE

**[Aggregate Principal Amount of Tranche] Credit Linked Notes (the "Notes") due [●] linked to
[name of Reference Entity] [(Subordinated)]**

This Physical Settlement Notice is delivered to each Noteholder in accordance with Condition 14(a) (*Notices to Noteholders*) and pursuant to Condition 7(j)(iii) (*Terms relating to Physical Settlement*).

[To: Euroclear Bank SA/N.V. as operator of the Euroclear System
Boulevard du Roi Albert II, no 1
B-1210 Brussels
Belgium or: Clearstream, Luxembourg
67 Boulevard Grande-Duchesse
Charlotte
Luxembourg-Ville
L-1010 Luxembourg

To: Noteholder

From: HSBC Bank plc (the "**Issuer**")
8 Canada Square
London
E14 5HQ

Expressions defined in the Conditions of the Notes (the "**Conditions**") shall bear the same meanings herein. We, the Issuer, refer to the Credit Event Notice of [*insert date of Credit Event Notice*] delivered in accordance with Condition 7(j) (*Delivery of a Credit Event Notice*).

We hereby:

- (i) request that you, the Noteholder of the Notes, duly complete and deliver to us an Asset Transfer Notice in the form set out in Schedule 5 to the Pricing Supplement by [*insert deadline by which the Issuer must receive the duly completed Asset Transfer Notice*]; and
- (ii) confirm that we will redeem the Notes (or such relevant portion thereof, if applicable) by way of Physical Settlement (subject to the occurrence of a Cash Settlement Event in accordance with the Conditions).

It is expected that the Deliverable Portfolio will comprise the following Deliverable Portfolio Constituents:

[*insert details*].

This Physical Settlement Notice and any non-contractual obligations arising out of or in connection herewith shall be governed by and construed in accordance with English law. The courts of England and Wales shall have exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes or any non-contractual obligation which may arise out of or in connection with this Physical Settlement Notice or the Notes and, for these purposes, each of the Noteholder and the Issuer irrevocably submits to the jurisdiction of the courts of England.

Date.....

SCHEDULE 4
FORM OF ASSET TRANSFER NOTICE

**[Aggregate Principal Amount of Tranche] Credit Linked Notes (the "Notes") due [●] linked to
[name of Reference Entity] [(Subordinated)]**

When completed, this Asset Transfer Notice should be delivered (i) if the Notes are represented by a Global Note or are in definitive form and held through Euroclear or Clearstream, Luxembourg, in electronic form via EUCLID to Euroclear or via CEDCOM to Clearstream, Luxembourg, (as applicable) with a hardcopy via fax to the Transfer Agent and the Issuer ("Global Note Notice") or (ii) if the Notes are represented by a definitive Note (but not held through Euroclear or Clearstream, Luxembourg) in writing or by fax along with the relevant Notes to the Issuer ("Definitive Note Notice").

[To: Euroclear Bank SA/N.V.
as operator of the Euroclear System
Boulevard du Roi Albert II, no 1
B-1210 Brussels
Belgium

or: Clearstream, Luxembourg
67 Boulevard Grande-Duchesse
Charlotte
Luxembourg-Ville
L-1010 Luxembourg

To: HSBC Bank plc (the "Issuer")
8 Canada Square
London
E14 5HQ

Tel: [●]
Fax: [●]

Attention: [●]
Fax: [●]
Tel: [●]

Expressions defined in the Conditions of the Notes (the "**Conditions**") shall bear the same meanings herein. Failure to properly complete and deliver this Asset Transfer Notice (in the determination of the Issuer) may result in this Asset Transfer Notice being treated as null and void.

Reference is made to the Physical Settlement Notice of [*insert date of Physical Settlement Notice*] and the Deliverable Portfolio to be delivered pursuant to the Physical Settlement of [the Notes in part][the Notes]*.

1. Name(s) and Address(es) of [Accountholder¹/Noteholder²]

[*insert details*]

2. **Representation, warranty and undertaking; confirmation**

I/We*, the [Accountholder³¹/Noteholder³²] specified in 1 below, being the holder of the Note, hereby:

- (i) represent, warrant and undertake to the Issuer and each of its Affiliates that I/We* am/are* an Eligible Holder in accordance with the Conditions; and,
- (ii) confirm that I/We* have requested [Euroclear/Clearstream, Luxembourg][other relevant clearing system]* to block my/our* account.

³¹ Delete if completing Definitive Note Notice

³² Delete if completing Global Note Notice

3. **Instructions to [Euroclear][Clearstream, Luxembourg]***

[The Deliverable Portfolio to be delivered comprises Valuation Obligations that are deliverable through [Euroclear/Clearstream, Luxembourg]* and I/We* hereby irrevocably authorise and instruct [Euroclear][Clearstream, Luxembourg][other relevant clearing system]* to deliver the Deliverable Portfolio to the following account:

At: [●]
Swift: [●]
ABA: [●]
Beneficiary: [●]
Swift: [●]
Account Number: [●]

[The Deliverable Portfolio to be delivered comprises Valuation Obligations that are not deliverable through [Euroclear/Clearstream, Luxembourg]* and I/We* hereby irrevocably authorise and instruct the Issuer to deliver such Valuation Obligations in accordance with the following instructions, subject to my/our* production to the Issuer's satisfaction in its sole and absolute discretion of all necessary consents or authorisations (including but not limited to those requested or required by any applicable designee) with respect thereto as requested by the Issuer:

[insert alternative delivery instructions]];*

4. **Name and address of person from whom details may be obtained for the delivery of the Deliverable Portfolio**

[insert details]

5. **[Notes Account at relevant Clearing System]¹**

My/our* Notes accounts with *[insert name of relevant Clearing System, if applicable]* is:

[Euroclear/Clearstream, Luxembourg]*

No:

Name:]

6. **Delivery Fees**

I/We* hereby irrevocably undertake to pay all Delivery Fees in respect of the Deliverable Portfolio [and irrevocably authorise Euroclear/Clearstream, Luxembourg* to debit specified account at Euroclear/Clearstream, Luxembourg* in respect thereof and to pay such Delivery Fees].

7. **Governing law and jurisdiction**

This Asset Transfer Notice and any non-contractual obligations arising out of or in connection herewith shall be governed by and construed in accordance with English law. The courts of England and Wales shall have exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes or any non-contractual obligation which may arise out of or in connection with this Asset Transfer Notice or the Notes and, for these purposes, each of the Noteholder and the Issuer irrevocably submits to the jurisdiction of the courts of England.

Date.....

**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 the Issuer has overpaid one or more Interest Amounts as a result of one or more Interest Payment Dates occurring between the Valid Credit Event Resolution Request Date and the Credit Event Notice Date, the Issuer may elect in its sole and absolute discretion to instigate the clawback of any such overpaid Interest Amounts."

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(l) below," at the beginning; and
- (ii) the following provision shall be included as Condition 5(l):

"5(l) *Condition precedent to interest entitlement*

The Issuer's obligation to make any payment of interest in accordance with Condition 5 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 the Issuer has overpaid one or more Interest Amounts as a result of one or more Interest Payment Dates occurring between the Valid Credit Event Resolution Request Date and the Credit Event Notice Date, the Issuer may elect in its sole and absolute discretion to instigate the clawback of any such overpaid Interest Amounts."

(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) each Note shall be redeemed at an amount equal to such Note's pro rata share 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. For the avoidance of doubt, the principal amount of each such Note not so redeemed in part shall remain outstanding and interest shall continue to accrue on the principal amount outstanding of such Note as provided in Condition 4 or Condition 5 as the case may be (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate)".

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(1)(i)(1), except that, for the purpose of determining Valuation Obligations, Condition 7(1)(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 of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (C) **"Consent Required Loan"** means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (D) **"Direct Loan Participation"** means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of a third party, that provides such party with recourse to the participation seller for a specified share in any

payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between the relevant third party or its designee and either (x) the Issuer or its designee (to the extent the Issuer or such designee is then a lender or a member of the relevant lending syndicate), or (y) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);

- (E) "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction **provided that** none of the following shall be considered contractual, statutory or regulatory restrictions:
 - (x) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
 - (y) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
 - (F) "**Maximum Maturity**" means an obligation that has a remaining maturity from the Cash Settlement Date of not greater than the period specified;
 - (G) "**Accelerated or Matured**" means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Valuation Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
 - (H) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream, Luxembourg or any other internationally recognised clearing system.
- (ii) If the Obligation Characteristic "Listed" is specified, the Conditions shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category.
 - (iii) If (a) either of the Valuation Obligation Characteristics "Listed" or "Not Bearer" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Valuation Obligation Category; (b) the Valuation Obligation Characteristic "Transferable" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Valuation Obligations that are not Loans (and shall only be relevant to the extent that

obligations other than Loans are covered by the selected Valuation Obligation Category); or (c) any of the Valuation Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified, the Conditions shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Valuation Obligation Category;

- (iv) If any of Payment, Borrowed Money, Loan, or Bond or Loan is specified as the Valuation Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Valuation Obligation Characteristics, the Valuation Obligations may include any Loan that satisfies any one of such Valuation Obligation Characteristics specified and need not satisfy all such Valuation Obligation Characteristics; and
- (v) In the event that a Valuation Obligation is a Qualifying Guarantee, the following will apply:
 - (1) For purposes of the application of the Valuation Obligation Category, the Qualifying Guarantee shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation.
 - (2) For purposes of the application of the Valuation Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the specified applicable Valuation Obligation Characteristics, if any, from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
 - (3) For purposes of the application of the Valuation Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the specified applicable Valuation Obligation Characteristics, if any, from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
 - (4) For purposes of the application of the Valuation Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
 - (5) The terms "outstanding principal balance" and "Due and Payable Amount" (as they are used in various other Conditions), when used in connection with Qualifying Guarantees are to be interpreted to be the then "outstanding principal balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

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 (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 (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 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)(i)(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 (i) with respect to an entity that is not a Sovereign, 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 or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. 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 or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo 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) With respect to a Sovereign Reference Entity, "Successor" means each entity which becomes a direct or indirect successor to such Reference Entity by way of Succession Event, irrespective of whether any such successor assumes any of the obligations of such Reference Entity. 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 date of the occurrence of the Succession Event), and with effect from the date of the occurrence of the Succession Event, each Sovereign and/or

entity, if any, that qualifies under this section, **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 this section, 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.

- (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,
 - (A) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event; or
 - (B) with respect to a Reference Entity that is a Sovereign, the date of the occurrence 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:

**Part F – Product Supplement for Credit-Linked Notes – Additional Terms and Conditions relating to Credit-Linked Notes
(Single Name – Leveraged)**

- (a) inserting "; or" after the reference to "Notes" in the last line of sub paragraph (b)(iii) and inserting thereafter the following as a new sub paragraph (b)(iv):

"(iv) 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 directly after such new paragraph (b)(iv):

"The Calculation Agent may from time to time modify 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 ISDA 2003 Credit Derivative Definitions or the ISDA 2014 Credit Derivatives Definitions, including, without limitation, in relation to credit events, successors, 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 12 June 2015 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 (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

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 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 [2005/2006/2007/2008/2009/2010/2011/2012/2013/2014] Conditions (the "[2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] [2013] [2014] 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] [2013] [2014] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] [2013] [2014] 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', 'Issuance 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]³³:
 - (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/None³⁴]
 - (iii) Selling concession: [[] per cent/None³⁵]
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

³³ Delete for debt securities with a denomination per unit of less than EUR 100,000.

³⁴ 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.

³⁵ 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.

- multiples of [] thereafter]
- (Condition 2)
- (ii) Calculation Amount³⁶: 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:
(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, (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(f) and 11.
- 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

³⁶ 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.

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/ <i>other (specify)</i>] [Not applicable] (as defined in Condition [1])
Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ <i>other (give details)</i>]
Business Centre(s):	[Not applicable/ <i>give details</i>]
Other terms relating to the method of calculating interest for Fixed Rate Notes:	<p>"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 [<i>insert</i>] Business Day Convention].</p> <p>[any other details]</p>
11. Floating Rate Note Provisions: (<i>Condition 5</i>)	Applicable
(i) [Interest Period(s)] / [Specified Period] ³⁷ :	[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 [<i>insert</i>] Business Day Convention].] ³⁸ / [<i>specify</i>] ³⁹
(ii) Interest Payment Dates:	[Not applicable – Floating Rate Convention applies] [<i>specify payment dates</i>] in each year, commencing on and including the First Interest Payment Date and ending on the earliest to occur

³⁷ Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

³⁸ This option is applicable when "Interest Period(s)" has been selected.

³⁹ Specify relevant period when "Specified Period" has been selected.

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)]

**Part F – Product Supplement for Credit-Linked Notes – Pro Forma Pricing Supplement for Credit-Linked Notes
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- (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) Linear Interpolation: [Not Applicable]/[Applicable – the Rate of Interest for the Interest Period ending on the Interest Payment Date falling in [] shall be calculated using Linear Interpolation]
- (x) 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])
- (xi) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/Actual/360/*other (specify)*] (as defined in Condition [1])
- (xii) Relevant time: []
- (xiii) Minimum Rate of Interest: [[] per cent. per annum] [Not applicable]
- (xiv) Maximum Rate of Interest: [[] per cent. per annum] [Not applicable]

- (xv) 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 subparagraphs 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. Equity/Index-Linked Interest Note and other variable-linked Interest Note provisions [Applicable/Not applicable]

PROVISIONS RELATING TO REDEMPTION

14. Issuer's optional redemption (Call Option): [Applicable/Not applicable]
(Condition 7(c))
15. Noteholder's optional redemption (Put Option): [Applicable/Not applicable]
(Condition 7(d))
16. Final Redemption Amount: (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,
(Condition 7(a)) (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;

- (iii) if a Trigger Event Option Notice has been delivered and the Issuer has elected a Principal Shortfall Redemption on or prior to the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), an amount equal to the Note Value on the Trigger Event Redemption Date, or
- (iv) if (a) an early redemption event occurs, (b) no Credit Event Notice Date has occurred and (c) no Trigger Event Option Notice has been or is delivered (unless, if a Trigger Event Option Notice has been or is delivered, an Additional Note Issuance has also occurred or also occurs), in each case on or prior to the Maturity Date (subject to extension upon the occurrence of a Potential Credit Event), an amount determined in good faith by the Calculation Agent to be the fair market value of the Notes immediately prior to such early redemption, adjusted to account fully for any Hedging Costs, on the date on which the Notes fall due for redemption pursuant to the occurrence of such early redemption event (the "**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: <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(f) and Condition 11)</i> :	As specified in Section 16(iv) above.
	(ii) Other redemption provisions: <i>(Condition 7(j))</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: (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 Notes⁴⁰: [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 [Yes/No/Not applicable] [*N.B. the above comment*]

⁴⁰ Definitive Notes will typically have coupons attached to them if interest bearing.

- attached to Definitive Notes⁴¹: *applies here*]
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 – Leveraged)" (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. 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*."]

⁴¹ Talons will be needed if there are 27 or more coupons.

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:⁴²

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 the Pricing Supplement and this 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**"), and (where applicable) each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager) 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, and each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager), 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

⁴² Please note that the default selling restrictions are for Regulation S offers and sales only.

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.

*EITHER*⁴³

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND NOTE (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF (A) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), OR (B) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHOSE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR INTEREST HEREIN WOULD RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"). "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA.]

*OR*⁴⁴

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT EITHER (A) SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF A "**BENEFIT PLAN INVESTOR**" AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1986, AS AMENDED ("**ERISA**") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS

⁴³ This paragraph is to be included if the Pricing Supplement specifies "ERISA prohibited".

⁴⁴ This paragraph is to be included if the Pricing Supplement specifies "ERISA terms apply".

OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"), INCLUDING ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN, THE INCLUSION OF WHICH FOR PURPOSES OF ERISA OR ANY SIMILAR LAW, AS THE CASE MAY BE, WOULD RESULT IN SUCH ENTITY BEING DEEMED A BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN OR (B)(I) SUCH BENEFICIAL OWNER'S ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF SATISFYING ALL OF THE APPLICABLE CONDITIONS OF ONE OR MORE OF THE FOLLOWING PROHIBITED TRANSACTION CLASS EXEMPTIONS ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 OR PTCE 96-23 ISSUED BY THE U.S. DEPARTMENT OF LABOR, OR SUCH OTHER PROHIBITED TRANSACTION EXEMPTION FOR WHICH THE PURCHASER OR TRANSFEREE (AND, IF APPLICABLE, ANY PERSON OR ENTITY ACTING ON BEHALF OF SUCH PURCHASER OR TRANSFEREE) DEMONSTRATES TO THE SATISFACTION OF THE ISSUER THAT ALL APPLICABLE CONDITIONS ARE SATISFIED (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH PLAN OR NON-U.S. PLAN, WILL NOT RESULT IN A VIOLATION OF ANY SIMILAR LAW), AND (II) NEITHER ISSUER NOR ITS AFFILIATES HAS PROVIDED ANY ADVICE THAT HAS FORMED OR MAY FORM A PRIMARY BASIS FOR THE DECISION TO PURCHASE, HOLD, OR DISPOSE OF ANY INTEREST IN THIS NOTE ON BEHALF OF ANY BENEFICIAL OWNER. "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."]

- (4) In addition, each purchaser of, and each person causing such purchaser to purchase or hold any interest in, 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) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA prohibited", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, that such purchaser or transferee shall not acquire, hold or subsequently dispose of such Note for, or on behalf of, or with the assets of: (x) any Benefit Plan Investor (as defined in Section 3(42) of ERISA), or (y) any governmental, church or non-U.S. plan which is subject to Similar Law whose acquisition, holding or disposition of such Note or an interest therein would result in a violation of any Similar Law. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.
- (6) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA terms apply", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note

through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, either that (a) such purchaser or transferee is not (and for so long as it holds such Notes or any interests therein will not be), and is not (and for so long as it holds such Notes or interests therein will not be) acting on behalf of a Benefit Plan Investor as defined in Section 3(42) of ERISA or a governmental, church or non-U.S. plan which is subject to any Similar Law, including any entity whose underlying assets include the assets of any Benefit Plan Investor or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Benefit Plan Investor or Similar Law Plan or (b)(i) such purchaser or transferee's acquisition, holding and disposition of this Note or an interest therein does not and will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code as a result of satisfying all of the applicable conditions of one or more of the following Prohibited Transaction Class Exemption ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23 issued by the U.S. Department of Labor, or such other prohibited transaction exemption for which the purchaser or transferee (and, if applicable, any person or entity acting on behalf of such purchaser or transferee) demonstrates to the satisfaction of the Issuer that all applicable conditions are satisfied (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law), and (ii) neither Issuer nor its affiliates has provided any advice that has formed or may form a primary basis for the decision to purchase, hold, or dispose of any interest in the Notes on behalf of any purchaser or transferee. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.

- (7) 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] [Not applicable]⁴⁵*
[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.]

⁴⁵ 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.

[include this text if "yes" selected]

[Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, then the Issuer may (in its absolute discretion) elect to deposit the Notes with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)] [include this text for registered notes] . Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [Include this text if "no" selected]

- | | | |
|-----|--|--|
| 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: | [ERISA prohibited] [ERISA terms apply] |

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 www.isda.org , 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 ⁴⁶ :	[] 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 ⁴⁷ :	[None]

⁴⁶ 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 "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</p>

⁴⁷ 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

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 LLC
Merrill Lynch International
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
(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.

The following provision shall be included as Condition 4(e):

"4(e) Overpayment/clawback of Interest Amount

If the Issuer has overpaid one or more Interest Amounts as a result of one or more Interest Payment Dates occurring between the Valid Credit Event Resolution Request Date and the Credit Event Notice Date, the Issuer may elect in its sole and absolute discretion to instigate the clawback of any such overpaid Interest Amounts."

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.

The following provision shall be included as Condition 5(l):

"5(l) Overpayment/clawback of Interest Amount

If the Issuer has overpaid one or more Interest Amounts as a result of one or more Interest Payment Dates occurring between the Valid Credit Event Resolution Request Date and the Credit Event Notice Date, the Issuer may elect in its sole and absolute discretion to instigate the clawback of any such overpaid Interest Amounts."

(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 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 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) each Note shall be redeemed at an amount equal to such Note's pro rata share of the Partial Redemption Portion. For the avoidance of doubt, the principal amount of each such Note not so redeemed in part shall remain outstanding and interest shall continue to accrue on the principal amount outstanding of such Note as provided in Condition 4 or Condition 5 as the case may be (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate)"

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 (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 (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 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 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.

"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(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 (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 (i) with respect to an entity that is not a Sovereign, 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 or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. 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 or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo 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) With respect to a Sovereign Reference Entity, "Successor" means each entity which becomes a direct or indirect successor to such Reference Entity by way of Succession Event, irrespective of whether any such successor assumes any of the obligations of such Reference Entity. 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 date of the occurrence of the Succession Event), and with effect from the date of the occurrence of the Succession Event, each Sovereign and/or entity, if any, that qualifies under this section, **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 this section, 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.

- (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,
 - (A) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event; or
 - (B) with respect to a Reference Entity that is a Sovereign, the date of the occurrence 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 (b)(iii) and inserting thereafter the following as a new sub paragraph (b)(iv):

"(iv) 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 directly after such new paragraph (b)(iv):

"The Calculation Agent may from time to time modify 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 ISDA 2003 Credit Derivative Definitions or the ISDA 2014 Credit Derivatives Definitions, including, without limitation, in relation to credit events, successors, 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 12 June 2015 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 (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

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 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 [2005/2006/2007/2008/2009/2010/2011/2012/2013/2014] Conditions (the "[2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] [2013] [2014] 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] [2013] [2014] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] [2013] [2014] 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', 'Issuance 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]⁴⁸:
 - [(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/None⁴⁹]
 - (iii) Selling concession: [[] per cent/None⁵⁰]

⁴⁸ Delete for debt securities with a denomination per unit of less than EUR 100,000.

⁴⁹ 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.

⁵⁰ 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)
- (ii) Calculation Amount⁵¹: 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(f) 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 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

⁵¹ 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.

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 <i>[specify]</i> Business Day Convention] / [not adjusted])
Fixed Coupon Amount(s):	[Notwithstanding Condition 4(d) (<i>Calculation of interest amount</i>), an amount in respect of each Note equal to such Note's <i>pro rata</i> 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/ <i>other (specify)</i>]] [Not applicable] (as defined in Condition [1])
Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ <i>other (give details)</i>]
Business Centre(s):	[Not applicable/ <i>give details</i>]
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: (<i>Condition 5</i>)	[Applicable / Not applicable]
(i) [Interest Period(s)] / [Specified Period] ⁵² :	[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.] ⁵³ / [<i>specify</i>] ⁵⁴
(ii) Interest Payment Dates:	[Not applicable – Floating Rate Convention applies] [<i>specify payment dates</i>] in each year, commencing on and including the First Interest Payment Date and ending on

⁵² Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

⁵³ This option is applicable when "Interest Period(s)" has been selected.

⁵⁴ Specify relevant period when "Specified Period" has been selected.

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 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*)]

Part F – Product Supplement for Credit-Linked Notes – Pro Forma Pricing Supplement for Credit-Linked Notes (Basket)

- (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) Linear Interpolation: [Not Applicable]/[Applicable – the Rate of Interest for the Interest Period ending on the Interest Payment Date falling in [] shall be calculated using Linear Interpolation]
- (x) 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..
- (xi) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/Actual/360/ *other*

- (*specify*) (as defined in Condition [1])
- (xii) Relevant time: []
- (xiii) Minimum Rate of Interest: [[] per cent. per annum] [Not applicable]
- (xiv) Maximum Rate of Interest: [[] per cent. per annum] [Not applicable]
- (xv) 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 and 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: (<i>Condition 7(a)</i>)	Not applicable
20.	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(f) and Condition 11</i>):	The Early Redemption Amount shall be determined in good faith by the Calculation Agent in its absolute discretion to be each Note's <i>pro rata</i> share of the fair market value of the Notes immediately prior to the early redemption date less each Note's <i>pro rata</i> share of any Hedging Costs, subject to a minimum of zero.
	(ii) Other redemption provisions: (<i>Condition 7(j)</i>)	<p>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 <i>pro rata</i> 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.</p> <p>Each Credit Event Notice shall describe the relevant Credit Event and specify the Reference Entity in respect of which the Credit Event has occurred. If ISDA has not publicly announced that an event that constitutes a Credit Event has occurred with respect to the Reference Entity, it will also include copies of relevant Publicly Available Information (two Public Sources) that support the occurrence of the Credit Event in respect of such Reference Entity.</p>
	(1) Credit Event Redemption Date:	As defined in the Additional Conditions.
	(2) Credit Event Redemption Amount:	<p>An amount (subject to a minimum of zero) equal to each Note's <i>pro rata</i> share of:</p> <p>(i) the Recovery Amount; minus</p> <p>(ii) any Hedging Costs.</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 (give details)].</p> <p>"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</p>

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:
(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: [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 Notes⁵⁵: [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 Notes⁵⁶: [Yes/No/Not applicable] [*N.B. the above comment applies here*]

⁵⁵ Definitive Notes will typically have coupons attached to them if interest bearing.

⁵⁶ Talons will be needed if there are 27 or more coupons.

Part F – Product Supplement for Credit-Linked Notes – Pro Forma Pricing Supplement for Credit-Linked Notes (Basket)

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: [Applicable/Not applicable]
(Condition 10)
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 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 "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 restrictions contained in Dealer Agreement]*

[In offers of Credit-Linked Notes pursuant to Rule 144A insert:⁵⁷

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 the Pricing Supplement and this 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**"), and (where applicable) each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager), 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, and each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager), 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

⁵⁷ Please note that the default selling restrictions are for Regulation S offers and sales only.

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.

*EITHER*⁵⁸

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND NOTE (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF (A) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), OR (B) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHOSE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR INTEREST HEREIN WOULD RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"). "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA.]"

*OR*⁵⁹

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT EITHER (A) SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF A "**BENEFIT PLAN INVESTOR**" AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1986, AS AMENDED ("**ERISA**") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS

⁵⁸ This paragraph is to be included if the Pricing Supplement specifies "ERISA prohibited".

⁵⁹ This paragraph is to be included if the Pricing Supplement specifies "ERISA terms apply".

OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"), INCLUDING ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN, THE INCLUSION OF WHICH FOR PURPOSES OF ERISA OR ANY SIMILAR LAW, AS THE CASE MAY BE, WOULD RESULT IN SUCH ENTITY BEING DEEMED A BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN OR (B)(I) SUCH BENEFICIAL OWNER'S ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF SATISFYING ALL OF THE APPLICABLE CONDITIONS OF ONE OR MORE OF THE FOLLOWING PROHIBITED TRANSACTION CLASS EXEMPTIONS ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 OR PTCE 96-23 ISSUED BY THE U.S. DEPARTMENT OF LABOR, OR SUCH OTHER PROHIBITED TRANSACTION EXEMPTION FOR WHICH THE PURCHASER OR TRANSFEREE (AND, IF APPLICABLE, ANY PERSON OR ENTITY ACTING ON BEHALF OF SUCH PURCHASER OR TRANSFEREE) DEMONSTRATES TO THE SATISFACTION OF THE ISSUER THAT ALL APPLICABLE CONDITIONS ARE SATISFIED (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH PLAN OR NON-U.S. PLAN, WILL NOT RESULT IN A VIOLATION OF ANY SIMILAR LAW), AND (II) NEITHER ISSUER NOR ITS AFFILIATES HAS PROVIDED ANY ADVICE THAT HAS FORMED OR MAY FORM A PRIMARY BASIS FOR THE DECISION TO PURCHASE, HOLD, OR DISPOSE OF ANY INTEREST IN THIS NOTE ON BEHALF OF ANY BENEFICIAL OWNER. "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."]

- (4) In addition, each purchaser of, and each person causing such purchaser to purchase or hold any interest in, 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) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA prohibited", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, that such purchaser or transferee shall not acquire, hold or subsequently dispose of such Note for, or on behalf of, or with the assets of: (x) any Benefit Plan Investor (as defined in Section 3(42) of ERISA), or (y) any governmental, church or non-U.S. plan which is subject to Similar Law whose acquisition, holding or disposition of such Note or an interest therein would result in a violation of any Similar Law. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.
- (6) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA terms apply", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note

through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, either that (a) such purchaser or transferee is not (and for so long as it holds such Notes or any interests therein will not be), and is not (and for so long as it holds such Notes or interests therein will not be) acting on behalf of a Benefit Plan Investor as defined in Section 3(42) of ERISA or a governmental, church or non-U.S. plan which is subject to any Similar Law, including any entity whose underlying assets include the assets of any Benefit Plan Investor or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Benefit Plan Investor or Similar Law Plan or (b)(i) such purchaser or transferee's acquisition, holding and disposition of this Note or an interest therein does not and will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code as a result of satisfying all of the applicable conditions of one or more of the following Prohibited Transaction Class Exemption ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23 issued by the U.S. Department of Labor, or such other prohibited transaction exemption for which the purchaser or transferee (and, if applicable, any person or entity acting on behalf of such purchaser or transferee) demonstrates to the satisfaction of the Issuer that all applicable conditions are satisfied (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law), and (ii) neither Issuer nor its affiliates has provided any advice that has formed or may form a primary basis for the decision to purchase, hold, or dispose of any interest in the Notes on behalf of any purchaser or transferee. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.

- (7) 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] [Not applicable]⁶⁰
[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.]

⁶⁰ 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.

[include this text if "yes" selected]

[Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, then the Issuer may (in its absolute discretion) elect to deposit the Notes with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)] [include this text for registered notes] . Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [Include this text if "no" selected]

- | | | |
|-----|--|--|
| 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:
(Condition 15) | [London] [Not applicable] [specify] |
| 21. | ERISA Considerations: | [ERISA prohibited] [ERISA terms apply] |

**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 Price⁶¹: [[] 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.

⁶¹ 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 ⁶² :	[None]
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:	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

⁶² 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

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 LLC
Merrill Lynch International
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>	<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(f) 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

**Part F – Product Supplement for Credit-Linked Notes – Additional Terms and Conditions Relating to Emerging Market
Credit-Linked Notes**

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 12 June 2015 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 (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

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 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 [2005/2006/2007/2008/2009/2010/2011/2012/2013/2014] Conditions (the "[2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] [2013] [2014] 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] [2013] [2014] Conditions and the Offering Memorandum. The Offering Memorandum and the [2005] [2006] [2007] [2008] [2009] [2010] [2011] [2012] [2013] [2014] 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', 'Issuance 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: None⁶³
 - (iii) Selling concession: None⁶⁴
6.
 - (i) Denomination(s) (*Condition 2*): [] [, **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 Conditions relating to Emerging Market Credit-*

⁶³ 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.

⁶⁴ 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.

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 of Default): 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 a result of an Early Redemption Event) of "*Part F*

- (*Conditions 7(b), 7(f) or 11*) – *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(f) (*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 or Permanent Global Note: Temporary 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 1 hereto
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 "**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]

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:*⁶⁵

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 the Pricing Supplement and this 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**"), and (where applicable) each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager), 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.

⁶⁵ Please note that the default selling restrictions are for Regulation S offers and sales only.

- (3) The purchaser, and each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager), 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 REGULATIONS UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

*EITHER*⁶⁶

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND NOTE (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF (A) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), OR (B) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHOSE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR INTEREST HEREIN WOULD RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"). "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA.]

⁶⁶ This paragraph is to be included if the Pricing Supplement specifies "ERISA prohibited".

OR⁶⁷

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT EITHER (A) SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF A "**BENEFIT PLAN INVESTOR**" AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1986, AS AMENDED ("**ERISA**") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"), INCLUDING ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN, THE INCLUSION OF WHICH FOR PURPOSES OF ERISA OR ANY SIMILAR LAW, AS THE CASE MAY BE, WOULD RESULT IN SUCH ENTITY BEING DEEMED A BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN OR (B)(I) SUCH BENEFICIAL OWNER'S ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AS A RESULT OF SATISFYING ALL OF THE APPLICABLE CONDITIONS OF ONE OR MORE OF THE FOLLOWING PROHIBITED TRANSACTION CLASS EXEMPTIONS ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 OR PTCE 96-23 ISSUED BY THE U.S. DEPARTMENT OF LABOR, OR SUCH OTHER PROHIBITED TRANSACTION EXEMPTION FOR WHICH THE PURCHASER OR TRANSFEREE (AND, IF APPLICABLE, ANY PERSON OR ENTITY ACTING ON BEHALF OF SUCH PURCHASER OR TRANSFEREE) DEMONSTRATES TO THE SATISFACTION OF THE ISSUER THAT ALL APPLICABLE CONDITIONS ARE SATISFIED (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH PLAN OR NON-U.S. PLAN, WILL NOT RESULT IN A VIOLATION OF ANY SIMILAR LAW), AND (II) NEITHER ISSUER NOR ITS AFFILIATES HAS PROVIDED ANY ADVICE THAT HAS FORMED OR MAY FORM A PRIMARY BASIS FOR THE DECISION TO PURCHASE, HOLD, OR DISPOSE OF ANY INTEREST IN THIS NOTE ON BEHALF OF ANY BENEFICIAL OWNER. "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA.]

- (4) In addition, each purchaser of, and each person causing such purchaser to purchase or hold any interest in, 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.

⁶⁷ This paragraph is to be included if the Pricing Supplement specifies "ERISA terms apply".

- (5) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA prohibited", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, that such purchaser or transferee shall not acquire, hold or subsequently dispose of such Note for, or on behalf of, or with the assets of: (x) any Benefit Plan Investor (as defined in Section 3(42) of ERISA), or (y) any governmental, church or non-U.S. plan which is subject to Similar Law whose acquisition, holding or disposition of such Note or an interest therein would result in a violation of any Similar Law. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.
- (6) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA terms apply", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, either that (a) such purchaser or transferee is not (and for so long as it holds such Notes or any interests therein will not be), and is not (and for so long as it holds such Notes or interests therein will not be) acting on behalf of a Benefit Plan Investor as defined in Section 3(42) of ERISA or a governmental, church or non-U.S. plan which is subject to any Similar Law, including any entity whose underlying assets include the assets of any Benefit Plan Investor or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Benefit Plan Investor or Similar Law Plan or (b)(i) such purchaser or transferee's acquisition, holding and disposition of this Note or an interest therein does not and will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code as a result of satisfying all of the applicable conditions of one or more of the following Prohibited Transaction Class Exemption ("**PTCE**") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23 issued by the U.S. Department of Labor, or such other prohibited transaction exemption for which the purchaser or transferee (and, if applicable, any person or entity acting on behalf of such purchaser or transferee) demonstrates to the satisfaction of the Issuer that all applicable conditions are satisfied (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law), and (ii) neither Issuer nor its affiliates has provided any advice that has formed or may form a primary basis for the decision to purchase, hold, or dispose of any interest in the Notes on behalf of any purchaser or transferee. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.
- (7) 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] [Not applicable]⁶⁸
[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.] [include this text if "yes" selected]

[Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem

⁶⁸ 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.

eligibility criteria be amended in the future such that the Notes are capable of meeting them, then the Issuer may (in its absolute discretion) elect to deposit the Notes with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)]*[include this text for registered notes]* . Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] *[Include this text if "no" selected]*

- | | | |
|-----|--|---|
| 14. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | [CREST/ DTC/None/ <i>specify other</i>] |
| 15. | Delivery: | Delivery [against/free of] payment |
| 16. | Settlement procedures: | [Eurobond/Medium Term Note/ <i>other (specify)</i>] |
| 17. | Additional Paying Agent(s) (if any): | [HSBC Bank plc] [<i>specify other</i>] [Not applicable] |
| 18. | Common Depository: | [HSBC Bank plc] [DTC] [Not applicable] [<i>specify</i>] |
| 19. | Calculation Agent: | [HSBC Bank plc] [HSBC France] [<i>other (specify)</i>] |
| 20. | City in which specified office of Registrar to be maintained:
(<i>Condition 15</i>) | [London] [New York] [Not applicable] [<i>specify</i>] |
| 21. | ERISA Considerations: | [ERISA prohibited] [ERISA terms apply] |

**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

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CALCULATION AGENT

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London E14 5HQ
United Kingdom

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France

REGISTRAR

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Association
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USA

**LEGAL ADVISERS TO THE
ISSUER AND THE DEALER**

as to English law

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10 Upper Bank Street
London E14 5JJ
United Kingdom



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 (2014 ISDA Credit Derivatives Definitions Version)

This product supplement in relation to Credit-Linked Notes constitutes Part G ("**Part G**") of the offering memorandum dated 12 June 2015 (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 its Global Exchange Market and applies in relation to Credit-Linked Notes for which "Part G – Product Supplement for Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)" is specified as applicable in the relevant Pricing Supplement.

This 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"). This 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 G and any other statement in, or incorporated by reference in, other parts of this Offering Memorandum, the statements in this Part G will prevail for the purposes of Part G.

Notes issued pursuant to the Programme may include "**Credit-Linked Notes**", being Notes in relation to which the interest and/or the amount payable and/or the value of the assets deliverable on redemption reflect the performance of a reference entity or reference obligation, or a portfolio of reference entities or reference obligations and the credit-linked terms of which include terms based on the 2014 ISDA Credit Derivatives Definitions. The purpose of this Part G is to provide information in relation to such Credit-Linked Notes. This Part G should be read together with Parts A and B of this Offering Memorandum.

An investment in Credit-Linked Notes involves risks. See Part A of this 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 G 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 G 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 G 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 G 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 G 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 G nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Part G or the 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

12 June 2015

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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 (2014 ISDA CREDIT DERIVATIVES DEFINITIONS VERSION)

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 (2014 ISDA Credit Derivatives Definitions Version)*" (the "**Credit Linked Conditions**" and, together with the Terms and Conditions of the Notes, the "**Base Conditions**") 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 for which "Part G – Product Supplement for Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)" is specified as applicable 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 (2014 ISDA Credit Derivatives Definitions Version)*", such "*Additional Terms and Conditions Relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)*" shall prevail and the "*Terms and Conditions of the Notes*" shall be amended accordingly.

Unless otherwise stated in these Credit Linked Conditions or in the relevant Pricing Supplement, in the event that any day specified in the section "*Credit Linked Redemption*" in the relevant Pricing Supplement or the last day of any period calculated by reference to calendar days falls on a day that is not a Business Day, such day or last day shall be subject to adjustment in accordance with the applicable Business Day Convention.

In the case of Credit Linked Notes for which more than one Reference Entity is specified in the relevant Pricing Supplement, all references to "**the Reference Entity**" herein shall be construed to refer to the Reference Entity in respect of which the relevant determination falls to be made at any relevant time and all related provisions and determinations will be construed accordingly. In addition, where an event, date, determination or circumstance relates to a Reference Entity, only those Business Centre(s) specified in relation to that Reference Entity will be deemed to apply for the purposes of the definition of "Business Day" in relation thereto and otherwise all of the Business Centre(s) specified in the relevant Pricing Supplement (including those for all Reference Entities) will apply for the purposes of the definition of "Business Day".

For the avoidance of doubt no Credit Linked Notes will be considered frustrated, or otherwise void or voidable (whether for mistake or otherwise) solely because:

- (a) any relevant Reference Entity does not exist on, or ceases to exist on or following, the Trade Date; and/or
- (b) Obligations, Deliverable Obligations, Valuation Obligations or the Reference Obligation do not exist on, or cease to exist on or following, the Trade Date.

Credit Linked Notes may take the form of Single Reference Entity Credit Linked Notes (which may be Leveraged Credit Linked Notes) or Basket Credit Linked Notes. The Settlement Method for Single Reference Entity Credit Linked Notes which are not Leveraged Credit Linked Notes may be Auction Settlement or Physical Settlement and the Settlement Method for Single Reference Entity Credit Linked Notes which are Leveraged Credit Linked Notes will be Auction Settlement. The Settlement Method for Basket Credit Linked Notes will be Auction Settlement. The relevant Pricing Supplement shall specify, amongst other things:

- (a) the type of Credit Linked Notes;
- (b) the Settlement Method;
- (c) the Reference Entity or Reference Entities in respect of which a Credit Event may occur;
- (d) the Reference Obligation(s) (if any) in respect of each Reference Entity;
- (e) the Trade Date and the Scheduled Maturity Date; and
- (f) the Reference Entity Notional Amount in respect of each Reference Entity.

1. Redemption of Credit Linked Notes

- (a) Unless previously redeemed or purchased and cancelled and subject as provided in Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4 and Credit Linked Condition 5 and, in the case of Leveraged Credit Linked Notes, **provided that** 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), the Issuer shall redeem each Credit Linked Note on the Maturity Date by payment of the Final 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).

In the case of Instalment Notes, subject as provided in Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, the Issuer shall redeem each Credit Linked Note in such number of instalments and in such amounts ("**Instalment Amounts**") as may be specified in, or determined herein or in accordance with the provisions of, the relevant Pricing Supplement).

If a Credit Event Determination Date has occurred in respect of any Reference Entity, provided, in the case of Leveraged Credit Linked Notes, that 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), the Issuer shall redeem each Credit Linked Note as described below.

If a Trigger Event Option Notice has been delivered in the case of Leveraged Credit Linked Notes (and no Additional Note Issuance has also occurred), the Issuer shall redeem each Credit Linked Note as described below.

References in these Credit Linked Conditions to a Credit Linked Note or Note are to a nominal amount of Credit Linked Notes equal to the Calculation Amount. Any payment of a "*pro rata*" amount in respect of a Note will be determined by reference to its nominal amount relative to the then aggregate nominal amount of Notes. For the avoidance of doubt, Condition 7(a) and Condition [7(i)] will not apply.

- (b) Where the Notes are Single Reference Entity Credit Linked Notes, if a Credit Event Determination Date has occurred in relation to the Reference Entity, then the Notes will be settled in accordance with Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable.
- (c) Where the Notes are Basket Credit Linked Notes, if a Credit Event Determination Date has occurred in respect of any specified Reference Entity, then the provisions of Credit Linked Condition 5 will apply.
- (d) Where any Credit Event Redemption Amount is or would be zero then, other than for the payment of accrued interest or any other due but unpaid amounts, the Notes will be cancelled as of the Credit Event Redemption Date with no payment being due other than any final amount of accrued interest or any other due but unpaid amounts. The Issuer will have no further obligations in respect of the Credit Linked Notes.
- (e) Where the Notes are Leveraged Credit Linked Notes, if a Trigger Event Option Notice is delivered (and no Additional Note Issuance has also occurred), then the Notes will be settled in accordance with Credit Linked Condition 13.
- (f) If any purchase and cancellation of Notes occurs under Condition [7(g)] or any further issue under Condition 18, the Calculation Agent will make such adjustments to the relevant Pricing Supplement and/or these Credit Linked Conditions as it determines appropriate (including Reference Entity Notional Amounts) to ensure the Notes continue to reflect economic intentions.

2. Auction Settlement

- (a) Where (i) Auction Settlement is specified as the applicable Settlement Method in the relevant Pricing Supplement for Single Name Credit Linked Notes and a Credit Event Determination Date occurs on or prior to the Auction Final Price Determination Date or (ii) Credit Linked Condition [4(b)] applies and the Issuer does not give a Notice of Physical Settlement, the Issuer shall give notice (such notice an "Auction Settlement Notice") to the Noteholders in accordance with Condition 14 (*Notices*), and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem all but not some only of the Credit Linked Notes, each Credit Linked Note being redeemed by the Issuer at the Credit Event Redemption Amount on the Credit Event Redemption Date. Any delay in the delivery of an Auction Settlement Notice or failure by the Issuer to deliver an Auction Settlement Notice shall not affect the validity of a Credit Event Determination Date.
- (b) Unless settlement has occurred in accordance with the paragraph above, if:
- (i) an Auction Cancellation Date occurs;
 - (ii) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to paragraphs (b) or (c)(ii) of the definition of No Auction Announcement Date, the Issuer has not exercised the Movement Option);
 - (iii) a DC Credit Event Question Dismissal occurs;
 - (iv) a Credit Event Determination Date was determined pursuant to paragraph (a) of the definition of Credit Event Determination Date or paragraph (a) of the definition of Non-Standard Credit Event Determination Date and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Credit Event Determination Date; or
 - (v) the Calculation Agent determines that it is otherwise reasonably likely that the Reference Transaction would be settled in accordance with the Fallback Settlement Method and gives notice of such to the Issuer (the date on which the Calculation Agent gives such notice, the "**Calculation Agent Fallback Settlement Determination Date**"),

then the Issuer shall redeem the Credit Linked Notes in accordance with Credit Linked Condition 3 below.

If a Credit Event Determination Date has occurred and the Notes become redeemable in accordance with this Credit Linked Condition 2, upon payment of the Credit Event Redemption Amounts in respect of the Notes, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the nominal amount of a Credit Linked Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

3. Cash Settlement

If a Credit Event Determination Date has occurred and Credit Linked Condition 2(b) above applies, the Issuer shall give notice (such notice a "**Cash Settlement Notice**") to the Noteholders in accordance with Condition [14] (*Notices*), and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem all but not some only of the Credit Linked Notes, each Credit Linked Note being redeemed by the Issuer at the Credit Event Redemption Amount on the Credit Event Redemption Date. Any delay in the delivery of a Cash Settlement Notice or failure by the Issuer to deliver a Cash Settlement Notice shall not affect the validity of a Credit Event Determination Date.

If a Credit Event Determination Date has occurred and the Notes become redeemable in accordance with this Credit Linked Condition 3, upon payment of the Credit Event Redemption Amounts in respect of the Notes, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the nominal amount of a Credit Linked Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

4. Physical Settlement

- (a) A Series of Credit Linked Notes for which the Settlement Method is Physical Delivery may only comprise one Note and therefore be issued with a Specified Denomination and Calculation Amount equal to the Aggregate Principal Amount and these Credit Linked Conditions will be construed accordingly. Condition 18 shall not apply to such Credit Linked Notes.
- (b) If a Credit Event Determination Date has occurred, then where Physical Delivery is specified as the applicable Settlement Method in the relevant Pricing Supplement, the Issuer shall give notice (such notice a "**Notice of Physical Settlement**") to the Noteholders in accordance with Condition [14] (*Notices*), and, subject to these Credit Linked Conditions, in particular Credit Linked Condition 1, redeem each Credit Linked Note by the Delivery of the Deliverable Obligations comprising the Entitlement on or prior to the Credit Settlement Date, subject to and in accordance with the Conditions and these Credit Linked Conditions, unless in the determination of the Issuer in its sole and absolute discretion in its opinion (i) it would not have any Deliverable Obligations to so Deliver or (ii) all of the Deliverable Obligations would be Undeliverable Obligations, in which case the provisions of Credit Linked Condition 2 above shall apply as if Auction Settlement were thereafter the Settlement Method and these Credit Linked Conditions and the relevant Pricing Supplement will be construed accordingly and the Issuer shall redeem the Credit Linked Notes in accordance with Credit Linked Condition 2. Any delay in the delivery of a Notice of Physical Settlement or failure by the Issuer to deliver a Notice of Physical Settlement shall not affect the validity of a Credit Event Determination Date.

The relevant Asset Package, if applicable, will be deemed to be a Deliverable Obligation and the composition of the Asset Package and the Entitlement in respect of each Credit Linked Note will be determined by reference to the relevant Prior Deliverable Obligation or Package Observable Bond specified in the relevant Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable. Where appropriate the Calculation Agent may make any adjustment in relation to provisions for physical delivery and determination of the Entitlement to take account of the relevant Asset Package.

In the Notice of Physical Settlement, the Issuer shall specify the Deliverable Obligations comprising the Entitlement that it reasonably expects to Deliver. For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute the Entitlement, irrespective of their market value.

The Issuer may, from time to time, amend a Notice of Physical Settlement by delivering a notice to Noteholders in accordance with Condition [14] (*Notices*), (each such notification, a "**Physical Settlement Amendment Notice**") that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such Physical Settlement Amendment Notice is effective). A Physical Settlement Amendment Notice shall specify each replacement Deliverable Obligation that the Issuer will Deliver (each, a "**Replacement Deliverable Obligation**") and shall also specify the Outstanding Principal Balance or Due and Payable Amount (determined on the same basis as in the definition of Entitlement) of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior Physical Settlement Amendment Notice, as applicable, that is being replaced or the equivalent Currency Amount of any such amount (with respect to each such Deliverable Obligation, the

"Replaced Deliverable Obligation Outstanding Amount"). The Replacement Deliverable Obligation(s), taken together, shall have an aggregate Replaced Deliverable Obligation Outstanding Amount at least equal to the Outstanding Principal Balance(s) and/or Due and Payable Amount(s) (or the equivalent Currency Amount(s) of any such amount(s)) of the Deliverable Obligations being replaced. Each such Physical Settlement Amendment Notice must be effective on or prior to the Credit Settlement Date (determined without reference to any change resulting from such Physical Settlement Amendment Notice). Notwithstanding the foregoing, (i) the Issuer may correct any errors or inconsistencies contained in the Notice of Physical Settlement or any Physical Settlement Amendment Notice, as applicable, by notice to Noteholders in accordance with Condition [14] (*Notices*), prior to the relevant Delivery Date; and (ii) if Asset Package Delivery is applicable, the Issuer shall on the PSN Effective Date, or as soon as reasonably practicable thereafter (but in any case, prior to the Delivery Date), notify the Noteholders (in accordance with Condition [14] (*Notices*)) of the detailed description of the Asset Package, if any, that the Issuer will Deliver in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable, it being understood in each case that any such notice of correction shall not constitute a Physical Settlement Amendment Notice.

If "Mod R" is specified as applicable in the relevant Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation falls within paragraph (e) of the definition thereof or the Deliverable Obligation or Valuation Obligation, as applicable, is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be included in the Entitlement and a Valuation Obligation may be specified in a Valuation Obligation Notification 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, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, both the PSN Effective Date and the Delivery Date or the date of delivery of the Valuation Obligation Notification, as applicable.

If "Mod Mod R" is specified as applicable in the relevant Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation falls within paragraph (e) of the definition thereof or the Deliverable Obligation or Valuation Obligation, as applicable, is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation may be included in the Entitlement and a Valuation Obligation may be specified in a Valuation Obligation Notification 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, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, both the PSN Effective Date and the Delivery Date or the date of delivery of the Valuation Obligation Notification, as applicable. For the purposes of this paragraph only and notwithstanding the foregoing, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

Asset Package Delivery will apply if an Asset Package Credit Event occurs, unless (i) such Asset Package Credit Event occurs prior to the Credit Event Backstop Date determined in respect of the Credit Event specified in the Credit Event Notice or DC Credit Event Announcement applicable to the Credit Event Determination Date, or (ii) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event. Notwithstanding the foregoing, if Sovereign No Asset Package Delivery is specified as applicable in the relevant Pricing Supplement, it shall be deemed that no Package Observable Bond exists with respect to a Reference Entity that is a Sovereign (even if such a Package Observable Bond has been published by ISDA) and accordingly, Asset Package Delivery shall not apply thereto.

If a Credit Event Determination Date has occurred and the Notes become redeemable in accordance with this Credit Linked Condition 4, upon Delivery of the Deliverable Obligations and/or payment of the Partial Cash Settlement Amounts, as the case may be, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Obligations and/or the Partial Cash Settlement Amount, as the case may be, may be less than the nominal amount of a Credit Linked Note. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

(c) Terms relating to Physical Delivery

(i) Asset Transfer Notices

In relation to a Credit Linked Note to be redeemed by Delivery of the Entitlement(s), in order to obtain Delivery of the Entitlement in respect of any Note, the relevant Noteholder must:

- (A) if such Note is in global form, deliver to the relevant Clearing System and (in the case of Registered Notes) the Registrar, with a copy to the Principal Paying Agent, the Issuer and any entity appointed by the Issuer to Deliver the Entitlement on its behalf (the "**Delivery Agent**") no later than the close of business in each place of reception on the Cut-off Date, a duly completed asset transfer notice (the "**Asset Transfer Notice**") substantially in the form set out in "Part G – Product Supplement for Credit-Linked Notes" of the Offering Memorandum dated 12 June 2015 prepared by the Issuer in relation to the Programme for the Issuance of Notes and Warrants described therein (the "**Part G Product Supplement**"); and
- (B) if such Note is in definitive form, deliver (i) if such Note is a Bearer Note, to any Paying Agent or (ii) if such Note is a Registered Note, to the Registrar or any Paying Agent, in each case, with a copy to the Principal Paying Agent, the Issuer and the Delivery Agent (as defined above) no later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice.

For the purposes hereof, "**Cut-Off Date**" means the date specified as such in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable.

A form of Asset Transfer Notice may be obtained during normal business hours from the specified office of the Registrar or any Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is in global form, in such manner as is acceptable to the relevant Clearing System or (ii) if such Note is in definitive form, in writing.

If a Note is in definitive form, it must be delivered together with the duly completed Asset Transfer Notice.

The Asset Transfer Notice shall:

- (1) specify the name, address and contact telephone number of the relevant Noteholder and the person from whom the Issuer or Delivery Agent may obtain details for the Delivery of the Entitlement;
- (2) specify the series number of the Notes;

- (3) in the case of a Note in global form, specify the number of the Noteholder's account at the relevant Clearing System to be debited with the Note and irrevocably instruct and authorise the relevant Clearing System to debit the relevant Noteholder's account with such Note on or before the Credit Settlement Date;
- (4) include an undertaking to pay all Expenses and, in the case of a Note in global form, an authority to the relevant Clearing System to debit a specified account of the Noteholder with the relevant Clearing System in respect thereof and to pay such Expenses;
- (5) include such details as are required for Delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be Delivered and/or any other Delivery instructions and specify the name and number of the Noteholder's account to be credited with any cash payable by the Issuer, (including, where applicable, pursuant to Credit Linked Condition 11, in respect of any cash amount constituting the Entitlement); and
- (6) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Part G Product Supplement.

Copies of the Asset Transfer Notice may be obtained from the Registrar or any Paying Agent.

(ii) Verification of the Noteholder

In the case of a Note in global form, upon receipt of an Asset Transfer Notice, the relevant Clearing System shall verify that the person delivering the Asset Transfer Notice is the holder of the Note described therein according to its records. Subject thereto, the relevant Clearing System will confirm to the Principal Paying Agent the series number of the Note the subject of such notice, the relevant account details and the details for the Delivery of the Entitlement of such Note. Upon receipt of such confirmation, the Principal Paying Agent will inform the Issuer and any Delivery Agent thereof. The relevant Clearing System will on or before the Credit Settlement Date debit the securities account of the relevant Noteholder with the relevant Note.

(iii) Determination and Delivery

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made by the relevant Paying Agent or the Registrar, as the case may be, in each case in consultation with the Principal Paying Agent, and shall be conclusive and binding on the Issuer, the Principal Paying Agent, any Delivery Agent and the relevant Noteholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Paying Agent, the Issuer and any Delivery Agent immediately after being delivered or sent as provided in paragraph (i) above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of, in the case of Notes in global form, the relevant Clearing System, or, in the case of a Note in definitive form, by the relevant Paying Agent or the Registrar, as the case may be, in each case in consultation with the Principal Paying Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

The relevant Clearing System or the relevant Registrar or the Paying Agent, as applicable, shall use its reasonable efforts as soon as reasonably practicable to notify the Noteholder submitting an Asset Transfer Notice, if, in consultation with the Principal Paying Agent and the Issuer, it has determined that such Asset Transfer Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Paying Agents, the Registrar or the relevant Clearing System shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Noteholder.

No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant Clearing System, the Registrar or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Note which are the subject of such notice.

In relation to each Deliverable Obligation comprising an Entitlement the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation on or prior to the Credit Settlement Date at the risk of the relevant Noteholder in the manner provided below and **provided that** the Asset Transfer Notice is duly delivered as provided above not later than the close of business in each place of reception on the Cut-Off Date, **Provided That** if all or some of the Deliverable Obligations included in such Entitlement are Undeliverable Obligations and/or Hedge Disruption Obligations as of the Credit Settlement Date, then the provisions of Credit Linked Condition 11 below will apply.

If a Noteholder fails to give an Asset Transfer Notice as provided herein with a copy to each relevant party prior to the close of business in each place of reception on the Cut-Off Date, then the Deliverable Obligations comprising the relevant Entitlement will be treated as Hedge Disruption Obligations and the provisions of Credit Linked Condition 11 below will apply.

The Issuer (or any Delivery Agent on its behalf) shall, at the risk of the relevant Noteholder, Deliver (or procure the Delivery) of the Entitlement for a Note, in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice or in such manner as is specified in the relevant Pricing Supplement. All Expenses shall be for the account of the relevant Noteholder and no Delivery of the Entitlement shall be made until all Expenses have been paid by the relevant Noteholder to the satisfaction of the Issuer.

(iv) General

The Entitlement will be rounded down to the nearest whole unit of the Deliverable Obligation or each of the Deliverable Obligations, as the case may be, in such manner as the Calculation Agent shall determine. Fractions of the Deliverable Obligation or of each of the Deliverable Obligations, as the case may be, will not be delivered and in lieu thereof a cash adjustment calculated by the Calculation Agent in its sole and absolute discretion shall be paid to the Noteholder.

For such period of time after Delivery of the Entitlement and for the Intervening Period, none of the Issuer, the Paying Agents, the Registrar, any Delivery Agent or any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of the securities or obligations included in such Entitlement, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as

a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations.

(d) Rights of Noteholders and Calculations

None of the Issuer, the Calculation Agent, any Delivery Agent and the Agents shall have any responsibility for any errors or omissions in any calculation or determination in respect of a Note.

The purchase of a Note does not confer on any holder of such Note any rights (whether in respect of voting, distributions or otherwise) attaching to any Deliverable Obligation.

5. Redemption of Basket Credit Linked Notes following a Credit Event Determination Date

(a) If a Credit Event Determination Date has occurred in respect of any specified Reference Entity (i) the Issuer shall give notice in each case that a Credit Event Determination Date has occurred (such notice a "**Settlement Notice**") to the Noteholders in accordance with Condition [14] (*Notices*) and (ii) in respect of each Credit Linked Note:

- (A) the Issuer shall pay as an Instalment Amount for the purposes of Credit Linked Condition 1(a) above an amount equal to the relevant Credit Event Amount (for which purposes, subject as provided below, the Settlement Method shall apply), if any, on the relevant Credit Event Payment Date which will be the relevant Instalment Date;
- (B) the interest calculation basis described in paragraph (b) below will apply; and
- (C) notwithstanding anything to the contrary herein, if on or prior to the Maturity Date the Adjusted Credit Outstanding Nominal Amount is equal to zero, each Credit Linked Note will be redeemed (together with accrued interest, if any) at the final Credit Event Amount on the final Credit Event Payment Date.

Unless settlement has occurred in accordance with part (A) above, if:

- (i) an Auction Cancellation Date occurs;
- (ii) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to paragraphs (b) or (c)(ii) of the definition of No Auction Announcement Date, the Issuer has not exercised the Movement Option);
- (iii) a DC Credit Event Question Dismissal occurs;
- (iv) a Credit Event Determination Date was determined pursuant to paragraph (a) of the definition of Credit Event Determination Date or paragraph (a) of the definition of Non-Standard Credit Event Determination Date and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Credit Event Determination Date; or
- (v) a Calculation Agent Fallback Settlement Determination Date occurs,

then the Fallback Settlement Method shall apply for the purposes of the Credit Event Amount.

For the avoidance of doubt parts (A) and (B) of this provision will apply and part (C) of this provision will continue to apply in relation to each Reference Entity in respect of which a Credit Event Determination Date has occurred.

Any delay in the delivery of a Settlement Notice or failure by the Issuer to deliver a Settlement Notice shall not affect the validity of the Credit Event Determination Date in respect of the affected Reference Entity.

A Credit Event Determination Date may occur more than once except that, subject as provided in Credit Linked Condition 15 and the definition of Credit Event Determination Date in Credit Linked Condition 14, a Credit Event Notice (if applicable) may only be delivered on one occasion and a Credit Event Determination Date may occur once only, with respect to any Reference Entity (unless subsequent to the occurrence of a Credit Event Determination Date with respect to any Reference Entity, that Reference Entity becomes the Successor to one or more other Reference Entities in respect of which a Credit Event Determination Date has not occurred, in which case a Credit Event Determination Date may occur again).

- (b) Each Note will bear interest pursuant to, and in accordance with, Condition 4 or Condition 5, as applicable, **provided that** for the purposes of determining the interest amounts payable, the provisions set out in Credit Linked Condition 6 will not apply and instead the Calculation Amount shall be deemed to be each Note's *pro rata* share of the Interest Adjusted Credit Outstanding Nominal Amount in respect of the relevant Interest Period.
- (c) The "**Final Redemption Amount**" will be, unless otherwise specified in the relevant Pricing Supplement, an amount calculated by the Calculation Agent equal to a Note's *pro rata* share of the Adjusted Credit Outstanding Nominal Amount as of the Maturity Date. The Final Redemption Amount will be rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards).
- (d) For the purposes of Basket Credit Linked Notes:

"**Adjusted Credit Outstanding Nominal Amount**" means, on any date, (i) the Aggregate Principal Amount as of the Issue Date of the first Tranche of the Notes minus (ii) the aggregate Reference Entity Notional Amounts of Reference Entities in respect of which a Credit Event Determination Date has occurred on or prior to the relevant date minus (iii) the aggregate of any Shortfall Amounts in respect of the aggregate of the Credit Event Amounts in respect of the Notes for each Reference Entity in respect of which a Credit Event Determination Date has occurred on or prior to the relevant date, **Provided That** in no event shall the Adjusted Credit Outstanding Nominal Amount be less than zero;

"**Interest Adjusted Credit Outstanding Nominal Amount**" means, in respect of an Interest Period, the arithmetic average of the Adjusted Credit Outstanding Nominal Amounts for each day in such Interest Period, calculated without the deduction of any Shortfall Amounts; and

"**Shortfall Amount**" means, in respect of a Credit Event Amount, (a) (i) the relevant Unwind Costs minus (ii) the relevant Recovery Value or, if greater, (b) zero.

6. Accrual of Interest

Notwithstanding Condition 4(b) and Condition 5(b), as applicable, other than in the case of Basket Credit Linked Notes, where Credit Linked Condition 5(b) will apply, if:

- (i) "Accrual of Interest upon Credit Event" is specified as not applicable in the relevant Pricing Supplement, no interest shall be payable (and accordingly will be deemed not to have accrued) in respect of a Note in respect of which the relevant date for payment thereof (as may be adjusted pursuant to these Credit Linked Conditions) has occurred on or prior to the Credit Event Determination Date or, if the Credit Event Determination Date falls prior to the first such payment date, no interest shall accrue on the Notes; or
- (ii) "Accrual of Interest upon Credit Event" is specified as applicable in the relevant Pricing Supplement, each Note shall cease to bear interest from the Credit Event Determination Date or, if earlier, the last day of the Interest Period ending on (but excluding) the Scheduled Maturity Date,

Provided That, if:

- (A) (1) Credit Linked Condition 7, Credit Linked Condition 8 or Credit Linked Condition 9 applies in respect of the Notes and, in the case of Credit Linked Condition 7, a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Credit Linked Condition 8, a Failure to Pay has not occurred on the Grace Period Extension Date or, in the case of Credit Linked Condition 9, a Credit Event has not occurred on or prior to the DC Determination Cut-off Date, as the case may be; and/or
- (2) Credit Linked Condition 10 applies in respect of the Notes and a Credit Event Determination Date or the Repudiation/Moratorium Extension Condition, as applicable, has not occurred or is not satisfied on or prior to the Postponed Cut-off Date,

then interest will accrue as provided in Credit Linked Condition 7, Credit Linked Condition 8, Credit Linked Condition 9 or Credit Linked Condition 10, as the case may be; and

- (B) without duplication to any adjustment pursuant to the final paragraph of "Credit Event Determination Date" below, if one or more Interest Payment Dates has occurred between the Credit Event Determination Date and its determination, the Issuer may elect in its sole and absolute discretion to instigate the clawback of any overpaid Interest Amount(s) paid in respect of such Interest Payment Date(s).

7. Repudiation/Moratorium Extension

If "Repudiation/Moratorium" is specified as a Credit Event in the relevant Pricing Supplement, the provisions of this Credit Linked Condition 7 shall apply.

Where a Credit Event Determination Date has not occurred on or prior to the Scheduled Maturity Date but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Maturity Date or, if Credit Linked Condition 10(y) applies, the Postponed Cut-off Date and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium will, in the sole determination of the Calculation Agent, fall after the Scheduled Maturity Date, then the Calculation Agent shall notify the Noteholders in accordance with Condition [14] (*Notices*) that a Potential Repudiation/Moratorium has occurred and the maturity of the Notes will be delayed and:

- (a) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:
- (i) each nominal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer at the Final Redemption Amount on the fifth Business Day following the Repudiation/Moratorium Evaluation Date or, if later, the Postponed Cut-off Date; and
- (ii) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest (if any) calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the Repudiation/Moratorium Evaluation Date or, if later, the Postponed Cut-off Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (b) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition

1 and Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply to the Credit Linked Notes.

Any failure to provide notice of any such delay to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the above provisions.

8. Grace Period Extension

If "Grace Period Extension" is specified as applicable in the relevant Pricing Supplement, the provisions of this Credit Linked Condition 8 shall apply.

Where a Credit Event Determination Date has not occurred on or prior to the Scheduled Maturity Date but, in the determination of the Calculation Agent, a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Maturity Date (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date), then the Calculation Agent shall notify the Noteholders in accordance with Condition [14] (*Notices*) that a Potential Failure to Pay has occurred and the maturity of the Notes will be delayed and:

- (a) where a Failure to Pay has not occurred on the Grace Period Extension Date:
 - (i) each nominal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer at the Final Redemption Amount on the fifth Business Day following the Grace Period Extension Date; and
 - (ii) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the fifth Business Day following the Grace Period Extension Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (b) where a Failure to Pay has occurred on the Grace Period Extension Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1 and Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply to the Credit Linked Notes.

Any failure to provide notice of any such delay to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the above provisions.

9. Credit Derivatives Determinations Committee Extension

If, in the determination of the Calculation Agent, a Potential Credit Event has occurred and following a Credit Event Resolution Request Date the Credit Derivatives Determinations Committee has not made its determination on or prior to the Scheduled Maturity Date or any Interest Payment Date then the Calculation Agent shall notify Noteholders in accordance with Condition [14] (*Notices*) that the Maturity Date or the relevant interest payment has been postponed to a date (the "**DC Determination Postponed Date**") being the day falling five Business Days after (a) if the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred, fifteen (15) Business Days following the relevant DC Credit Event Announcement or (b) if the Credit Derivatives Determinations Committee Resolves that a Credit Event has not occurred, the second Business Day following the relevant DC No Credit Event Announcement or, as applicable, (c) fifteen (15) Business Days following the DC Credit Event Question Dismissal (the date of the relevant DC Credit Event Announcement, DC No Credit Event Announcement or DC Credit Event Dismissal, as applicable, the "**DC Determination Cut-off Date**"), and:

- (a) in the case of the Maturity Date, where a Credit Event has not occurred on or prior to the DC Determination Cut-off Date:
 - (i) each nominal amount of Credit Linked Notes equal to the Calculation Amount will be redeemed by the Issuer at the Final Redemption Amount on the relevant DC Determination Postponed Date; and
 - (ii) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or if none the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the relevant DC Determination Postponed Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (b) where a Credit Event has occurred on or prior to the DC Determination Cut-off Date and a Credit Event Determination Date has occurred, the provisions of Credit Linked Condition 1 and Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply to the Credit Linked Notes; or
- (c) in relation to such event as of an Interest Payment Date, the Calculation Agent may delay the relevant amount of interest which would otherwise be payable on the relevant Interest Payment Date. In this case where (i) a Credit Event has not occurred on or prior to the DC Determination Cut-off Date then the relevant amount of interest shall be payable on the relevant DC Determination Postponed Date but no additional interest will be payable in respect of the relevant delay and for the avoidance of doubt no amendment will be made to any Interest Period or basis of calculation of the relevant amount of interest, other than as described above; or (ii) where a Credit Event has occurred on or prior to the DC Determination Cut-off Date and a Credit Event Determination Date has occurred thereafter, the relevant amount of interest will be adjusted accordingly and may be zero and (if any) will be payable on the relevant DC Determination Postponed Date.

Any failure to provide notice of any such postponement to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the above provisions.

10. Maturity Date Extension in the case of Credit Linked Notes

The following provisions of this Credit Linked Condition 10 apply to Credit Linked Notes and, for the avoidance of doubt, may be applied on more than one occasion:

Without prejudice to Credit Linked Condition 12, if:

- (x) on (A) the Scheduled Maturity Date, (B), if applicable, the Repudiation/Moratorium Evaluation Date, (C) if Grace Period Extension is specified as applying in the relevant Pricing Supplement, the Grace Period Extension Date, (D) the last day of the Notice Delivery Period or (E) the DC Determination Cut-off Date, as the case may be, a Credit Event Determination Date has not occurred but, in the determination of the Calculation Agent, a Credit Event or Potential Credit Event may have occurred; or
- (y) on the Scheduled Maturity Date, in the determination of the Calculation Agent, a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may at its option notify the Noteholders in accordance with Condition [14] (*Notices*) that redemption of the Notes has been postponed and, in the case of (x) above, the Repudiation/Moratorium Evaluation Date, the Grace Period Extension Date, the last day of the Notice Delivery Period (which for these

purposes shall apply in the case of (x)(A) as well as (x)(D) above) or the DC Determination Cut-off Date, as the case may be, has been postponed to the Postponed Cut-off Date and:

where:

- (a) in the case of Credit Linked Condition 10(x), a Credit Event Determination Date has not occurred on or prior to the Postponed Cut-off Date or, in the case of Credit Linked Condition 10(y), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Cut-off Date:
 - (i) subject as provided below, each Note will be redeemed by the Issuer at the Final Redemption Amount on the Postponed Maturity Date; and
 - (ii) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay; or
- (b) where:
 - (i) in the case of Credit Linked Condition 10(x), a Credit Event Determination Date has occurred on or prior to the Postponed Cut-off Date, the provisions of Credit Linked Condition 1 and Credit Linked Condition 2, Credit Linked Condition 3, Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply to the Credit Linked Notes; or
 - (ii) in the case of Credit Linked Condition 10(y), the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Cut-off Date, the provisions of Credit Linked Condition 7 shall apply to the Credit Linked Notes.

For the purposes hereof:

"Postponed Cut-off Date" means the fifteenth (15th) Business Day after the Scheduled Maturity Date, the relevant Repudiation/Moratorium Evaluation Date or Grace Period Extension Date, or the last day of the Notice Delivery Period or the DC Determination Cut-off Date, as the case may be; and

"Postponed Maturity Date" means the fifth (5th) Business Day after the Postponed Cut-off Date.

11. Partial Cash Settlement

If all or a portion of the Obligations comprising the Entitlement are Undeliverable Obligations and/or Hedge Disruption Obligations, the Issuer shall give notice (a **"Partial Cash Settlement Notice"**) to the Noteholders in accordance with Condition [14] (*Notices*) and the Issuer shall pay in respect of each Undeliverable Obligation and/or Hedge Disruption Obligation, as the case may be, the Partial Cash Settlement Amount on the Partial Cash Settlement Date. Any failure to provide a Partial Cash Settlement Notice will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.

In the Partial Cash Settlement Notice, the Issuer must give details of why it is unable to deliver the relevant Undeliverable Obligations or Hedge Disruption Obligation, as the case may be.

Unless otherwise specified in the relevant Pricing Supplement, for the purposes of this Credit Linked Condition 11 only the following terms shall be defined as follows and such definitions will apply notwithstanding other definitions of such terms in Credit Linked Condition 14:

"Indicative Quotation" means, in accordance with the Quotation Method, each quotation obtained from a Quotation Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, equal to the Quotation Amount, which reflects such Quotation Dealer's reasonable assessment of the price of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, based on such factors as such Quotation Dealer may consider relevant, which may include historical prices and recovery rates.

"Market Value" means, with respect to an Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applying in the relevant Pricing Supplement and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and, if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, subject to paragraph (b) of the definition of "Quotation" below, an amount as determined by the Calculation Agent on the next Business Day on which at least two Full Quotations or a Weighted Average Quotation or, if applicable, three Indicative Quotations are obtained; and (vii) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) on the same Business Day on or prior to the tenth Business Day following the Valuation Date the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

"Partial Cash Settlement Amount" is deemed to be, for an Undeliverable Obligation or a Hedge Disruption Obligation, as the case may be, an amount calculated by the Calculation Agent equal to the greater of:

- (i) (A) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be; multiplied by
 - (B) (x) the Final Price with respect to such Undeliverable Obligation or Hedge Disruption Obligation, determined as provided in this Credit Linked Condition or (y) in the case of a Hedge Disruption Obligation, if a Hedging Auction has been held on or prior to the Credit Settlement Date, the Hedging Auction Final Price; less if applicable
 - (C) Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Entitlement); less

(D) Expenses, if any (but excluding any Expenses already taken into account in calculating the relevant Entitlement); and

(ii) zero,

provided that where the relevant Undeliverable Obligation or Hedge Disruption Obligation forms part of the Asset Package and (in the case of (x) above) the Calculation Agent determines in its sole discretion that a Final Price cannot reasonably be determined in respect of such Undeliverable Obligation or Hedge Disruption Obligation, then the Partial Cash Settlement Amount will be an amount calculated by the Calculation Agent in its sole discretion equal to the fair market value of the relevant Undeliverable Obligation or Hedge Disruption Obligation less Unwind Costs if any (but excluding any Unwind Costs already taken into account in calculating the relevant Entitlement) and less Expenses, if any (but excluding any Expenses already taken into account in calculating the relevant Entitlement).

"Partial Cash Settlement Date" is deemed to be the date falling five Business Days after the calculation of the Final Price or, if the Hedging Auction Final Price applies, the Credit Settlement Date.

"Quotation" means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are specified as applying in the relevant Pricing Supplement, each Indicative Quotation obtained and expressed as a percentage of the Outstanding Principal Balance or Due and Payable Amount, as applicable, of the relevant Undeliverable Obligation or Hedge Disruption Obligation with respect to a Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are specified as applying in the relevant Pricing Supplement, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more Quotation Dealers.
- (b) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applying in the relevant Pricing Supplement, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.
- (c) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this determination.

"Quotation Amount" is deemed to be, with respect to each type or issue of Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, an amount equal to at least the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent by reference to exchange rates in effect at the time that the relevant

Quotation is being obtained), as applicable, of such Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

"**Quotation Method**" is deemed to be Bid.

"**Valuation Date**" is the fifth Business Day following the Credit Settlement Date.

"**Valuation Method**" is deemed to be Highest unless fewer than two Full Quotations are obtained or a Weighted Average Quotation applies (or, if applicable, Indicative Quotations), in which case "Valuation Method" is deemed to be Market.

"**Valuation Obligation**" is deemed to be each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be.

"**Valuation Time**" is the time specified as such in the relevant Pricing Supplement, or, if no time is so specified, 11:00 a.m. in the principal trading market for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be.

"**Weighted Average Quotation**" means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount that in aggregate are approximately equal to the Quotation Amount.

12. Settlement Suspension

(a) Suspension

Without prejudice to Credit Linked Condition 10, if, following the determination of a Credit Event Determination Date but prior to the Credit Settlement Date or, to the extent applicable, a Valuation Date, there is a DC Credit Event Meeting Announcement, the Calculation Agent may, at its option, determine that the applicable timing requirements of the Credit Linked Conditions and the definitions of Credit Event Redemption Date, Credit Event Payment Date, Valuation Date, Maturity Date, Physical Settlement Period and PSN Cut-off Date, and any other Credit Linked Condition provision(s) as determined by the Calculation Agent, shall toll and be suspended and remain suspended (such period of suspension, a "**Suspension Period**") until the date of the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal. Once the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal has occurred, the relevant timing requirements of the Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by the DC Secretary.

In the event of any such Suspension Period, the Calculation Agent may make (x) such consequential or other adjustment(s) or determination(s) to or in relation to the Conditions and these Credit Linked Conditions as may be desirable or required either during or following any relevant Suspension Period to account for or reflect such suspension and (y) determine the effective date of such adjustment(s) or determination(s).

(b) Interest

In the case of interest bearing Credit Linked Notes:

- (i) if a Suspension Period falls in any one or more Interest Period(s), then no interest (or any interest on any delayed payment of interest) shall accrue during each portion of an Interest Period during which a Suspension Period exists; and

- (ii) if an Interest Payment Date falls in a Suspension Period, payment of the relevant interest will be deferred until such date as determined by the Calculation Agent falling no earlier than the first Business Day and no later than the fifth Business Day following the end of the Suspension Period, all subject to the provisions of Condition [9] (*Payments*) and Credit Linked Conditions 7, 8, 9 and 10.

13. Trigger Event Provisions

- (a) Where the Notes are Leveraged Credit Linked Notes, 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 to the Noteholders in accordance with Condition [14] (*Notices*) (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**").

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.

- (b) 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. There will be no change to the Reference Entity Notional Amount upon the Additional Note Issuance.
- (c) 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 each Note's *pro rata* share of the Note Value as of the Trigger Event Redemption Date.
- (d) 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.
- (e) 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 on the basis of a Floating Rate Payer Calculation Amount equal to the Reference Entity Notional Amount and 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" means, 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 Unwind Costs on such date, **provided that**, solely for the purposes of this 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.

"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.

14. Definitions applicable to Credit Linked Notes

"**2.5-year Limitation Date**" has the meaning given to that term in the definition of "Limitation Date".

"**10-year Limitation Date**" has the meaning given to that term in the definition of "Limitation Date".

"**Accrued Interest**" means for the purpose of these Credit Linked Conditions:

- (a) in respect of any Notes for which "Physical Settlement" is specified to be the Settlement Method in the relevant Pricing Supplement, the Outstanding Principal Balance of the Deliverable Obligations being Delivered will exclude accrued but unpaid interest, unless "Include Accrued Interest" is specified in the relevant Pricing Supplement, in which case, the Outstanding Principal Balance of the Deliverable Obligations being Delivered will include accrued but unpaid interest (as the Calculation Agent shall determine in its reasonable discretion);
- (b) in respect of any Notes for which Cash Settlement is applicable as the Fallback Settlement Method in accordance with Credit Linked Condition 2, and:
 - (i) "Include Accrued Interest" is specified in the relevant Pricing Supplement, the Outstanding Principal Balance of the relevant Valuation Obligation shall include accrued but unpaid interest;
 - (ii) "Exclude Accrued Interest" is specified in the relevant Pricing Supplement, the Outstanding Principal Balance of the relevant Valuation Obligation shall not include accrued but unpaid interest; or
 - (iii) neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the relevant Pricing Supplement, the Calculation Agent shall determine, based on the then current market practice in the market of the relevant Valuation Obligation whether the Outstanding Principal Balance of the relevant Valuation Obligation shall include or exclude accrued but unpaid interest and, if applicable, the amount thereof; or
- (c) if Credit Linked Condition 11 applies, the Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligation (as applicable), whether such Quotations shall include or exclude accrued but unpaid interest.

"**Additional Note Issuance**" has the meaning given to that term in Credit Linked Condition 13.

"**Adjusted Credit Outstanding Nominal Amount**" has the meaning given to that term in Credit Linked Condition 5.

"**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.

"**Asset**" means each obligation, equity, amount of cash, security, fee (including any "early-bird" or other consent fee), right and/or other asset, whether tangible or otherwise and whether issued, incurred, paid or provided by the Reference Entity or a third party (or any value which was realised or capable of being realised in circumstances where the right and/or other asset no longer exists).

"**Asset Market Value**" means the market value of an Asset, as the Calculation Agent shall determine by reference to an appropriate specialist valuation or in accordance with the methodology determined by the Credit Derivatives Determinations Committee.

"**Asset Package**" means, in respect of an Asset Package Credit Event, all of the Assets in the proportion received or retained by a Relevant Holder in connection with such relevant Asset Package Credit Event (which may include the Prior Deliverable Obligation or Package Observable Bond, as the case may be). If the Relevant Holder is offered a choice of Assets or a choice of combinations of Assets, the Asset Package will be the Largest Asset Package. If the Relevant Holder is offered, receives and retains nothing, the Asset Package shall be deemed to be zero.

"**Asset Package Credit Event**" means:

- (a) if "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the relevant Pricing Supplement:
 - (i) a Governmental Intervention; or
 - (ii) a Restructuring in respect of the Reference Obligation, if "Restructuring" is specified as applicable in the relevant Pricing Supplement and such Restructuring does not constitute a Governmental Intervention; and
- (b) if the Reference Entity is a Sovereign and "Restructuring" is specified as applicable in the relevant Pricing Supplement, a Restructuring,

in each case, whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement.

"**Asset Transfer Notice**" has the meaning given to that term in Credit Linked Condition 4

"**Auction**" shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

"**Auction Cancellation Date**" shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

"**Auction Covered Transaction**" shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

"**Auction Final Price**" shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

"**Auction Final Price Determination Date**" shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

"**Auction Settlement Date**" shall mean the date that is the number of Business Days as shall be specified in the relevant 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.

"**Auction Settlement Notice**" has the meaning given to that term in Credit Linked Condition 2.

"Bankruptcy" means the Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) 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;
- (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other 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 (i) 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 (ii) is not dismissed, discharged, stayed or restrained in each case within thirty (30) calendar days of the institution or presentation thereof or before the Scheduled Maturity Date, whichever is earlier;
- (e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) 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;
- (g) 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 (30) calendar days thereafter or before the Scheduled Maturity Date, whichever is earlier; or
- (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (a) to (g).

"Basket Credit Linked Notes" means Credit Linked Notes indicated as such in the relevant Pricing Supplement, where the Issuer purchases credit protection from the Noteholders in respect of a basket of Reference Entities.

"Calculation Agent City Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City specified in the relevant Pricing Supplement.

"Calculation Agent Fallback Settlement Determination Date" has the meaning given to that term in Credit Linked Condition 2.

"Cash Settlement Notice" has the meaning given to that term in Credit Linked Condition 3.

"Conditionally Transferable Obligation" means a Deliverable 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 Deliverable Obligation other than Bonds, in each case as of each such date the Calculation Agent determines appropriate for purposes of the Hedging Arrangements or, if none at the relevant time, both the PSN Effective Date and the Delivery Date **provided, however, that** a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the

consent of the relevant obligor if the Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of "Conditionally Transferable Obligation".

"Conforming Reference Obligation" means a Reference Obligation which is a Deliverable Obligation determined in accordance with paragraph (a) below of the definition of Deliverable Obligation below.

"Credit Derivatives Auction Settlement Terms" means any Credit Derivatives Auction Settlement Terms published by ISDA, a form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time to time.

"Credit Derivatives Determinations Committee" (and each a "Credit Derivatives Determinations Committee") means each committee established pursuant to the DC Rules for purposes of reaching certain DC Resolutions in connection with credit derivative transactions.

"Credit Event" means the occurrence of any one or more of the Credit Events specified in the relevant Pricing Supplement which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring or Governmental Intervention.

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 or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying 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.

"Credit Event Amount" means, following the occurrence of a Credit Event Determination Date in respect of any Reference Entity (i) the amount specified as such in the relevant Pricing Supplement or (ii) a Note's *pro rata* share of the amount (which may be zero) calculated by the Calculation Agent in accordance with the following formula:

$$(\text{RENA} \times \text{FP}) - \text{UC}.$$

Where:

"RENA" is the Reference Entity Notional Amount in respect of the affected Reference Entity;

"FP" is the Final Price or the Auction Final Price, as applicable, in respect of the affected Reference Entity;

"UC" is Unwind Costs.

Expressed in words, this is (1) the product of the Reference Entity Notional Amount in respect of the affected Reference Entity and the Final Price or Auction Final Price, as applicable, in respect of the affected Reference Entity (the "**Recovery Value**") minus (2) the Unwind Costs. Any Credit Event Amount will be rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards).

"**Credit Event Backstop Date**" means:

- (a) for purposes of any event that constitutes a Credit Event (or with respect to a Repudiation/Moratorium, if applicable, the event described in paragraph (b) of the definition of Repudiation/Moratorium), as determined by DC Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date; or
- (b) otherwise, the date that is sixty (60) calendar days prior to the earlier of:
 - (i) if the Notice Delivery Date occurs during the Notice Delivery Period, the Notice Delivery Date; and
 - (ii) if the Notice Delivery Date occurs during the Post Dismissal Additional Period, 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 Determination Date**" means, with respect to a Credit Event with respect to which:

- (a) Auction Settlement is the applicable Settlement Method:
 - (i) subject to paragraph (a)(ii) of this definition, the Notice Delivery Date if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, **provided that** neither (A) a DC Credit Event Announcement has occurred nor (B) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or
 - (ii) notwithstanding paragraph (a)(i) of this definition, the Credit Event Resolution Request Date, if a DC Credit Event Announcement has occurred, the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) and either:
 - (A) (1) the Credit Event is not an M(M)R Restructuring; and
 - (2) the Trade Date occurs on or prior to a DC Announcement Coverage Cut-off Date; or
 - (B) (1) the Credit Event is an M(M)R Restructuring; and
 - (2) a Credit Event Notice is delivered and is effective on or prior to the fifth Business Day following the Exercise Cut-off Date,

provided that no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered (I) unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date or (II) unless the Calculation Agent otherwise determines this is consistent with the Hedging Arrangements or, if none at the relevant time, (x) unless, and to the extent that, the Partial Redemption Amount specified in any such Credit Event Notice was less than the relevant Reference Entity Notional Amount

or (y) unless the Deliverable Obligations set out on the Final List applicable to the Transaction Auction Settlement Terms are identical to the Permissible Deliverable Obligations, or

- (b) if paragraph (a) of this definition does not apply, the Non-Standard Credit Event Determination Date,

Provided further that no Credit Event Determination Date will occur, and any Credit Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, prior to the Auction Final Price Determination Date, a Valuation Date, the Credit Settlement Date, the Credit Event Redemption Date, the relevant Credit Event Payment Date or the Maturity Date, as applicable, a DC No Credit Event Announcement Date occurs with respect to the relevant event.

If, in accordance with the provisions above, (i) following the determination of a Credit Event Determination Date, such Credit Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Credit Event Determination Date or (B) not to have occurred or (ii) a Credit Event Determination Date is deemed to have occurred prior to one or more preceding Interest Payment Dates, the Calculation Agent will determine (1) such adjustment(s) to these Credit Linked Conditions (including any adjustment to payment amounts) as may be required to achieve as far as practicable the same economic position of Noteholders as would have prevailed had a Credit Event Determination Date occurred on such deemed date of occurrence and (2) the effective date of such adjustment(s).

"Credit Event Notice" means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date.

Any Credit Event Notice that describes a Credit Event that occurred after the Scheduled Maturity Date must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in Credit Linked Condition 17.

"Credit Event Payment Date" means, subject as provided in Credit Linked Condition 12, in relation to any Credit Event Amount the day falling the number of Business Days specified in the relevant Pricing Supplement (or, if a number of Business Days is not so specified, five Business Days) following the calculation of the relevant Final Price or Auction Final Price, as applicable.

"Credit Event Redemption Amount" means, unless otherwise specified in the relevant Pricing Supplement:

- (a) in the case of Single Reference Entity Credit Linked Notes which are not Leveraged Credit Linked Notes, an amount calculated by the Calculation Agent equal to each Note's *pro rata* share of:

$$(RENA \times FP) - UC - E.$$

Expressed in words, this is (1) the product of the Reference Entity Notional Amount and the Final Price or Auction Final Price, as applicable, minus (2) the Unwind Costs, minus (3) if Credit Linked Condition [2(a)(ii)] applies, Expenses, if any; or

- (b) in the case of Single Reference Entity Credit Linked Notes which are Leveraged Credit Linked Notes, an amount calculated by the Calculation Agent equal to each Note's *pro rata* share of:

$$APA - (RENA \times [100\% - FP]) - UC.$$

Expressed in words, this is (i) (a) the Aggregate Principal Amount minus the product of (a) the Reference Entity Notional Amount and (b) (x) 100 per cent. minus (y) the Final Price or Auction Final Price, as applicable, minus (ii) Unwind Costs.

Where:

"RENA" is the Reference Entity Notional Amount;

"FP" is the Final Price or the Auction Final Price, as applicable; and

"UC" is Unwind Costs,

provided that, in each case, in no event shall the Credit Event Redemption Amount be less than zero. The Credit Event Redemption Amount will be rounded to the nearest sub-unit of the Settlement Currency (half a sub-unit being rounded upwards).

"**Credit Event Redemption Date**" means, subject to Credit Linked Condition 12, the day falling five Business Days, or such other number of Business Days specified in the relevant Pricing Supplement, after (i) the calculation of the Final Price or (ii) the Auction Settlement Date, as applicable, in each case in respect of the Reference Entity in respect of which the relevant Credit Event Determination Date has occurred.

"**Credit Event Resolution Request Date**" means, with respect to a DC Credit Event Question, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which the DC Credit Event Question was effective and on which the relevant Credit Derivatives Determinations Committee was in possession of Publicly Available Information with respect to such DC Credit Event Question.

"**Credit Settlement Currency**" means the currency specified as such in the relevant Pricing Supplement, or if no currency is specified in the relevant Pricing Supplement, the Settlement Currency of the Credit Linked Notes.

"**Credit Settlement Date**" means the last day of the longest Physical Settlement Period following the PSN Cut-off Date (the "**Scheduled Credit Settlement Date**") **provided that** if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Credit Settlement Date, the Credit Settlement Date shall be the second Business Day following the date on which no Hedge Disruption Event subsists or such earlier date (if any) on which the Calculation Agent determines that in its opinion such Hedge Disruption Event is unlikely to cease.

"**Currency Amount**" means, with respect to (a) a Deliverable Obligation specified in a Notice of Physical Settlement that is denominated in a currency other than the Credit Settlement Currency, an amount converted to the Credit Settlement Currency using a conversion rate determined by reference to the Currency Rate and (b) a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, an amount converted to the Credit Settlement Currency (or, if applicable, back into the Credit Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each Physical Settlement Amendment Notice with respect to that portion of the relevant Credit Linked Notes into the currency of denomination of the relevant Replacement Deliverable Obligation.

"**Currency Rate**" means, with respect to (a) a Deliverable Obligation specified in the Notice of Physical Settlement or any Physical Settlement Amendment Notice, as applicable, the rate of conversion between the Credit Settlement Currency and the currency in which the Outstanding Principal Balance or Due and Payable Amount of such Deliverable Obligation is denominated that is either (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time or (ii) if such rate is not available at such time, determined by the Calculation Agent and (b) a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, the Revised Currency Rate.

"Currency Rate Source" means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee or, if no such successor rate source is approved by the relevant Credit Derivatives Determinations Committee where relevant, any successor rate source selected by the Calculation Agent in its sole and absolute discretion.

"Cut-off Date" has the meaning given to that term in Credit Linked Condition 4.

"DC Announcement Coverage Cut-off Date" means, with respect to a DC Credit Event Announcement, the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is fourteen calendar days following the No Auction Announcement Date, if any, as applicable.

"DC Credit Event Announcement" means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date, **provided that** if the Credit Event occurred after the Scheduled Maturity Date, the DC Credit Event Announcement must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

"DC Credit Event Meeting Announcement" means, with respect to the Reference Entity, a public announcement by the DC Secretary that a Credit Derivatives Determinations Committee will be convened to Resolve the matters described in a DC Credit Event Question.

"DC Credit Event Question" means a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve whether an event that constitutes a Credit Event has occurred.

"DC Credit Event Question Dismissal" means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in a DC Credit Event Question.

"DC Determination Cut-off Date" has the meaning given to that term in Credit Linked Condition 9.

"DC Determination Postponed Date" has the meaning given to that term in Credit Linked Condition 9.

"DC No Credit Event Announcement" means, with respect to the Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that is the subject of a DC Credit Event Question does not constitute a Credit Event.

"DC Party" has the meaning given to that term in the DC Rules.

"DC Resolution" has the meaning given to that term in the DC Rules.

"DC Rules" means the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at 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.

"DC Secretary" has the meaning given to that term in the DC Rules.

"Default Requirement" means the amount specified as such in the relevant Pricing Supplement or its equivalent in the relevant Obligation Currency or, if no such amount is specified in the relevant Pricing Supplement, USD10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

"**Deliver**" means to deliver, novate, transfer (including, in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in the Entitlement to the relevant Noteholder free and clear of any and all liens, charges, claims or encumbrances (excluding any liens routinely imposed on all securities in a relevant clearance system, but including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in (a) to (d) in the definition of "Credit Event" above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor) **provided that** (i) if all or a portion of the Entitlement consists of Direct Loan Participations, "**Deliver**" means to create (or procure the creation of) a participation in favour of the relevant Noteholder and (ii) if a Deliverable Obligation is a Guarantee, "**Deliver**" means to Deliver both the Underlying Obligation and the Guarantee, **provided further that** if the Guarantee has a Fixed Cap, "**Deliver**" means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap. "**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.

If Asset Package Delivery applies, (i) Delivery of a Prior Deliverable Obligation or a Package Observable Bond specified in the Notice of Physical Settlement or Physical Settlement Amendment Notice, as applicable, may be satisfied by Delivery of the related Asset Package, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (ii) the preceding paragraph above shall be deemed to apply to each Asset in the Asset Package **provided that** if any such Asset is not a Bond, it shall be treated as if it were a Loan for these purposes, (iii) if the Asset Package is zero, the Outstanding Amount of the Prior Deliverable Obligation or Package Observable Bond shall be deemed to have been Delivered in full three Business Days following the date on which the Issuer has notified the Noteholders in accordance with Credit Linked Condition 4 of the detailed description of the Asset Package that it intends to Deliver, (iv) the Issuer may satisfy its obligation to make Delivery of the Prior Deliverable Obligation or Package Observable Bond in part by Delivery of each Asset in the Asset Package in the correct proportion and (v) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the Asset shall be deemed to be an amount of cash equal to the Asset Market Value and the term Asset Package shall be construed accordingly.

"**Deliverable Obligation**" means:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the method described in "(i) Method for Determining Deliverable Obligations" below;
- (b) the Reference Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign, and unless Asset Package Delivery is applicable, any Sovereign Restructured Deliverable Obligation;
- (d) if Asset Package Delivery is applicable, (i) if Financial Reference Entity Terms is specified as applicable in the relevant Pricing Supplement, any Prior Deliverable Obligation, or (ii) if the Reference Entity is a Sovereign, any Package Observable Bond; and
- (e) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) received by the Issuer and/or any of its Affiliates in relation to the settlement of any credit derivative Hedging Arrangements in connection with the relevant Credit Event,

in each case, (i) other than in the case of paragraph (e) above, unless it is an Excluded Deliverable Obligation and (ii) **provided that** the obligation has an Outstanding Principal Balance or Due and Payable Amount that is greater than zero (determined for purposes of paragraph (d) above, immediately prior to the relevant Asset Package Credit Event).

(i) *Method for Determining Deliverable Obligations.* For the purposes of this definition of "Deliverable Obligation", the term "Deliverable Obligation" may be defined as each obligation of the Reference Entity described by the Deliverable Obligation Category specified in the relevant Pricing Supplement, and, subject to paragraph (ii) (*Interpretation of Provisions*) below, having each of, the Deliverable Obligation Characteristics, if any, specified in the relevant Pricing Supplement, in each case, as of each such date the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, both the PSN Effective Date and the Delivery Date (unless otherwise specified). The following terms shall have the following meanings:

(A) **"Deliverable Obligation Category"** means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" below, except that, for the purpose of determining Deliverable Obligations, the definition of "Reference Obligation Only" shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligation Only).

(B) **"Deliverable Obligation Characteristics"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" below), Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer;

(1) **"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 the Reference Entity is guaranteeing such Loan) or any agent;

(2) **"Consent Required Loan"** means a Loan that is capable of being assigned or novated with the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if the Reference Entity is guaranteeing such loan) or any agent;

(3) **"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 each Noteholder that provides each 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 each Noteholder and either (A) the Issuer (to the extent that the Issuer is then a lender or a member of the relevant lending syndicate), or (B) 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);

- (4) "**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:
- I 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);
 - II restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
 - III restrictions in respect of blocked periods on or around payment dates or voting periods;
- (5) "**Maximum Maturity**" means an obligation that has a remaining maturity of not greater than the period specified in the relevant Pricing Supplement (or if no such period is specified, thirty years);
- (6) "**Accelerated or Matured**" means an obligation under which the principal amount owed, whether by reason of maturity, acceleration, termination or otherwise, is 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
- (7) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream International or any other internationally recognised clearing system.

(ii) *Interpretation of Provisions*

- (A) If either of the Obligation Characteristics "Listed" or "Not Domestic Issuance" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though the relevant Obligation Characteristic had been specified as an Obligation Characteristic only with respect to Bonds.
- (B) If (i) any of the Deliverable Obligation Characteristics "Listed", "Not Domestic Issuance" or "Not Bearer" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds; (ii) the Deliverable Obligation Characteristic "Transferable" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be

construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans; or (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans.

- (C) If more than one of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" are specified as Deliverable Obligation Characteristics in the relevant Pricing Supplement, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.
- (D) If an Obligation or a Deliverable Obligation is a Relevant Guarantee, the following will apply:
- (1) for purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Relevant 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 or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the relevant Pricing Supplement from the following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law";
 - (3) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the relevant Pricing Supplement from the following list: "Listed", "Not Domestic Issuance", "Assignable Loan", "Consent Required Loan", "Direct Loan Participation", "Transferable", "Maximum Maturity", "Accelerated" or "Matured" and "Not Bearer"; and
 - (4) for purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
 - (5) For purposes of the application of the Deliverable Obligation Characteristic "Maximum Maturity", remaining maturity shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the remaining maturity shall be zero.

- (6) If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the relevant Pricing Supplement, if an obligation would otherwise satisfy a particular Obligation Characteristic or Deliverable Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Obligation Characteristic or Deliverable Obligation Characteristic.
- (7) For purposes of determining the applicability of Deliverable Obligation Characteristics to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event.
- (8) If "Subordinated European Insurance Terms" is specified as applicable in the relevant Pricing Supplement, if an obligation would otherwise satisfy the "Maximum Maturity" Deliverable Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Deliverable Obligation Characteristic.

For the avoidance of doubt the provisions of this paragraph (ii) apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.

"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.

"Delivery Agent" has the meaning give to that term in Credit Linked Condition 4.

"Delivery Date" means, with respect to a Deliverable Obligation or an Asset Package, the date such Deliverable Obligation is Delivered (or deemed to be Delivered pursuant to the definition of "Deliver" above).

"Domestic Currency" means the currency specified as such in the relevant Pricing Supplement and any successor currency thereto (or if no such currency is specified, the lawful currency and any successor currency of (a) the Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if the Reference Entity is not a Sovereign.

"Domestic Law" means each of the laws of (a) the Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organised, if such Reference Entity is not a Sovereign.

"Downstream Affiliate" means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than fifty per cent.- owned, directly or indirectly, by the Reference Entity. As used herein, **"Voting Shares"** means the shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

"Due and Payable Amount" means the amount that is due and payable by the Reference Entity under the obligation whether by reason of maturity, acceleration, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts) less all or any portion of such amount

which, pursuant to the terms of the obligation (a) is subject to any Prohibited Action, or (b) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (i) payment or (ii) a Permitted Contingency), in each case, determined in accordance with the terms of the obligation in effect on either (A) the relevant PSN Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date), or (B) the relevant Valuation Date, as applicable.

"Eligible Information" means information which is publicly available or which can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

"Eligible Transferee" means:

- (a) any:
 - (i) bank or other financial institution;
 - (ii) insurance or reinsurance company;
 - (iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity described in sub-paragraph (c) below); and
 - (iv) 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 US\$500 million;

- (b) an Affiliate of an entity specified in sub-paragraph (a);
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
 - (i) 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 US\$100 million or (B) is one of a group of investment vehicles under common control or management having, in aggregate, total assets of at least US\$100 million; or
 - (ii) that has total assets of at least US\$500 million; or
 - (iii) 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 sub-paragraphs (a), (b), (c)(i) or (d); or
- (d) any Sovereign; or
- (e) any entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.

All references in this definition to US\$ include equivalent amounts in other currencies in each case as determined by the Calculation Agent.

"Entitlement" means Deliverable Obligations, as selected by the Calculation Agent, with:

- (a) in the case of Deliverable Obligations that are Borrowed Money, an Outstanding Principal Balance; or

- (b) in the case of Deliverable Obligations that are not Borrowed Money, a Due and Payable Amount, (or, in the case of either (a) or (b), the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to the Calculation Amount; less
- (i) if Unwind Costs are specified as applying in the relevant Pricing Supplement, Deliverable Obligations with a market value determined by the Calculation Agent on the Business Day selected by the Calculation Agent falling during the period from and including the Credit Event Determination Date to and including the Delivery Date equal to Unwind Costs; and
- (ii) to the extent that the Issuer in its sole and absolute discretion determines that it is not satisfied that any Expenses have been or will be paid in full by the relevant Noteholder on or prior to the relevant Credit Settlement Date, an amount of Deliverable Obligations with a market value determined by the Calculation Agent at the time of calculation of the Entitlement in aggregate at least equal to such Expenses.

"Excluded Deliverable Obligation" means:

- (a) any obligation of a Reference Entity specified as such or of a type described in the relevant Pricing Supplement;
- (b) any principal only component of a Bond from which some or all of the interest components have been stripped; and
- (c) if Asset Package Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

"Excluded Obligation" means:

- (a) any obligation of a Reference Entity specified as such or of a type described in the relevant Pricing Supplement;
- (b) if "Financial Reference Entity Terms" is specified as applicable in the relevant Pricing Supplement and (i) the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (ii) there is no Reference Obligation or Prior Reference Obligation, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Subordinated Obligation; and
- (c) if "Financial Reference Entity Terms" is specified as applicable in the relevant Pricing Supplement and the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Further Subordinated Obligation.

"Excluded Valuation Obligation" means:

- (a) any obligation of a Reference Entity specified as such or of a type described in the relevant Pricing Supplement;
- (b) any principal only component of a Bond from which some or all of the interest components have been stripped; and
- (c) if Asset Package Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

"**Exercise Cut-off Date**" means either:

- (a) with respect to an M(M)R Restructuring and any Note (x) to which paragraph (a) of the definition of Credit Event Determination Date above applies or (y) to which Credit Linked Condition 2(a)(ii) applies:
 - (i) if the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five Relevant City Business Days following the date on which such Final List is published; or
 - (ii) otherwise, the date that is fourteen calendar days following the relevant No Auction Announcement Date; or
- (b) with respect to a Credit Event where paragraph (a) of the definition of Credit Event Determination Date does not apply, unless paragraph (a)(y) above applies, the relevant Non-Standard Exercise Cut-off Date,

or, in each case, such other date as the relevant Credit Derivatives Determinations Committee Resolves.

"**Expenses**" means all costs, taxes, duties and/or expenses including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the Delivery or attempted Delivery of the Entitlement in respect of a Note and any related receipt of or attempt to receive the Deliverable Obligations that comprise or would or may comprise the Entitlement, as applicable, by the Issuer and/or its Affiliates, as applicable, under any Hedging Arrangements.

"**Extension Date**" means the latest of:

- (a) the Scheduled Maturity Date (for the purposes of this definition of Extension Date, the "**Scheduled Termination Date**");
- (b) the Grace Period Extension Date if (i) "Failure to Pay" and "Grace Period Extension" are specified as applying in the relevant Pricing Supplement, and (ii) the Potential Failure to Pay with respect to the relevant Failure to Pay occurs on or prior to the Scheduled Termination Date; and
- (c) the Repudiation/Moratorium Evaluation Date (if any) if "Repudiation/Moratorium" is specified as applicable in the relevant Pricing Supplement, as applicable.

"**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 the 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 **provided that**, if an occurrence that would constitute a Failure to Pay (a) is a result of a redenomination that occurs as a result of action taken by a Governmental Authority which is of general application in the jurisdiction of such Governmental Authority and (b) a freely available market rate of conversion existed at the time of the redenomination, then such occurrence will be deemed not to constitute a Failure to Pay unless the redenomination itself constituted a reduction in the rate or amount of interest, principal or premium payable (as determined by reference to such freely available market rate of conversion) at the time of such redenomination.

"**Fallback Settlement Method**" means Cash Settlement.

"**Final List**" has the meaning given in the DC Rules.

"**Final Price**" means:

- (a) if there is more than one Valuation Obligation, the weighted average of the prices of each such Valuation Obligation, each expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable; or
- (b) otherwise, the price of the relevant Valuation Obligation, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable,

in either case determined in accordance with the Valuation Method specified in the relevant Pricing Supplement or, where applicable, Credit Linked Condition 11.

Notwithstanding the foregoing and anything to the contrary herein (including, without limitation, that the Settlement Method is not Physical Delivery), if Asset Package Delivery is applicable and a Prior Deliverable Obligation or a Package Observable Bond is specified in the Valuation Obligation Notification, (i) the related Asset Package may be treated as the Valuation Obligation in lieu of such Prior Deliverable Obligation or Package Observable Bond, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (ii) if such Asset Package is zero, its price shall be deemed to be zero per cent. on the relevant Valuation Date and (iii) if the Calculation Agent determines in its sole and absolute discretion that a price cannot reasonably be determined in accordance with the Valuation Method, then the price of the Asset Package will be calculated by the Calculation Agent in its sole and absolute discretion as equal to the fair market value of the Asset Package, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable.

The Calculation Agent shall make available for inspection by Noteholders on request (i) each Quotation for a Valuation Date that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.

"**Fixed Cap**" means, with respect to a Guarantee, a specified numerical limit or cap on the liability of the Reference Entity in respect of some or all payments due under the Underlying Obligation, **provided that** a Fixed Cap shall exclude a limit or cap determined by reference to a formula with one or more variable inputs (and for these purposes, the outstanding principal or other amounts payable pursuant to the Underlying Obligation shall not be considered to be variable inputs).

"**Full Quotation**" means, in accordance with the Quotation Method each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Valuation Obligation with an Outstanding Principal Balance or Due and Payable Amount equal to the Quotation Amount.

"**Fully Transferable Obligation**" means a Deliverable 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 Deliverable Obligation other than Bonds, in each case, as of each such date as the Calculation Agent determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, both the PSN Effective Dates and the Delivery Date. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered as a requirement for consent for purposes of this definition of "Fully Transferable Obligation".

"**Further Subordinated Obligation**" means, in respect of a Reference Entity, if the relevant Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, any obligation which is Subordinated thereto.

"**Governmental Authority**" means:

- (a) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof);

- (b) any court, tribunal, administrative or other governmental, inter-governmental or supranational body;
- (c) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including a central bank) of the Reference Entity or some or all of its obligations; or
- (d) any other authority which is analogous to any of the entities specified in paragraphs (a) to (c) above.

"Governmental Intervention" 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 as a result of action taken or an announcement made by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation), in each case, applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of such Obligation:

- (a) any event which would affect creditors' rights so as to cause:
 - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
 - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
 - (iii) a postponement or other deferral of a date or dates for either (I) the payment or accrual of interest, or (II) the payment of principal or premium; or
 - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;
- (b) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;
- (c) a mandatory cancellation, conversion or exchange; or
- (d) any event which has an analogous effect to any of the events specified in paragraphs (a) to (c).

For purposes of this definition of Governmental Intervention, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee.

"Grace Period" means:

- (a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under and in accordance with the terms of the relevant Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if "Grace Period Extension" is specified as applying in the relevant Pricing Supplement, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date, the Grace Period will be deemed to be the lesser of such grace period and the period specified as such in the relevant Pricing Supplement or, if no period is specified in the relevant Pricing Supplement, thirty (30) calendar days; and
- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days

shall be deemed to apply to such Obligation; **provided that**, unless Grace Period Extension is specified as applying in the relevant Pricing Supplement, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

"Grace Period Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified (a) if the Obligation Currency is the euro, a day on which the TARGET2 System is open, or (b) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the Obligation Currency.

"Grace Period Extension Date" means, if:

- (a) "Grace Period Extension" is specified as applying in the relevant Pricing Supplement; and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date,

the date falling the number of days in the Grace Period after the date of such Potential Failure to Pay. If "Grace Period Extension" is not specified as applicable in the relevant Pricing Supplement, Grace Period Extension shall not apply.

"Guarantee" means a Relevant Guarantee or a guarantee which is the Reference Obligation.

"Hedging Arrangements" means any Representative Auction-Settled Transaction (the **"Hedging Representative Auction-Settled Transaction"**) that is to be entered into by the Issuer and/or any of its Affiliates or agents pursuant to the Transaction Auction Settlement Terms (if any) relating to any relevant Credit Event (the **"Hedging Transaction Auction Settlement Terms"**) in order that the Issuer may satisfy any of its physical delivery obligations under the Credit Linked Notes, and (without duplication) any underlying or related transaction(s), swap(s), asset(s), financing or other arrangement(s) or trading position(s) the Issuer and/or any of its Affiliates or agents may enter into or hold from time to time (including, if applicable, on a portfolio basis) to hedge directly or indirectly and whether in whole or in part the credit or other price risk or funding of the Issuer issuing and performing its obligations with respect to the Credit Linked Notes and, as applicable, any Additional Note Issuance.

"Hedging Auction" means the "Auction" as such term shall be defined in the relevant Hedging Transaction Auction Settlement Terms.

"Hedging Auction Final Price" shall have the meaning as shall be set forth in the relevant Hedging Transaction Auction Settlement Terms.

"Hedge Disruption Event" means in the opinion of the Calculation Agent any event as a result of which the Issuer and/or any of its Affiliates has not received the relevant Deliverable Obligations under the terms of the Hedging Arrangements (if any).

"Hedge Disruption Obligation" means a Deliverable Obligation included in the Entitlement which, on the Credit Settlement Date for such Deliverable Obligation, the Calculation Agent determines cannot be Delivered as a result of a Hedge Disruption Event.

"Interest Adjusted Credit Outstanding Nominal Amount" has the meaning given to that term in Credit Linked Condition 5.

"Intervening Period" means such period of time as any person other than the relevant Noteholder shall continue to be registered as the legal owner of any securities or other obligations comprising the Entitlement.

"ISDA" means the International Swaps and Derivatives Association, Inc.

"Largest Asset Package" means, in respect of a Prior Deliverable Obligation or a Package Observable Bond, as the case may be, the package of Assets for which the greatest amount of principal has been or will be exchanged or converted (including by way of amendment), as determined by the Calculation Agent by reference to Eligible Information. If this cannot be determined, the Largest Asset Package will be the package of Assets with the highest immediately realizable value, determined by the Calculation Agent in accordance with the methodology, if any, determined by the relevant Credit Derivatives Determinations Committee or, if none, as determined by the Calculation Agent in its sole and absolute discretion by reference to such source(s) as it determines appropriate.

"Latest Maturity Restructured Bond or Loan" has the meaning given to that term in the definition of "Restructuring Maturity Limitation Date".

"Leveraged Credit Linked Notes" means Single Reference Entity Credit Linked Notes indicated as such in the relevant Pricing Supplement, where the terms of the Notes include leverage.

"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, 7.5 years, 10 years (the **"10-year Limitation Date"**), 12.5 years, 15 years, or 20 years, as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention.

"M(M)R Restructuring" means a Restructuring Credit Event in respect of which either Mod R or Mod Mod R is specified as applicable in the relevant Pricing Supplement.

"Mark to Market Swap Value" has the meaning given to that term in Credit Linked Condition 13.

"Market Value" means, with respect to the Valuation Obligation on a Valuation Date:

- (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount the Calculation Agent shall determine on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and
- (f) if two or more Full Quotations or a Weighted Average Quotation are not obtained on or prior to the tenth Business Day following the applicable Valuation Date the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Valuation Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

"Merger Event" means that at any time during the period from (and including) the Trade Date to (but excluding) the Scheduled Maturity Date either (A) the Issuer or a Reference Entity (any such entity, the **"Mergor"**) consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to (i) where the Mergor is the Issuer, a Reference Entity or (ii) where the Mergor is a Reference Entity, the Issuer, or (B) (i) the Issuer and (ii) a Reference Entity become Affiliates.

"Minimum Quotation Amount" means the amount specified as such in the relevant Pricing Supplement (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) USD1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

"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 Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date. Subject to the foregoing, if the Scheduled Maturity Date is later than the 10 year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

"Movement Option" means, with respect to an M(M)R Restructuring for which a No Auction Announcement Date has occurred pursuant to paragraph (b) or (c)(ii) of the definition of No Auction Announcement Date, the option of the Issuer in its sole and absolute discretion to apply to the Credit Linked Notes, for purposes of settlement, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that could apply in respect of the Reference Transaction (**provided that** if more than one such set of Parallel Auction Settlement Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply). If no Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, the Credit Linked Notes will be settled in accordance with the Fallback Settlement Method. If a Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, such event will be notified to Noteholders in accordance with Condition [14] (*Notices*). For the avoidance of doubt any failure to provide such a notice to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.

"Movement Option Cut-off Date" means the date that is one Relevant City Business Day following the Exercise Cut-off Date, or such other date as the relevant Credit Derivatives Determinations Committee has Resolved.

"Next Currency Fixing Time" means 4:00 p.m. (London time) on such London Business Day as the Calculation Agent shall select falling no more than five (5) London Business Days immediately preceding the date on which the Notice of Physical Settlement or relevant Physical Settlement Amendment Notice or relevant Partial Cash Settlement Notice, as applicable, is effective. For the purposes of determining the Next Currency Fixing Time, **"London Business Day"** means a day on which banks and foreign exchange markets are generally open to settle payments in London.

"No Auction Announcement Date" means, with respect to a Credit Event, the date on which the DC Secretary 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 an M(M)R Restructuring 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 the DC Secretary to the contrary, in circumstances where either:
- (i) no Parallel Auction will be held; or
 - (ii) one or more Parallel Auctions will be held.

"Non-Conforming Reference Obligation" means a Reference Obligation which is not a Conforming Reference Obligation.

"Non-Conforming Substitute Reference Obligation" means an obligation which would be a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).

"Non-Financial Instrument" means any Asset which is not of the type typically traded in, or suitable for being traded in, financial markets.

"Non-Standard Credit Event Determination Date" means with respect to a Credit Event:

- (a) subject to paragraph (b) of this definition, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, **provided that** neither (i) a DC Credit Event Announcement has occurred nor (ii) a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or
- (b) notwithstanding paragraph (a) of this definition, if a DC Credit Event Announcement has occurred and the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) either:
- (i) the Credit Event Resolution Request Date, if either:
 - (A) (1) "Auction Settlement" is not the applicable Settlement Method;
 - (2) the relevant Credit Event is not an M(M)R Restructuring; and
 - (3) the Trade Date occurs on or prior to the date of the DC Credit Event Announcement; or
 - (B) (1) the relevant Credit Event is an M(M)R Restructuring; and
 - (2) a Credit Event Notice is delivered and is effective on or prior to the fifth Business Day following the Non-Standard Exercise Cut-off Date, or
 - (ii) the first date on which a Credit Event Notice is delivered and is effective during either the Notice Delivery Period or the period from and including the date of the DC Credit Event Announcement to and including the fifth Business Day following the date that is fourteen calendar days thereafter (provided, in each case, that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if either:
 - (A) (1) "Auction Settlement" is not the applicable Settlement Method;
 - (2) the relevant Credit Event is not an M(M)R Restructuring; and

- (3) the Trade Date occurs following the date of the related DC Credit Event Announcement and on or prior to a DC Announcement Coverage Cut-off Date; or
- (B) the Calculation Agent determines this is otherwise consistent with the Hedging Arrangements (if any at the relevant time),

provided that no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered (I) unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date or (II) unless the Calculation Agent determines this is otherwise consistent with the Hedging Arrangements or, if none at the relevant time, (x) unless, and to the extent that, the Partial Redemption Amount specified in any such Credit Event Notice was less than the relevant Reference Entity Notional Amount or (y) unless the Deliverable Obligations set out on the Final List applicable to the Transaction Auction Settlement Terms are identical to the Permissible Deliverable Obligations.

"Non-Standard Exercise Cut-off Date" means, with respect to a Credit Event to which paragraph (a) of the definition of Credit Event Determination Date does not apply:

- (a) if such Credit Event is not an M(M)R Restructuring, 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 fourteen calendar days following the No Auction Announcement Date, if any, as applicable; or
- (b) if such Credit Event is an M(M)R Restructuring and:
 - (i) the DC Secretary publishes a Final List applicable to the Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms, the date that is five Relevant City Business Days following the date on which such Final List is published; or
 - (ii) otherwise, the date that is fourteen calendar days following the relevant No Auction Announcement Date.

"Non-Standard Reference Obligation" means, in respect of the Reference Entity, the Original Non-Standard Reference Obligation or if a Substitute Reference Obligation has been determined, the Substitute Reference Obligation.

"Non-Transferable Instrument" means any Asset which is not capable of being transferred to institutional investors, excluding due to market conditions.

"Note Value" has the meaning given to that term in Credit Linked Condition 13.

"Notice Delivery Date" means the first date on which both an effective Credit Event Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the relevant Pricing Supplement, an effective Notice of Publicly Available Information, have been delivered by the Calculation Agent.

"Notice Delivery Period" means the period from and including the Trade Date to and including the fifth Business Day following the date that is fourteen (14) calendar days after the Extension Date.

"**Notice of Physical Settlement**" has the meaning given to that term in Credit Linked Condition 4.

"**Notice of Publicly Available Information**" means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If "Notice of Publicly Available Information" is specified as applicable in the relevant Pricing Supplement and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Credit Linked Condition 17.

"**Notice to Exercise Movement Option**" means, with respect to Notes for which (a) M(M)R Restructuring is applicable and (b) the Fallback Settlement Method would otherwise be applicable pursuant to the Auction Settlement provisions, a notice from the Issuer to the Calculation Agent 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.

"**Number of Valuation Business Days**" means:

- (a) if Fixed Valuation Date is specified as applicable in the relevant Pricing Supplement, the number of Business Days specified therein (or, if the number of Business Days is not specified, five Business Days); or
- (b) otherwise, the number of Business Days selected by the Issuer.

"**Obligation**" means:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the method described in "Method for Determining Obligations" below); and
- (b) the Reference Obligation,

in each case unless it is an Excluded Obligation.

"**Method for Determining Obligations**". For the purposes of paragraph (a) of this definition of "**Obligation**", the term "Obligation" may be defined as the obligation of each Reference Entity described by the Obligation Category specified in the relevant Pricing Supplement, and having each of the Obligation Characteristics (if any) specified in the relevant Pricing Supplement, in each case, immediately prior to the Credit Event which is the subject of either the Credit Event Notice or the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

- (i) "**Obligation Category**" means Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the relevant Pricing Supplement, where:
 - (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 Obligation Only"** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligation 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.
- (ii) **"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 specified in the relevant Pricing Supplement, where:
- (a) **"Not Subordinated"** means an obligation that is not Subordinated to (1) the Reference Obligation or, (2) the Prior Reference Obligation, if applicable;
 - (b) **"Subordination"** means, with respect to an obligation (the **"Second Obligation"**) and another obligation of the Reference Entity to which such obligation is being compared (the **"First Obligation"**), a contractual, trust or other similar arrangement providing that (I) upon the liquidation, dissolution, reorganisation or winding-up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation or (II) the holders of the Second Obligation will not be entitled to receive or retain principal 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 First 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, (x) the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement or security 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 and (y) in the case of the Reference Obligation or the Prior Reference Obligation, as applicable, the ranking in priority of payment shall be determined as of the date as of which it was issued or incurred (or in circumstances where the Reference Obligation or a Prior Reference Obligation is the Standard Reference Obligation and "Standard Reference Obligation" is applicable, then the priority of payment of the Reference Obligation or the Prior Reference Obligation, as applicable, shall be determined as of the date of selection) and, in each case, shall not reflect any change to such ranking in priority of payment after such date; and
 - (c) **"Prior Reference Obligation"** means, in circumstances where there is no Reference Obligation applicable to the relevant Notes, (I) the Reference Obligation most recently applicable thereto, if any, and otherwise, (II) the obligation specified in the relevant Pricing Supplement as the Reference Obligation, if any, if such

Reference Obligation was redeemed on or prior to the Trade Date and otherwise, (III) any unsubordinated Borrowed Money obligation of the Reference Entity;

- (d) "**Specified Currency**" means an obligation that is payable in the currency or currencies specified as such in the relevant Pricing Supplement (or, if Specified Currency is specified in the relevant Pricing Supplement and no currency is so specified, any Standard Specified Currency) **provided that** if the euro is a Specified Currency, "Specified Currency" shall also include an obligation that was previously payable in the euro, regardless of any redenomination thereafter if such redenomination occurred as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority;
- (e) "**Not Sovereign Lender**" means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development, which shall include, without limitation, obligations generally referred to as "Paris Club debt";
- (f) "**Not Domestic Currency**" means any obligation that is payable in any currency other than applicable Domestic Currency **provided that** a Standard Specified Currency shall not constitute the Domestic Currency;
- (g) "**Not Domestic Law**" means any obligation that is not governed by applicable Domestic Law, **provided that** the laws of England and the laws of the State of New York shall not constitute a Domestic Law;
- (h) "**Listed**" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (i) "**Not Domestic Issuance**" means any obligation other than an obligation that was issued (or reissued, as the case may be) or intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or, as a result of some other action having been taken for such purpose, is qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the Reference Entity) shall be deemed not to be issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity.

"**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 or default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

"**Obligation Currency**" means the currency or currencies in which the 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 the Reference Entity under one or more Obligations.

"Original Non-Standard Reference Obligation" means the obligation of the Reference Entity (either directly or as provider of a guarantee) which is specified as the Reference Obligation in respect of such Reference Entity in the relevant Pricing Supplement (if any is so specified) **provided that** if an obligation is not an obligation of the Reference Entity, such obligation will not constitute a valid Original Non-Standard Reference Obligation for purposes of the relevant Notes (other than for the purposes of determining the Seniority Level and for the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) unless the relevant Notes are Reference Obligation Only Notes.

"Outstanding Amount" means, in respect of a Prior Deliverable Obligation or Package Observable Bond, the Outstanding Principal Balance or Due and Payable Amount, as applicable, or the equivalent amount in the Credit Settlement Currency as specified in the relevant Notice of Physical Settlement or, as applicable, the Quotation Amount specified in the relevant Valuation Obligation Notification.

"Outstanding Principal Balance" means the outstanding principal balance of an obligation which will be calculated as follows:

- (a) first, by determining, in respect of the obligation, the amount of the Reference Entity's principal payment obligations and, where applicable in accordance with the definition of Accrued Interest above, the Reference Entity's accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (i) the Outstanding Principal Balance (including accrued but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (ii) the amount of the Fixed Cap, if any);
- (b) second, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation, (i) is subject to any Prohibited Action, or (ii) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (A) payment or (B) a Permitted Contingency) (the amount determined in accordance with paragraph (a) above less any amounts subtracted in accordance with this paragraph (b), the **"Non-Contingent Amount"**); and
- (c) third, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance,

in each case, determined:

- (i) unless otherwise specified, in accordance with the terms of the obligation in effect on either (A) the relevant PSN Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date), or (B) the relevant Valuation Date; and
- (ii) with respect to the Quantum of the Claim only, in accordance with any applicable laws (insofar as such laws reduce or discount the size of the claim to reflect the original issue price or accrued value of the obligation).

"Package Observable Bond" means, in respect of a Reference Entity which is a Sovereign, any obligation (a) which is identified as such and published by ISDA on its website at www.isda.org from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time and (b) which fell within paragraphs (a) or (a) of the definition of Deliverable Obligation (above) or, as applicable, Valuation Obligation (below), in each case, immediately preceding the date on which the relevant Asset Package Credit Event was legally effective.

"Parallel Auction" means "Auction" as such term shall be defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Cancellation Date" means "Auction Cancellation Date" as such term shall be defined in the relevant Parallel Auction Settlement Terms.

"Parallel Auction Settlement Terms" means, following the occurrence of an M(M)R Restructuring, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such M(M)R Restructuring, and for which (i) the Deliverable Obligation Terms are the same as the Reference Transaction and (ii) the Reference Transaction would not be an Auction Covered Transaction **provided that** if no such Credit Derivatives Auction Settlement Terms are published, the Calculation Agent may select in its sole discretion the applicable Credit Derivatives Auction Settlement Terms.

"Parallel Notice of Physical Settlement Date" means "Notice of Physical Settlement Date" as defined in the relevant Parallel Auction Settlement Terms.

"Part G Product Supplement" has the meaning given to that term in Credit Linked Condition 4.

"Payment Requirement" means the amount specified as such in the relevant Pricing Supplement or its equivalent in the relevant Obligation Currency or, if no such amount is specified in the relevant Pricing Supplement, USD1,000,000, or its equivalent as calculated by the Calculation Agent 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.

"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.

"Permitted Contingency" means, with respect to an obligation, any reduction to the Reference Entity's payment obligations:

- (a) as a result of the application of:
 - (i) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;
 - (ii) provisions implementing the Subordination of the obligation;
 - (iii) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);
 - (iv) if "Subordinated European Insurance Terms" are specified as applicable in the relevant Pricing Supplement, any Solvency Capital Provisions; or
 - (v) if "Financial Reference Entity Terms" are specified as applicable in the relevant Pricing Supplement, provisions which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention; or
- (b) which is within the control of the holders of the obligation or a third party acting on their behalf (such as an agent or trustee) in exercising their rights under or in respect of such obligation.

"Permitted Transfer" means, with respect to a Qualifying Guarantee, a transfer to and the assumption by any single transferee of such Qualifying Guarantee (including by way of cancellation and execution of a new guarantee) on the same or substantially the same terms, in circumstances where there is also a transfer of all (or substantially all) of the assets of the Reference Entity to the same single transferee.

"Physical Settlement Amendment Notice" has the meaning given to that term in Credit Linked Condition 4.

"Physical Settlement Period" means, subject to Credit Linked Condition 12, the number of Business Days specified as such in the relevant Pricing Supplement or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation comprising the Entitlement, the longest number of Business Days for settlement in accordance with the current market practice of such Deliverable Obligation, as determined by the Calculation Agent **provided that** if the Issuer has notified the Noteholders in accordance with Credit Linked Condition 4 that it will Deliver an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be 35 Business Days.

"Post Dismissal Additional Period" means the period from and including the date of the DC Credit Event Question Dismissal to and including the date that is five Business Days following the fourteenth calendar day thereafter (**provided that** the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)).

"Postponed Cut-off Date" has the meaning given to that term in Credit Linked Condition 10.

"Postponed Maturity Date" has the meaning given to that term in Credit Linked Condition 10.

"Potential Credit Event" means a Potential Failure to Pay (if Failure to Pay is an applicable Credit Event in respect of the Reference Entity), a Potential Repudiation/Moratorium (if Repudiation/Moratorium is an applicable Credit Event in respect of the Reference Entity) or if a Credit Event Resolution Request Date has occurred and the relevant Credit Derivatives Determinations Committee has not made its determination, such event will be deemed to be a Potential Credit Event. A Credit Derivatives Determinations Committee and the Calculation Agent may each determine whether a Potential Failure to Pay or a Potential Repudiation/Moratorium has occurred.

"Potential Failure to Pay" means the failure by the 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, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations.

"Potential Repudiation/Moratorium" means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

"Principal Increase Amount" has the meaning given to that term in Credit Linked Condition 13.

"Principal Shortfall Redemption" has the meaning given to that term in Credit Linked Condition 13.

"Prior Deliverable Obligation" means:

- (a) if a Governmental Intervention has occurred (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), any obligation of the Reference Entity which (i) existed immediately prior to such Governmental Intervention, (ii) was the subject of such Governmental Intervention and (iii) fell within paragraphs (a) or (b) of the definition of Deliverable Obligation above or, as applicable, Valuation Obligation below, in each case, immediately preceding the date on which such Governmental Intervention was legally effective; or
- (b) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), such Reference Obligation, if any.

"Private-side Loan" means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

"Prohibited Action" means any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in (a) to (d) of the definition of Credit Event above) or right of set-off by or of the Reference Entity or any applicable Underlying Obligor.

"PSN Cut-off Date" means subject, where applicable, to Credit Linked Condition 14, the later of:

- (a) the later of:
 - (i) the thirtieth calendar day after the Credit Event Determination Date; and
 - (ii) the tenth calendar day after either the date of the relevant DC Credit Event Announcement or of the relevant DC Credit Event Question Dismissal, if any (or, if the relevant Credit Event is an M(M)R Restructuring, the tenth calendar day after the Non-Standard Exercise Cut-off Date),

provided that in the case of paragraph (ii) above, the relevant Credit Event Resolution Request Date, if any, occurred on or prior to the date described in paragraph (i) above; and

- (b) the fifth Business Day after the date on which the Notice of Physical Settlement is required to be delivered under the relevant Hedging Representative Auction-Settled Transaction (if any).

"PSN Effective Date" means the date on which an effective Notice of Physical Settlement or Physical Settlement Amendment Notice, as the case may be, is delivered by the Issuer in accordance with Credit Linked Condition 4.

"Public Source" means each source of Publicly Available Information specified as such in the relevant Pricing Supplement (or if no such source is specified in the relevant Pricing Supplement, each of Bloomberg, Reuters, Dow Jones Newswires, The Wall Street Journal, The New York Times, Nihon Keizai Shimbun, Asahi Shimbun, Yomiuri Shimbun, Financial Times, La Tribune, Les Echos, The Australian Financial Review and Debtwire (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).

"Publicly Available Information" means information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice have occurred and which:

- (a) has been published in or on not less than the Specified Number of Public Sources (regardless of whether the reader or user thereof pays a fee to obtain such information);
- (b) is information received from or published by (i) the Reference Entity (or, if the Reference Entity is a Sovereign, any agency, instrumentality, ministry, department or other authority thereof acting in a governmental capacity (including, without limiting the foregoing, the central bank) of such Sovereign) or (ii) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
- (c) is information contained in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body;

provided that where any information of the type described in paragraphs (b) or (c) above is not publicly available, it can only constitute Publicly Available Information if it can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

In relation to any information of the type described in paragraphs (b) or (c) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information and that the entity disclosing 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.

- (d) Without limitation, Publicly Available Information need not state:
- (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned by the Reference Entity; and
 - (ii) that the relevant occurrence:
 - (A) has met the Payment Requirement or Default Requirement;
 - (B) is the result of exceeding any applicable Grace Period; or
 - (C) has met the subjective criteria specified in certain Credit Events.

In relation to a Repudiation/Moratorium Credit Event, Publicly Available Information must relate to the events described in paragraphs (a) and (b) of the definition of Repudiation/Moratorium below.

"Qualifying Affiliate Guarantee" means a Qualifying Guarantee provided by the Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of the Reference Entity.

"Qualifying Guarantee" means a guarantee evidenced by a written instrument (which may include a statute or regulation), pursuant to which the Reference Entity irrevocably agrees, undertakes or is otherwise obliged to pay all amounts of principal and interest (except for amounts which are not covered due to the existence of a Fixed Cap) due under an Underlying Obligation for which the Underlying Obligor is the obligor, by guarantee of payment and not by guarantee of collection (or, in either case, any legal arrangement which is equivalent thereto in form under the relevant governing law).

A Qualifying Guarantee shall not include any guarantee:

- (a) which is structured as a surety bond, financial guarantee insurance policy or letter of credit (or any legal arrangement which is equivalent thereto in form); or
- (b) pursuant to the terms applicable thereto, the principal payment obligations of the Reference Entity can be discharged, released, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance, in each case, other than:
 - (i) by payment;
 - (ii) by way of Permitted Transfer;
 - (iii) by operation of law;
 - (iv) due to the existence of a Fixed Cap; or
 - (v) due to:
 - (A) provisions permitting or anticipating a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in the relevant Pricing Supplement; or

- (B) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in the relevant Pricing Supplement.

If the guarantee or Underlying Obligation contains provisions relating to the discharge, release, reduction, assignment or other alteration of the principal payment obligations of the Reference Entity and such provisions have ceased to apply or are suspended at the time of the relevant determination, in accordance with the terms of such guarantee or Underlying Obligation, due to or following the occurrence of (I) a non-payment in respect of the guarantee or the Underlying Obligation, or (II) an event of the type described in the definition of Bankruptcy above in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee:

- I. the benefit of such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and
- II. if a guarantee contains a Fixed Cap, all claims to any amounts which are subject to such Fixed Cap must be capable of being Delivered together with the Delivery of such guarantee.

"Qualifying Participation Seller" means any participation seller that meets the requirements specified in the relevant Pricing Supplement. If no such requirements are specified, there shall be no Qualifying Participation Seller.

"Quantum of the Claim" means the lowest amount of the claim which could be validly asserted against the Reference Entity in respect of the Non-Contingent Amount if the obligation had become redeemable, been accelerated, terminated or had otherwise become due and payable at the time of the relevant determination, **provided that** the Quantum of the Claim cannot exceed the Non-Contingent Amount.

"Quotation" means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Valuation Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

"Quotation Amount" means:

- (a) the amount specified as such in the relevant Pricing Supplement (which may be specified by reference to an amount in a currency or by reference to a Representative Amount); or
- (b) if no amount is specified in the relevant Pricing Supplement, as specified in the Valuation Obligation Notification,

or, in each case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent by reference to exchange rates in effect at the time that the relevant Quotation is being obtained.

"Quotation Dealer" means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained including each Quotation Dealer specified in the relevant Pricing Supplement. If no Quotation Dealers are specified in the relevant Pricing Supplement, the Calculation Agent shall select the Quotation Dealers. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

"Quotation Method" means the applicable Quotation Method specified in the relevant Pricing Supplement by reference to one of the following terms:

- (a) **"Bid"** means that only bid quotations shall be requested from Quotation Dealers;
- (b) **"Offer"** means that only offer quotations shall be requested from Quotation Dealers; or
- (c) **"Mid-market"** means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for purposes of determining a relevant Quotation Dealer's quotation.

If a Quotation Method is not specified in the relevant Pricing Supplement, Bid shall apply.

"Reference Entity" means the entity specified as such in the relevant Pricing Supplement. Any Successor to the Reference Entity either (a) identified pursuant to the definition of "Successor" on or following the Trade Date or (b) identified pursuant to a DC Resolution in respect of a Successor Resolution Request Date and publicly announced by the DC Secretary on or following the Trade Date shall, in each case, with effect from the Succession Date, be the Reference Entity for the purposes of the relevant Series.

"Reference Entity Notional Amount", in respect of a Reference Entity, means the amount specified as such in the relevant Pricing Supplement (or, if no such amount is so specified, the Aggregate Principal Amount of the Notes as of the Issue Date divided by the number of Reference Entities), subject to adjustment as provided in "Successor" and pursuant to Credit Linked Condition 15 and as otherwise provided in these Credit Linked Conditions.

"Reference Obligation" means the Standard Reference Obligation, if any, unless:

- (a) "Standard Reference Obligation" is specified as not applicable in the relevant Pricing Supplement, in which case the Reference Obligation will be the Non-Standard Reference Obligation, if any; or
- (b) (i) "Standard Reference Obligation" is specified as applicable in the relevant Pricing Supplement (or no election is specified in the relevant Pricing Supplement), (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in the relevant Pricing Supplement, in which case the Reference Obligation will be (A) the Non-Standard Reference Obligation to but excluding the first date of publication of the Standard Reference Obligation and (B) the Standard Reference Obligation from such date onwards, **provided that** the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

If the Standard Reference Obligation is removed from the SRO List, such obligation shall cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) and there shall be no Reference Obligation unless and until such obligation is subsequently replaced on the SRO List, in which case, the new Standard Reference Obligation in respect of the Reference Entity shall constitute the Reference Obligation.

"Reference Obligation Only Notes" means any Notes in respect of which (a) "Reference Obligation Only" is specified as the Obligation Category and the Deliverable Obligation Category in the relevant Pricing Supplement and (b) "Standard Reference Obligation" is specified as not applicable in the relevant Pricing Supplement.

"Reference Transaction" means a hypothetical credit derivative transaction:

- (a) for which the Deliverable Obligation Terms, the Reference Obligation and (as applicable) the provisions for determining the Valuation Obligation(s) are (i) the same as in respect of the Credit Linked Notes (if such Deliverable Obligation Terms, Reference Obligation and Valuation Obligation terms are specified in the relevant Pricing Supplement) or (ii) if and to the extent the Deliverable Obligation Terms and/or the Reference Obligation and/or (as applicable) the Valuation Obligation terms are not specified, the Deliverable Obligation Terms, Reference Obligation and provisions for determining Valuation Obligation(s) determined by the Calculation Agent 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 Credit Linked Notes; and
- (c) otherwise having such other characteristics as the Calculation Agent may determine appropriate by reference to, without limitation, the Issuer's hedging arrangements (if any at the relevant time) and/or any credit derivative elections made in relation to the Credit Linked Notes.

"Relevant City Business Day" has the meaning given in the DC Rules.

"Relevant Guarantee" means a Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in the relevant Pricing Supplement, a Qualifying Guarantee.

"Relevant Holder" means a holder of the latest Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package Observable Bond in the Notice of Physical Settlement or Physical Settlement Amendment Notice or Valuation Obligation Notification, as applicable.

"Relevant Obligations" means the Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" and which are outstanding immediately prior to the Succession Date (or, if there is a Steps Plan, immediately prior to the legally effective date of the first succession), **provided that**:

- (a) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;
- (b) if there is a Steps Plan, the Calculation Agent shall, for purposes of the determination required to be made under paragraph (a) of the definition of Successor below, make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;
- (c) if "Financial Reference Entity Terms" is specified as applicable in the relevant Pricing Supplement and (i) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (ii) there is no Reference Obligation or Prior Reference Obligation, the Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan"; and
- (d) if "Financial Reference Entity Terms" is specified as applicable in the relevant Pricing Supplement, and the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated

Obligation, Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan", **provided that** if no such Relevant Obligations exist, "Relevant Obligations" shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan".

"Replaced Deliverable Obligation Outstanding Amount" has the meaning given to that term in Credit Linked Condition 4.

"Replacement Deliverable Obligation" has the meaning given to that term in Credit Linked Condition 4.

"Representative Amount" means an amount that is representative for a single transaction in the relevant market and at the relevant time, which amount will be determined by the Calculation Agent.

"Representative Auction-Settled Transaction" shall have the meaning as shall be set forth in the relevant Transaction Auction Settlement Terms.

"Repudiation/Moratorium" means the occurrence of both of the following events:

- (a) an authorised officer of the 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 (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 sixty (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 sixty (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" will be satisfied:

- (a) if the DC Secretary publicly announces, pursuant to a valid request that was delivered and effectively received on or prior to the date that is fourteen (14) 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 has occurred with respect to an Obligation of the Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date; or
- (b) otherwise, by the delivery by the Calculation Agent to the Issuer of a Repudiation/Moratorium Extension Notice and, unless "Notice of Publicly Available Information" is specified as not applicable in the relevant Pricing Supplement, a Notice of Publicly Available Information that are each effective on or prior to the fifth (5th) Business Day following the date that is fourteen (14) calendar days after the Scheduled Maturity Date.

In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or not capable of being satisfied, if, or to the extent that, the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the Reference Entity, or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the Reference Entity but that such event occurred after the Scheduled Maturity Date.

"Repudiation/Moratorium Extension Notice" means a notice from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date. 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 set out in the DC Rules, and **"Resolved"** and **"Resolves"** shall be construed accordingly.

"Restructured Bond or Loan" means an Obligation which is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

"Restructuring" means, 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 the holders of the Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation (including, in each case, in respect of Bonds only, by way of an exchange), and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Credit Event Backstop Date applicable to the relevant Credit Linked Notes and the date as of which such Obligation is issued or incurred:

- (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
- (b) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
- (c) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest, or (ii) the payment of principal or premium;
- (d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (e) any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency 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 in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

- (i) the payment in euro of interest, principal or premium 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 redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;
- (iii) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (iv) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) 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, **provided that** in respect of paragraph (e) above only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.

For purposes of this definition of Restructuring and Credit Linked Condition 16, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in the definition of Restructuring and the definition of Subordination shall be deemed to refer to the Underlying Obligor and the references to the Reference Entity in paragraphs (i) to (iv) of this definition of Restructuring shall continue to be deemed to refer to the Reference Entity.

If an exchange has occurred, the determination as to whether one of the events described under paragraphs (a) to (e) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.

"Restructuring Date" means 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 Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date. 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. For these purposes, the final maturity date shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

"Revised Currency Rate" means, with respect to a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Principal Balance or Due and Payable Amount of such Replacement Deliverable Obligation is denominated that is determined either (a) by reference to the Currency Rate Source as at the Next Currency Fixing Time or (b) if such rate is not available at such time, by the Calculation Agent.

"Scheduled Maturity Date" has the meaning given to it in the relevant Pricing Supplement.

"**Seniority Level**" means, with respect to an obligation of the Reference Entity:

- (a) "Senior Level" or "Subordinated Level" as specified in the relevant Pricing Supplement, or
- (b) if no such seniority level is specified in the relevant Pricing Supplement, "Senior Level" if the Original Non-Standard Reference Obligation is a Senior Obligation or "Subordinated Level" if the Original Non-Standard Reference Obligation is a Subordinated Obligation, failing which "Senior Level".

"**Senior Obligation**" means any obligation which is not Subordinated to any unsubordinated Borrowed Money obligation of the relevant Reference Entity.

"**Settlement Method**" means, subject as provided herein, if (a) Auction Settlement is specified as the applicable Settlement Method in the relevant Pricing Supplement, Auction Settlement or (b) Physical Delivery is specified as the applicable Settlement Method in the relevant Pricing Supplement, Physical Delivery.

"**Shortfall Amount**" has the meaning given to that term in Credit Linked Condition 5.

"**Single Reference Entity Credit Linked Notes**" means Credit Linked Notes indicated as such in the relevant Pricing Supplement, where the Issuer purchases credit protection from the Noteholders in respect of only one Reference Entity.

"**Solvency Capital Provisions**" means any terms in an obligation which permit the Reference Entity's payment obligations thereunder to be deferred, suspended, cancelled, converted, reduced or otherwise varied and which are necessary in order for the obligation to constitute capital resources of a particular tier.

"**Sovereign**" means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority acting in a governmental capacity (including without limiting the foregoing, the central bank) thereof.

"**Sovereign Restructured Deliverable Obligation**" means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice or DC Credit Event Announcement has occurred and (b) which fell within paragraph (a) of the definition of Deliverable Obligation above immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

"**Sovereign Restructured Valuation Obligation**" means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice or DC Credit Event Announcement has occurred and (b) which fell within paragraph (a) of the definition of Valuation Obligation below immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

"**Sovereign Succession Event**" means, with respect to a Reference Entity that is a Sovereign, an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or, other similar event.

"**Specified Number**" means the number of Public Source(s) specified in the relevant Pricing Supplement, or if no such number is specified in the relevant Pricing Supplement, two.

"**SRO List**" means the list of Standard Reference Obligations as published by ISDA on its website at www.isda.org from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time.

"**Standard Reference Obligation**" means the obligation of the Reference Entity with the relevant Seniority Level which is specified from time to time on the SRO List.

"**Standard Specified Currency**" means each of the lawful currencies of Canada, Japan, Switzerland, France, Germany, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

"**Steps Plan**" means a plan evidenced by Eligible Information contemplating that there will be a series of successions to some or all of the Relevant Obligations of the Reference Entity, by one or more entities.

"**Subordinated Obligation**" means any obligation which is Subordinated to any unsubordinated Borrowed Money obligation of the relevant Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of that Reference Entity existed.

"**Substitute Reference Obligation**" means, with respect to a Non-Standard Reference Obligation to which a Substitution Event has occurred, the obligation that will replace the Non-Standard Reference Obligation, determined by the Calculation Agent as follows:

- (a) The Calculation Agent shall identify the Substitute Reference Obligation in accordance with paragraphs (c), (d) and (e) below to replace the Non-Standard Reference Obligation; **provided that** the Calculation Agent will not identify an obligation as the Substitute Reference Obligation if, at the time of the determination, such obligation has already been rejected as the Substitute Reference Obligation by the relevant Credit Derivatives Determinations Committee and such obligation has not changed materially since the date of the relevant DC Resolution.
- (b) If any of the events set forth under paragraphs (a) or (b)(ii) of the definition of Substitution Event have occurred with respect to the Non-Standard Reference Obligation, the Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic and paragraph (c)(ii)). If the event set forth in paragraph (b)(i) of the definition of Substitution Event below has occurred with respect to the Non-Standard Reference Obligation and no Substitute Reference Obligation is available, the Non-Standard Reference Obligation will continue to be the Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set forth under paragraphs (a) or (b)(ii) of the definition of Substitution Event below occur with respect to such Non-Standard Reference Obligation.
- (c) The Substitute Reference Obligation shall be an obligation that on the Substitution Date:
 - (i) is a Borrowed Money obligation of the Reference Entity (either directly or as provider of a guarantee);
 - (ii) satisfies the Not Subordinated Deliverable Obligation Characteristic as of the date it was issued or incurred (without reflecting any change to the priority of payment after such date) and on the Substitution Date; and
 - (iii) (A) if the Non-Standard Reference Obligation was a Conforming Reference Obligation when issued or incurred and immediately prior to the Substitution Event Date:
 - I. is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,

- II. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above;
 - (B) if the Non-Standard Reference Obligation was a Bond (or any other Borrowed Money obligation other than a Loan) which was a Non-Conforming Reference Obligation when issued or incurred and/or immediately prior to the Substitution Event Date:
 - I. is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
 - II. is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,
 - III. is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
 - IV. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or
 - (C) if the Non-Standard Reference Obligation was a Loan which was a Non-Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date:
 - I. is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
 - II. is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
 - III. is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of Deliverable Obligation above; or if no such obligation is available,
 - IV. is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of Deliverable Obligation above.
- (d) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in paragraph (c) above, the Substitute Reference Obligation will be the potential Substitute Reference Obligation that most closely preserves the economic equivalent of the delivery and payment obligations of the Issuer under the Notes as determined by the Calculation Agent. The Calculation Agent will notify the Noteholders in accordance with Condition [14] (*Notices*) of the Substitute Reference Obligation as soon as reasonably practicable after it has been identified in accordance with paragraph (c) above and the Substitute Reference Obligation shall replace the Non-Standard Reference Obligation. For the avoidance of doubt any failure to provide such a notice to the Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.
- (e) If a Substitution Event has occurred with respect to the Non-Standard Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for the Non-Standard Reference Obligation then, subject to paragraph (a) above and notwithstanding the fact that

the Non-Standard Reference Obligation may have ceased to be the Reference Obligation in accordance with paragraph (b) above, the Calculation Agent shall continue to attempt to identify the Substitute Reference Obligation.

- (f) For the avoidance of doubt, no Substitute Reference Obligation shall be determined in respect of any Credit Linked Notes that are Reference Obligation Only Notes.

"Substitute Reference Obligation Resolution Request Date" means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve a Substitute Reference Obligation to the Non-Standard Reference Obligation, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

"Substitution Date" means, with respect to a Substitute Reference Obligation, the date on which the Calculation Agent notifies the Issuer of the Substitute Reference Obligation that it has identified in accordance with the definition of Substitute Reference Obligation above.

"Substitution Event" means, with respect to the Non-Standard Reference Obligation:

- (a) the Non-Standard Reference Obligation is redeemed in whole; or
- (b) **provided that** the Credit Linked Notes to which the Non-Standard Reference Obligation relates are not Reference Obligation Only Notes:
- (i) the aggregate amounts due under the Non-Standard Reference Obligation have been reduced by redemption or otherwise below USD 10,000,000 (or its equivalent in the relevant Obligation Currency, as determined by the Calculation Agent); or
- (ii) for any reason, other than due to the existence or occurrence of a Credit Event, the Non-Standard Reference Obligation is no longer an obligation of the Reference Entity (either directly or as provider of a guarantee).

For purposes of identification of the Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, constitute a Substitution Event. If an event described in paragraphs (a) or (b)(i) above has occurred on or prior to the Trade Date, then a Substitution Event shall be deemed to have occurred pursuant to paragraphs (a) or (b)(i) above as the case may be, on the Trade Date.

"Substitution Event Date" means, with respect to the Reference Obligation, the date of the occurrence of the relevant Substitution Event.

"Succession Date" means the legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity; **provided that** if at such time, there is a Steps Plan, the Succession Date will be the legally effective date of the final succession in respect of such Steps Plan, or if earlier (i) the date on which a determination pursuant to paragraph (a) of the definition of Successor below would not be affected by any further related successions in respect of such Steps Plan, or (ii) the occurrence of a Credit Event Determination Date in respect of the Reference Entity or any entity which would constitute a Successor.

"**Successor**" means:

- (a) subject to paragraph (b) below, the entity or entities, if any, determined as follows:
- (i) subject to paragraph (vii), if one entity succeeds, either directly or indirectly, as a provider of a Relevant Guarantee, to seventy-five per cent. or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor;
 - (ii) if only one entity succeeds directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor;
 - (iii) if more than one entity each succeeds directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor and the Base Conditions and/or the relevant Pricing Supplement will be adjusted as provided below;
 - (iv) if one or more entity each succeed directly as a provider of a Relevant Guarantee, to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity, and more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and the Base Conditions and/or the relevant Pricing Supplement will be adjusted as provided below;
 - (v) if one or more entities succeed directly as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five 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 such succession;
 - (vi) if one or more entities succeed, either directly or indirectly, as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five 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 will be the Successor (**provided that** if two or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a Successor and the Base Conditions and/or the relevant Pricing Supplement will be adjusted as provided below); and
 - (vii) in respect of a Reference Entity which is not a Sovereign, if one entity assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption, such entity (the "**Universal Successor**") will be the sole Successor; and
- (b) An entity may only be a Successor if:
- (i) either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor in respect of which the Succession Date occurred on or after 1 January 2014;

- (ii) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and
- (iii) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after delivery of a Successor Notice and with effect from the Succession Date, any Successor or Successors under paragraph (a) above, **Provided That** the Calculation Agent will not make any such determination if, at the time of determination, the DC Secretary has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that there is no Successor based on the relevant succession to Relevant Obligations.

The Calculation Agent may, if it determines appropriate, select an alternative Transaction Type for any Successor to a Reference Entity and adjust such of the Base Conditions and/or the relevant Pricing Supplement as it determines appropriate to reflect such new Transaction Type and determine the effective date of any such change and adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if any such Transaction Type and adjustment reflects any adjustment to any credit derivative transaction(s) related to or underlying the Credit Linked Notes incorporating the provisions of the 2014 ISDA Credit Derivatives Definitions (the "**2014 Definitions**"). Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition [14] (*Notices*) stating the new Transaction Type and the adjustment to the Base Conditions and/or the relevant Pricing Supplement (if any). For the avoidance of doubt any failure to provide such a notice to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.

The Calculation Agent will make all calculations and determinations required to be made under this definition of Successor on the basis of Eligible Information and will, as soon as practicable after such calculation or determination, make such calculation or determination available for inspection by Noteholders at the specified office of the Principal Paying Agent. In calculating the percentages used to determine whether an entity qualifies as a Successor under paragraph (a) above, if there is a Steps Plan, the Calculation Agent shall consider all related successions in respect of such Steps Plan in aggregate as if forming part of a single succession.

Where pursuant to paragraph (a)(iii), (a)(iv) or (a)(vi) or (b) above, more than one Successor has been identified, the Calculation Agent shall adjust such of the Base Conditions and/or the relevant Pricing Supplement as it shall determine to be appropriate (including, without limitation, the Reference Entity Notional Amount and (if applicable) the Transaction Type) to reflect that the Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of the Base Conditions and/or the relevant Pricing Supplement in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Credit Linked Notes under the provisions of the 2014 Definitions.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition [14] (*Notices*) stating the adjustment to the Base Conditions and/or the relevant Pricing Supplement and giving brief details of the relevant Successor event. For the avoidance of doubt any failure to provide such a notice to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.

If two or more entities (each, a "**Joint Potential Successor**") jointly succeed to a Relevant Obligation (the "**Joint Relevant Obligation**") either directly or as a provider of a Relevant Guarantee, then (i) if the Joint Relevant Obligation was a direct obligation of the Reference Entity, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as direct obligor or obligors, or (ii) if the Joint Relevant Obligation was a

Relevant Guarantee, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as guarantor or guarantors, if any, or otherwise by each Joint Potential Successor in equal parts.

For the purposes of this definition of "Successor", "**succeed**" means, with respect to the Reference Entity and its Relevant Obligations, that an entity other than the Reference Entity (i) assumes or becomes liable for such Relevant Obligations whether by operation of law or pursuant to any agreement (including, with respect to a Reference Entity that is a Sovereign, any protocol, treaty, convention, accord, concord, entente, pact or other agreement), or (ii) issues Bonds or incurs Loans (the "**Exchange Bonds or Loans**") that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans, as applicable. For purposes of this definition of "Successor", "succeeded" and "succession" shall be construed accordingly. In the case of an exchange offer, the determinations required pursuant to paragraph (a) of this definition of "Successor" shall be made on the basis of the outstanding principal balance of Relevant Obligations exchanged and not on the basis of the outstanding principal balance of the Exchange Bonds or Loans.

Notwithstanding the provisions above and sub-paragraph (b) of the definition of Reference Entity, where a Reference Entity is determined as a Successor to another Reference Entity pursuant to the above provisions, then it will be deemed to be a Reference Entity only once hereunder, and from and including the date of such determination the Reference Entity Notional Amount with respect to such Reference Entity will be the sum of the Reference Entity Notional Amounts that would otherwise be applicable to it.

"**Successor Backstop Date**" means for purposes of any Successor determination determined by DC Resolution, the date that is ninety calendar days prior to the Successor Resolution Request Date otherwise, the date that is ninety calendar days prior to the earlier of (i) the date on which the Successor Notice is effective and (ii) in circumstances where (A) a Successor Resolution Request Date has occurred, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination and (C) the Successor Notice is delivered not more than fourteen calendar days after the day on which the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination, the Successor Resolution Request Date. The Successor Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

"**Successor Notice**" means an irrevocable notice from the Calculation Agent to the Issuer that describes a succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) in respect of which a Succession Date has occurred and pursuant to which one or more Successors to the Reference Entity can be determined.

A Successor Notice must contain a description in reasonable detail of the facts relevant to the determination to be made pursuant to paragraph (a) of the definition of Successor above.

"**Successor Resolution Request Date**" means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve one or more Successors to the Reference Entity, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

"**Trade Date**" means the date specified as such in the relevant Pricing Supplement.

"**Transaction Auction Settlement Terms**" means the Credit Derivatives Auction Settlement Terms selected by the Calculation Agent in accordance with this provision. In relation to a Credit Event (and as set out in the definition of Credit Derivatives Auction Settlement Terms), ISDA may publish one or more form(s) of Credit Derivatives Auction Settlement Terms on its website at www.isda.org (or any successor website thereto) and may amend such forms from time to time. Each such form of Credit Derivatives Auction Settlement Terms shall set out, *inter alia*, definitions of "Auction", "Auction Cancellation Date", "Auction Covered Transaction" and "Auction Final Price Determination Date" in relation to the relevant Credit Event. The Transaction

Auction Settlement Terms for purposes of the Credit Linked Notes shall be the relevant form of Credit Derivatives Auction Settlement Terms for which the Reference Transaction would be an Auction Covered Transaction (as such term will be set out in the relevant Credit Derivatives Auction Settlement Terms). The Reference Transaction (as set out in the definition thereof) is a hypothetical credit derivative transaction included in these Credit Linked Conditions principally for the purpose of selecting the Credit Derivatives Auction Settlement Terms appropriate to the Credit Linked Notes.

"Transaction Type" is as specified in the relevant Pricing Supplement, subject to adjustment as provided in "Successor".

"Trigger Event" has the meaning given to that term in Credit Linked Condition 13.

"Trigger Event Option" has the meaning given to that term in Credit Linked Condition 13.

"Trigger Event Option Notice" has the meaning given to that term in Credit Linked Condition 13.

"Trigger Event Redemption Date" has the meaning given to that term in Credit Linked Condition 13.

"Trigger Level" has the meaning given to that term in Credit Linked Condition 13.

"Undeliverable Obligation" means a Deliverable Obligation included in the Entitlement which, on the Credit Settlement Date for such Deliverable Obligation, the Calculation Agent determines for any reason (including without limitation, failure of the relevant clearance system or due to any law, regulation, court order, contractual restrictions, statutory restrictions or market conditions or the non-receipt of any requisite consents with respect to the Delivery of Loans or non-delivery of an Asset Transfer Notice or any relevant information by a holder) it is impossible or illegal or impractical to Deliver on the Credit Settlement Date.

"Underlying Obligation" means, with respect to a guarantee, the obligation which is the subject of the guarantee.

"Underlying Obligor" means with respect to an Underlying Obligation, the issuer in the case of a Bond, the borrower in the case of a Loan, or the principal obligor in the case of any other Underlying Obligation.

"Unwind Costs" means the amount specified in the relevant Pricing Supplement or if "Standard Unwind Costs" are specified in the relevant Pricing Supplement, an amount determined by the Calculation Agent equal to the aggregate sum of (without duplication) all costs (including loss of funding), fees, charges, expenses, tax and duties incurred by the Issuer and/or any of its Affiliates in connection with the redemption or credit settlement of the Credit Linked Notes and the related termination, liquidation, transfer, settlement or re-establishment (whether in whole or in part) of any Hedging Arrangements.

"Valuation Date" means if "Single Valuation Date" is specified in the relevant Pricing Supplement and subject to Credit Linked Condition 12, the date that is the Number of Valuation Business Days following the Calculation Agent Fallback Settlement Determination Date, if any, the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable, and if "Multiple Valuation Dates" is specified in the relevant Pricing Supplement, each of the following dates:

- (a) subject to Credit Linked Condition 12, the date that is the Number of Valuation Business Days following the Calculation Agent Fallback Settlement Determination Date, if any, the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable; and
- (b) each successive date that is the Number of Valuation Business Days after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When "**Multiple Valuation Dates**" is specified in the relevant Pricing Supplement, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the relevant Pricing Supplement (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the relevant Pricing Supplement, Single Valuation Date shall apply.

"Valuation Method":

- (a) The following Valuation Methods may be specified in the relevant Pricing Supplement with only one Valuation Date:
 - (i) "**Market**" means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
 - (ii) "**Highest**" means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.
- (b) If no such Valuation Method is specified in the relevant Pricing Supplement, the Valuation Method shall be Highest.
- (c) The following Valuation Methods may be specified in the relevant Pricing Supplement with more than one Valuation Date:
 - (i) "**Average Market**" means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
 - (ii) "**Highest**" means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
 - (iii) "**Average Highest**" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.
- (d) If no such Valuation Method is specified in the relevant Pricing Supplement, the Valuation Method shall be Average Highest.

Notwithstanding paragraphs (a) to (d) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Calculation Agent may at its option determine that the Valuation Method shall be Market or Average Market, as the case may be.

Where applicable, the relevant Pricing Supplement may specify an alternative Valuation Method which shall be applicable in respect of the relevant Credit Linked Notes.

"Valuation Obligation" means:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the method described in "(A) Method for Determining Valuation Obligations" below;
- (b) the Reference Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign, and unless Asset Package Delivery is applicable, any Sovereign Restructured Valuation Obligation; and

- (d) if Asset Package Delivery is applicable, (i) if Financial Reference Entity Terms is specified as applicable in the relevant Pricing Supplement, any Prior Deliverable Obligation, or (ii) if the Reference Entity is a Sovereign, any Package Observable Bond,

in each case, as selected by the Issuer in its sole and absolute discretion and notified to the Calculation Agent (a "**Valuation Obligation Notification**") on or prior to the Valuation Date and (i) unless it is an Excluded Valuation Obligation and (ii) **provided that** the obligation has an Outstanding Principal Balance or Due and Payable Amount that is greater than zero (determined for purposes of paragraph (d) above, immediately prior to the relevant Asset Package Credit Event). For the avoidance of doubt, the Issuer shall be entitled to select any such obligation to constitute a Valuation Obligation, irrespective of its market value.

- (i) *Method for Determining Valuation Obligations.* For the purposes of this definition of "Valuation Obligation", the term "Valuation Obligation" may be defined as each obligation of the Reference Entity described by the Valuation Obligation Category specified in the relevant Pricing Supplement, and, subject to paragraph (ii) (*Interpretation of Provisions*) below, having each of, the Valuation Obligation Characteristics, if any, specified in the relevant Pricing Supplement, in each case, as of each such date the Issuer determines relevant for purposes of the Hedging Arrangements or, if none at the relevant time, the date of delivery of the Valuation Obligation Notification. The following terms shall have the following meanings:

(A) "**Valuation Obligation Category**" means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" above, except that, for the purpose of determining Valuation Obligations, the definition of "Reference Obligation Only" shall be amended to state that no Valuation Obligation Characteristics shall be applicable to Reference Obligation Only).

(B) "**Valuation Obligation Characteristics**" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" above), Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer;

(1) "**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 the Reference Entity is guaranteeing such Loan) or any agent;

(2) "**Consent Required Loan**" means a Loan that is capable of being assigned or novated with the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if the Reference Entity is guaranteeing such loan) or any agent;

(3) "**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 each Noteholder that provides each 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 each Noteholder and either (A) the Issuer (to the extent that the Issuer is then a lender or a member of the relevant lending syndicate), or (B) 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);

- (4) "**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:
- I 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);
 - II restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
 - III restrictions in respect of blocked periods on or around payment dates or voting periods;
- (5) "**Maximum Maturity**" means an obligation that has a remaining maturity of not greater than the period specified in the relevant Pricing Supplement (or if no such period is specified, thirty years);
- (6) "**Accelerated or Matured**" means an obligation under which the principal amount owed, whether by reason of maturity, acceleration, termination or otherwise, is 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
- (7) "**Not Bearer**" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream International or any other internationally recognised clearing system.

(ii) *Interpretation of Provisions*

- (A) If (i) any of the Valuation Obligation Characteristics "Listed", "Not Domestic Issuance" or "Not Bearer" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Bonds; (ii) the Valuation Obligation Characteristic "Transferable" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement 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; or (iii) any of the Valuation Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the relevant Pricing Supplement, the relevant Pricing Supplement shall be construed as though such Valuation Obligation Characteristic had been specified as a Valuation Obligation Characteristic only with respect to Loans.
- (B) If more than one of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" are specified as Valuation Obligation Characteristics in the relevant

Pricing Supplement, 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.

- (C) If a Valuation Obligation is a Relevant Guarantee, the following will apply:
- (1) for purposes of the application of the Valuation Obligation Category, the Relevant 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 Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Valuation Obligation Characteristics, if any, specified in the relevant Pricing Supplement from the following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law";
 - (3) for purposes of the application of the Valuation Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Valuation Obligation Characteristics, if any, specified in the relevant Pricing Supplement from the following list: "Listed", "Not Domestic Issuance", "Assignable Loan", "Consent Required Loan", "Direct Loan Participation", "Transferable", "Maximum Maturity", "Accelerated" or "Matured" and "Not Bearer"; and
 - (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) For purposes of the application of the Valuation Obligation Characteristic "Maximum Maturity", remaining maturity shall be determined on the basis of the terms of the Valuation Obligation in effect at the time of making such determination and, in the case of a Valuation Obligation that is due and payable, the remaining maturity shall be zero.
 - (6) If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in the relevant Pricing Supplement, if an obligation would otherwise satisfy a particular Valuation Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Valuation Obligation Characteristic.
 - (7) For purposes of determining the applicability of Valuation Obligation Characteristics to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event.
 - (8) If "Subordinated European Insurance Terms" is specified as applicable in the relevant Pricing Supplement, if an obligation would otherwise satisfy the "Maximum Maturity" Valuation Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Valuation Obligation Characteristic.

The Valuation Obligation Notification shall describe the selected Valuation Obligation(s) in reasonable detail and shall specify the relevant title(s) or designation(s), maturity date(s) and coupon rate(s) and, unless the Quotation Amount is specified in the relevant Pricing Supplement, the applicable Quotation Amount in respect of each such Valuation Obligation (**Provided That** the aggregate of the Quotation Amounts in respect of the Valuation Obligations shall not exceed the relevant Reference Entity Notional Amount). The Issuer may at any time after delivering a Valuation Obligation Notification but prior to the Valuation Time on the Valuation Date deliver a further Valuation Obligation Notification which shall replace all prior Valuation Obligation Notifications in relation to any additional or replacement Valuation Obligation(s) specified therein.

For the avoidance of doubt the Issuer shall be entitled to select any Valuation Obligations for the purposes of calculating the Final Price irrespective of their market value and, **provided that** (in the case of a Valuation Obligation selected pursuant to sub-paragraph (a) above) the selected obligation satisfies the applicable Valuation Obligation Category and Valuation Obligation Characteristics on the relevant date, such obligation(s) may constitute the Valuation Obligation(s) for the purposes hereof notwithstanding that this is not the case subsequent to such date.

"**Valuation Time**" means the time specified as such in the relevant Pricing Supplement or, if no time is so specified, 11.00 a.m. in the principal trading market for the Valuation Obligation.

"**Voting Shares**" means the 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 in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Valuation Obligation with an Outstanding Principal Balance or Due and Payable Amount, as applicable, of as large a size as available but less than the Quotation Amount (but, of a size at least equal to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

15. **Credit Event Notice after Restructuring Credit Event**

Notwithstanding anything to the contrary in these Credit Linked Conditions, upon the occurrence of an M(M)R Restructuring:

- (a) The Calculation Agent may deliver multiple Credit Event Notices in respect of such M(M)R Restructuring, each such Credit Event Notice setting forth an amount of the relevant Reference Entity Notional Amount to which such Restructuring Credit Event applies (the "**Partial Redemption Amount**") that may be less than the aggregate nominal amount of those Credit Linked Notes outstanding immediately prior to the delivery of such Credit Event Notice. In such circumstances the Credit Linked Conditions and related provisions shall be deemed to apply to the Partial Redemption Amount only and each such Credit Linked Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).
- (b) For the avoidance of doubt (A) the nominal amount of each Credit Linked Note not so redeemed in part shall remain outstanding, the Reference Entity Notional Amount shall be reduced by the Partial Redemption Amount and interest shall accrue each Credit Linked Note as provided in Condition 4 or Condition 5, and Credit Linked Condition 5(b), as applicable, (adjusted in such manner as the Calculation Agent determines to be appropriate), (B) the Credit Linked Conditions and related provisions shall apply to such Credit Linked Note in the event that subsequent Credit Event Notices are delivered in respect of the Reference Entity that was the subject of the Restructuring Credit Event and (C) if, following a Restructuring Credit Event, different Credit Event Determination Dates have been determined with respect to different portions of amounts payable or deliverable to Noteholders under the relevant Series, the Calculation Agent will (x) determine such adjustment(s) to the Base Conditions as may be required to achieve as far as practicable the same economic effect as if each such portion was a separate series or otherwise reflect or account for the effect of the above provisions of this Credit Linked Condition 15 and (y) the effective date of such adjustment(s).

- (c) If the provisions of this Credit Linked Condition 15(c) apply in respect of the Credit Linked Notes, on redemption of part of each such Credit Linked Note the relevant Credit Linked Note or, if the Credit Linked Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such part redemption.

16. Provisions relating to Multiple Holder Obligation

Unless this Credit Linked Condition 16 is specified as not applicable in the relevant Pricing Supplement, then, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (a) to (e) of the definition of "**Restructuring**" shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

"**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 requirement in paragraph (ii).

17. Calculation Agent, Calculation Agent Notices and Timings

- (a) Whenever any state of affairs, circumstance, event or other matter falls to be determined, considered or otherwise decided upon, or any discretion is required to be exercised, 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, or that discretion shall be exercised, by the Calculation Agent or such other person, as the case may be, acting in its sole and absolute discretion and shall in the absence of manifest error) be final and binding on the Issuer and the Noteholders. Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion. Neither the Calculation Agent nor the Issuer shall 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 the Calculation Agent's appointment or the exercise of its functions (including, without limitation, any such delay, deferral or forbearance), except in the case of the Calculation Agent such as may result from its own wilful default, negligence or bad faith or that of its officers or agents.
- (b) Any notice to be delivered by the Calculation Agent to the Issuer pursuant to these Credit Linked Conditions may be given in writing (including by facsimile and/or email) and/or by telephone. Any such notice will be effective when given, regardless of the form in which it is delivered. A notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Calculation Agent City Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.
- (c) Any notice to be delivered by the Issuer to the Calculation Agent pursuant to these Credit Linked Conditions may be given in writing (including by facsimile and/or email) and/or by telephone. Any such notice will be effective when given, regardless of the form in which it is delivered. A notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and

delivered confirming the substance of that notice within one Calculation Agent City Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.

- (d) For the purposes of determining the day on which an event occurs for purposes of these Credit Linked Conditions, the Calculation Agent will determine the demarcation of days by reference to Greenwich Mean Time (or, if the Reference Entity has a material connection to Japan for these purposes, Tokyo time) irrespective of the time zone in which such event occurred. Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.
- (e) In addition, if a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or, if the Reference Entity has a material connection to Japan for these purposes, Tokyo time), irrespective of the time zone of its place of payment.

18. Amendment of Credit Linked Conditions

The Calculation Agent may from time to time amend any provision of these Credit Linked Conditions (i) to incorporate and/or reflect further or alternative documents or protocols 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 Credit Derivatives Determinations Committees, including without limitation, in relation to settlement, credit events and successors and/or (ii) in any manner which the Calculation Agent determines in a commercially reasonable manner is necessary or desirable to reflect or account for market practice for credit derivative transactions and/or reflect or account for a Hedge Disruption Event. Any amendment made in accordance with this Credit Linked Condition 18 shall be notified to the Noteholders in accordance with Condition [14] (*Notices*). Any failure to provide notice of any such amendment to Noteholders will not constitute an Event of Default under the Notes and will not affect the validity of any of the foregoing provisions.

19. Early redemption of Reference Obligation Only Notes following a Substitution Event

If the Notes are Reference Obligation Only Notes relating to a single Reference Entity and the event set out in paragraph (a) of the definition of Substitution Event above occurs with respect to the Reference Obligation, then:

- (a) interest (if any) shall cease to accrue on the Credit Linked Notes from and including the Interest Payment Date immediately preceding the relevant Substitution Event Date or, if no Interest Payment Date has occurred, no interest will accrue on the Credit Linked Notes; and
- (b) each Credit Linked Note will be redeemed by the Issuer at its relevant Reference Obligation Only Termination Amount specified in, or determined in the manner specified in, the relevant Pricing Supplement on the Maturity Date, which for the purposes of this Credit Linked Condition 19 shall be the day falling five Business Days following the relevant Substitution Event Date.

20. DC Resolution Adjustment Events

If following the publication of a DC Resolution (the "**Prior DC Resolution**"), a further DC Resolution (the relevant "**Further DC Resolution**") is published the effect of which would be to reverse all or part of the Prior DC Resolution or if any DC Resolution would reverse any determination made by the Calculation Agent and/or the occurrence of a Credit Event Determination Date, notwithstanding any other provisions of these Credit Linked Conditions the Calculation Agent may, in its sole and absolute discretion, make any adjustment(s) that the Calculation Agent determines is necessary or desirable to the Conditions or these Credit Linked Conditions to reflect the publication of such Further DC Resolution or DC Resolution, including,

without limitation, as a result of the impact or effect of such Further DC Resolution or DC Resolution on the Hedging Arrangements (if any at the relevant time).

21. 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."

22. Meetings of Noteholders, Modification and Substitution

Condition 22 (*Meetings of Noteholders, Modification and Substitution*) shall be amended by inserting "; or" after the reference to "Notes" in the last line of sub paragraph (b)(iii) and inserting thereafter the following as a new sub paragraph (b)(iv):

"(iv) any modification of the Notes after the Issue Date required in connection with the listing of the Notes on any stock exchange."

PRO FORMA PRICING SUPPLEMENT FOR CREDIT-LINKED NOTES (2014 ISDA CREDIT DERIVATIVES DEFINITIONS VERSION)

(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 G – Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)" of the Offering Memorandum (together the "Base Conditions") as amended or supplemented by the terms set out in this Pricing Supplement (including the Schedule hereto) (the "Pricing Supplement"), (terms used herein shall be deemed to be defined as such for the purposes of the Base Conditions).

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] [a basket of [number of Reference Entities] Reference Entities] [(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 12 June 2015 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 (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

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 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).

[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]¹:
- [(i) Series:] []
- [*For Leveraged Credit Linked Notes, insert: plus, if an Additional Note Issuance has occurred, the Principal Increase Amount*]
- [(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/None²]
- (iii) Selling concession: [[] per cent/None³]
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*)
- (ii) Calculation Amount⁴: []
7. (i) Issue Date: []
- (ii) Interest Commencement Date: [*specify*/Issue Date/Not applicable]
8. Maturity Date: [[*insert date*] (the "**Scheduled Maturity Date**"), subject as provided in the Credit Linked Conditions [and to adjustment in accordance with the [*insert*] Business Day Convention].]

¹ Delete for debt securities with a denomination per unit of less than EUR 100,000.

² 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.

³ 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.

⁴ 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.

[For Basket Credit Linked Notes, insert:

The later of:

- (a) the day falling [five] [specify] Business Days following (i) the calculation of the Final Price or (ii) the Auction Final Price Determination Date (or, if later, the related Auction Settlement Date) in respect of each Reference Entity for which a Credit Event Determination Date has occurred; and
- (b) [insert date] (the "**Scheduled Maturity Date**"), subject as provided in the Credit Linked Conditions [and to adjustment in accordance with the [insert] Business Day Convention].]

9. Change of interest or redemption basis: [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 Scheduled Maturity Date, in each case subject as provided in the Credit Linked Conditions [and to adjustment in accordance with the [specify] Business Day Convention] / [, not adjusted]
- First Interest Payment Date: [] subject as provided in the Credit Linked Conditions ([and 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] [See also the Schedule hereto]
- Other terms relating to the method of calculating interest for Fixed Rate Notes: [insert details]
11. Floating Rate Note Provisions: [Applicable / Not applicable]
- (Condition 5)

- (i) [Interest Period(s)] / [Specified Period]⁵: [As set out in the Credit Linked Conditions[, **provided that** for the purposes of calculating the Additional Libor Amount in respect of the Interest Period (the "**First Additional Libor Period**") in which any Additional Note Issuance falls, such Interest Period will be deemed to commence on and include the day on which the Additional Note Issuance is effected] [**provided that** for the purposes of Interest Periods, the Interest Payment Dates shall not be subject to the [*insert*] Business Day Convention].]⁶ / [*specify*]⁷

(Note the Additional Libor provisions are only relevant for Leveraged Credit Linked Notes)

- (ii) Interest Payment Dates: [Not applicable – Floating Rate Convention applies] [*specify payment dates*] in each year, commencing on and including the First Interest Payment Date and ending on the Scheduled Maturity Date], in each case subject as provided in the Credit Linked Conditions [and to adjustment in accordance with the [*specify*] Business Day Convention] / [, not adjusted]

- (iii) First Interest Payment Date: [] subject as provided in the Credit Linked Conditions ([subject to adjustment in accordance with the [*specify*] Business Day Convention] / [not adjusted])

- (iv) Interest Amount: [Condition 5 applies] [*specify*]

[For Leveraged Credit Linked Notes, insert:

Each Note's *pro rata* share of an amount equal to the sum of:

- (a) the Initial Libor Amount;
- (b) where such Interest Period ends on or after the date of any Additional Note Issuance, the Additional Libor Amount (if any); and
- (c) the Premium Amount,

in each case in respect of the relevant Interest Period.

"**Additional Libor Amount**" means, in respect of an Interest Period, the product of:

- (a) the Additional Libor Calculation Amount;
- (b) the relevant Rate of Interest in respect of such Interest Period; and
- (c) the Day Count Fraction in respect of such Interest Period.

⁵ Select applicable option. "Specified Period" will only be applicable where Floating Rate Convention is applicable. In all other cases, select "Interest Period(s)".

⁶ This option is applicable when "Interest Period(s)" has been selected.

⁷ Specify relevant period when "Specified Period" has been selected.

"**Additional Libor Calculation Amount**" means the Principal Increase Amount

"**Initial Libor Amount**" means, in respect of an Interest Period, the product of:

- (a) the Initial Libor Calculation Amount;
- (b) the relevant Rate of Interest in respect of such Interest Period; and
- (c) the Day Count Fraction in respect of such Interest Period.

"**Initial Libor Calculation Amount**" means the Aggregate Principal Amount (ignoring for such purposes any Principal Increase Amount).

"**Premium Amount**" means, in respect of an Interest Period, the product of:

- (a) the Premium Calculation Amount;
- (b) the Premium Rate; and
- (c) the Day Count Fraction in respect of the relevant Interest Period.

"**Premium Calculation Amount**" means [*specify*].

"**Premium Rate**" means [*specify*].

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*] [See also the Schedule hereto]
- (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) Linear Interpolation: [Not Applicable]/[Applicable – the Rate of Interest for [the Interest Period ending on the Interest Payment Date falling in [] [and] [the First Additional Libor Period] shall be calculated using Linear Interpolation]
- (x) Margin(s): [[+/-] per cent. per annum] [Not applicable]]
- [For Leveraged Credit Linked Notes, insert:
- [•] 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.]
- (xi) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/Actual/360/ other (specify)] (as defined in Condition [1])
- (xii) Relevant time: []
- (xiii) Minimum Rate of Interest: [[] per cent. per annum] [Not applicable]
- (xiv) Maximum Rate of Interest: [[] per cent. per annum] [Not applicable]
- (xv) 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 [Applicable/Not applicable]
- (Condition 5) (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Payment Dates: []
- (ii) Method of calculating interest: []
- (iii) Business Centre(s): [Not applicable/give details] [See also the Schedule hereto]
13. Zero Coupon Note provisions: [Applicable/Not applicable]
- (Condition 5) (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. Equity/Index-Linked Interest Note and other variable-linked Interest Note provisions [Applicable/Not applicable]

PROVISIONS RELATING TO REDEMPTION

15. Issuer's optional redemption (Call Option): [Applicable/Not applicable]
- (Condition 7(c))
16. Noteholder's optional redemption (Put Option): [Applicable/Not applicable]
- (Condition 7(d))
17. Final Redemption Amount: [[] per Calculation Amount] [Each Note's *pro rata* share of the Aggregate Principal Amount] [As per Credit Linked Condition 5 (Include for Basket Credit Linked Notes)] [specify – if not par, also specify details of any formula]
18. Final Redemption Amount in cases where the final Redemption Amount is Index-linked to other variable linked: Not applicable
19. Instalment Notes: [Not applicable]
- [For Basket Credit Linked Notes, insert:
See Credit Linked Condition 5]
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(f) 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 Unwind Costs, subject to a minimum of zero.] [specify other]
- (ii) Other redemption provisions: [Specify] [Not applicable]

21. Credit Linked Redemption:

- (i) Part G – Product Supplement for Credit Linked Notes (2014 ISDA Credit Derivatives Definitions Version) Applicable
- (ii) Type of Credit Linked Notes [Single Reference Entity Credit Linked Notes][Basket Linked Credit Linked Notes][Leveraged Credit Linked Notes] (*Leveraged Credit Linked Notes may only be selected if Single Reference Entity Credit Linked Notes is also selected*)
- (iii) Unwind Costs: [Standard Unwind Costs][*specify*][Not applicable]
- (iv) Settlement Method: [Auction Settlement][Physical Delivery]
- (v) Basket Credit Linked Terms: [Applicable][Not applicable]
- If applicable, insert:*
- Credit Event Amount: [*specify*][As set out in the Credit Linked Conditions]
- Credit Event Payment Date: [*specify*][[•] Business Days][As set out in the Credit Linked Conditions]
- (vi) Trade Date: [*specify*]
- (vii) Calculation Agent City: [*specify*]
- (viii) Reference Entity(ies): [*specify*][See the Schedule hereto]
- (ix) Transaction Type: [Not applicable][*specify*][See the Schedule hereto]
- If a Transaction Type and Standard Terms applies, insert:*
- The "**Standard Terms**" in respect of a Reference Entity will be the standard terms set out in the Credit Derivatives Physical Settlement Matrix dated [*insert date*] as published by ISDA on its website at www.isda.org, in relation to the Transaction Type for such Reference Entity]
- (x) Reference Entity Notional Amount: [*specify in respect of each Reference Entity*][See the Schedule hereto]
- (xi) Reference Obligation(s): Standard Reference Obligation: [Applicable][Not applicable]
- [Senior Level/Subordinated Level]

*[If Standard Reference
Obligation does not apply,
insert:*

Non-Standard Reference
Obligation:

- | | |
|--|--|
| Primary Obligor: | [specify] |
| Guarantor: | [specify] |
| Maturity: | [specify] |
| Coupon: | [specify] |
| CUSIP/ISIN: | [specify] |
| (xii) All Guarantees: | [Applicable][Not applicable][As per the Standard Terms] |
| (xiii) Credit Events: | [As per the Standard Terms] |
| | [Bankruptcy] |
| | [Failure to Pay] |
| | [Grace Period Extension] [Applicable][Not applicable] |
| | [If applicable: Grace Period: [specify][As set out in the Credit
Linked Conditions] |
| | [Obligation Default] |
| | [Obligation Acceleration] |
| | [Repudiation/Moratorium] |
| | [Restructuring] |
| | [Provisions relating to Restructuring Credit Event: [Mod R/Mod
Mod R] applicable]] |
| | [Provisions relating to Multiple Holder Obligation: Credit Linked
Condition 16: [Not applicable]] |
| | [Governmental Intervention] |
| Default Requirement: | [specify] [As per Credit Linked Condition 14] |
| Payment Requirement: | [specify][As per Credit Linked Condition 14] |
| (xiv) Financial Reference Entity
Terms: | [Applicable][Not applicable][As per the Standard Terms] |
| (xv) Subordinated European Insurance
Terms: | [Applicable][Not applicable][As per the Standard Terms] |

(xvi) Credit Event Determination Date: Notice of Publicly Available Information: [Applicable][Not applicable]

[If Applicable:

Public Source(s): *[specify]*

Specified Number: *[specify]*]

(xvii) Obligation(s):

Obligation Category: [As per the Standard Terms]

[Payment] [Borrowed Money] [Reference Obligation Only]
[Bond] [Loan] [Bond or Loan]

(select one only)

Obligation Characteristics: [As per the Standard Terms]

[Not Subordinated] [Specified Currency: *[specify currency/Standard Specified Currency]*] [Not Sovereign Lender]
[Not Domestic Currency: Domestic Currency means *[specify currency]*] [Not Domestic Law] [Listed] [Not Domestic Issuance]

(select all of which apply)

(xviii) Excluded Obligation(s): *[specify]*

(xix) Accrual of Interest upon Credit Event: [Applicable][Not applicable] *(Not applicable for Basket Credit Linked Notes)*

Terms relating to Cash Settlement

(xx) Credit Event Redemption Amount: *[specify]*[As set out in the Credit Linked Conditions][Not applicable]

(xxi) Credit Event Redemption Date: [Credit Linked Condition 14 applies]*[specify]*[[*specify*] Business Days][Not applicable]

(xxii) Valuation Date: [Applicable][Not applicable]

[Single Valuation Date:

Fixed Valuation Date: [Applicable] [Not applicable]

[If applicable: *[specify]* Business Days]]]

[Multiple Valuation Dates:

Fixed Valuation Date: [Applicable] [Not applicable]

[If applicable: *[specify]* Business Days; and each *[specify]* Business Days thereafter; Number of Valuation Dates: *[specify]*]]]]

- (xxiii) Valuation Time: *[specify]* [As per Credit Linked Condition 14]
- (xxiv) Indicative Quotations: [Applicable][Not applicable]
- (xxv) Quotation Method: [Bid][Offer][Mid-market][As per Credit Linked Condition 14]
- (xxvi) Quotation Amount: *[specify]* [Representative Amount][Credit Linked Conditions apply]
- (xxvii) Minimum Quotation Amount: *[specify]* [As per Credit Linked Condition 14]
- (xxviii) Quotation Dealers: [ABN Amro Bank NV
 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 LLC
 Merrill Lynch International
 Morgan Stanley & Co. International plc
 Société Générale
 The Royal Bank of Scotland plc
 UBS Limited]
[specify other] [As per Credit Linked Condition 14]
- (xxix) Quotations: [Include Accrued Interest][Exclude Accrued Interest] [As per Credit Linked Condition 14]
- (xxx) Valuation Method: [Market][Highest]
 [Average Market][Highest][Average Highest]

(xxxii) Valuation Obligations:

Valuation Obligation Category: [The Deliverable Obligation Category under the Standard Terms]
 [Payment] [Borrowed Money] [Reference Obligation Only]
 [Bond] [Loan] [Bond or Loan][Not applicable]
 (select one only)

Valuation Obligation Characteristics: [The Deliverable Obligation Characteristics under the Standard Terms]
 [Not Subordinated][Specified Currency: [specify currency/Standard Specified Currency] [Not Sovereign Lender]
 [Not Domestic Currency: Domestic Currency means [specify currency]] [Not Domestic Law] [Not Domestic Issuance]
 [Assignable Loan] [Consent Required Loan] [Direct Loan Participation] [Transferable] [Listed] [specify]] [Maximum Maturity: [] years] [Accelerated or Matured] [Not Bearer][Not applicable]
 (select all of which apply)

(xxxiii) Excluded Valuation Obligation(s): [specify][Not applicable]

Terms relating to Physical Delivery

(complete if Physical Delivery is the Settlement Method and as required for Substitute/Auction/Reference Transaction/Valuation Obligation purposes and elections)

(xxxiv) Physical Settlement Period: [[specify] Business Days][Not applicable]

(xxxv) Accrued Interest on Entitlement: [Include Accrued Interest][As per Credit Linked Condition 14] [Not applicable]

(xxxvi) Credit Settlement Currency: [specify][As per Credit Linked Condition 14] [Not applicable]

(xxxvii) Deliverable Obligations:

Deliverable Obligation Category: [As per the Standard Terms]
 [Payment] [Borrowed Money] [Reference Obligation Only]
 [Bond] [Loan] [Bond or Loan][Not applicable]
 (select one only)

Deliverable Obligation Characteristics: [As per the Standard Terms]
 [Not Subordinated][Specified Currency: [specify currency/Standard Specified Currency] [Not Sovereign Lender]
 [Not Domestic Currency: Domestic Currency means [specify

currency] [Not Domestic Law] [Not Domestic Issuance]
 [Assignable Loan] [Consent Required Loan] [Direct Loan
 Participation] [Transferable] [Listed] [*specify*] [Maximum
 Maturity: [] years] [Accelerated or Matured] [Not Bearer][Not
 applicable]

(select all of which apply)

(xxxvii) Excluded Deliverable
 Obligation(s): [*specify*] [Not applicable]

(xxxviii) Indicative Quotations: [Applicable][Not applicable]

(xxxix) Valuation Time: [*specify*][As per Credit Linked Condition 14] [Not applicable]

(xxxx) Delivery provisions for
 Entitlement if different from
 Credit Linked Conditions: [*specify*] [Not applicable]

(xxxxi) Qualifying Participation Seller: [*insert*] [Not applicable]

(xxxxii) Sovereign No Asset Package
 Delivery: [Applicable][Not applicable]

22. Trigger Event Provisions: [Applicable][Not applicable]

*(Applicable for Leveraged Credit Linked Notes and otherwise not
 applicable. If not applicable, delete the following sub-
 paragraphs)*

(i) Principal Increase Amount: [*specify*]

(ii) Trigger Level: [*specify %*]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. 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*]

24. [*New Global Note*][*delete if Registered
 Note*]/[Issued under the new safekeeping
 structure][*delete if Bearer Note*] [Yes/No]

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 Notes⁸: [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 Notes⁹: [Yes/No/Not applicable] [N.B. the above comment applies here]

26. Exchange Date for exchange of Temporary Global Note: [specify/Not earlier than 40 days following the Issue Date]

27. 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))

28. Redenomination: [Applicable/Not applicable]

(Condition 10)

29. Other terms: [Specify] [Not applicable]

⁸ Definitive Notes will typically have coupons attached to them if interest bearing.

⁹ Talons will be needed if there are 27 or more coupons.

DISTRIBUTION

30. (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
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 "**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]
32. 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:¹⁰

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 the Pricing Supplement and this 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**"), and (where applicable) each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager), 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, and each person causing such purchaser to purchase or hold any interest in the Notes (such as an investment manager), 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)

¹⁰ Please note that the default selling restrictions are for Regulation S offers and sales only.

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.

*EITHER*¹¹

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND NOTE (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF (A) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), OR (B) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHOSE ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR INTEREST HEREIN WOULD RESULT IN A VIOLATION OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"). "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA.]"

*OR*¹²

[EACH BENEFICIAL OWNER OF THIS NOTE OR AN INTEREST HEREIN, AND ANY PARTY CAUSING THE BENEFICIAL OWNER TO PURCHASE OR HOLD ANY INTEREST IN THIS NOTE (SUCH AS AN INVESTMENT MANAGER), WILL BE DEEMED TO REPRESENT AND WARRANT (THE LATTER, IN ITS FIDUCIARY AND INDIVIDUAL CAPACITY) ON EACH DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) ACQUIRES THIS NOTE THROUGH AND INCLUDING THE DATE ON WHICH THE BENEFICIAL OWNER (OR ANY PARTY ON WHOSE BEHALF IT IS ACTING) DISPOSES OF ITS INTEREST IN THIS NOTE THAT EITHER (A) SUCH BENEFICIAL OWNER IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR AN INTEREST HEREIN WILL NOT BE) ACTING ON BEHALF OF A "**BENEFIT PLAN INVESTOR**" AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1986, AS AMENDED ("**ERISA**") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") (ANY SUCH LAW OR REGULATION, A "**SIMILAR LAW**"), INCLUDING ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN, THE INCLUSION OF WHICH FOR PURPOSES OF ERISA OR ANY SIMILAR LAW, AS THE CASE MAY BE, WOULD RESULT IN SUCH ENTITY BEING DEEMED A BENEFIT PLAN INVESTOR OR SIMILAR LAW PLAN OR (B)(I) SUCH BENEFICIAL OWNER'S ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR AN INTEREST HEREIN DOES NOT AND WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AS A

¹¹ This paragraph is to be included if the Pricing Supplement specifies "ERISA prohibited".

¹² This paragraph is to be included if the Pricing Supplement specifies "ERISA terms apply".

RESULT OF SATISFYING ALL OF THE APPLICABLE CONDITIONS OF ONE OR MORE OF THE FOLLOWING PROHIBITED TRANSACTION CLASS EXEMPTIONS ("PTCE") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 OR PTCE 96-23 ISSUED BY THE U.S. DEPARTMENT OF LABOR, OR SUCH OTHER PROHIBITED TRANSACTION EXEMPTION FOR WHICH THE PURCHASER OR TRANSFEREE (AND, IF APPLICABLE, ANY PERSON OR ENTITY ACTING ON BEHALF OF SUCH PURCHASER OR TRANSFEREE) DEMONSTRATES TO THE SATISFACTION OF THE ISSUER THAT ALL APPLICABLE CONDITIONS ARE SATISFIED (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH PLAN OR NON-U.S. PLAN, WILL NOT RESULT IN A VIOLATION OF ANY SIMILAR LAW), AND (II) NEITHER ISSUER NOR ITS AFFILIATES HAS PROVIDED ANY ADVICE THAT HAS FORMED OR MAY FORM A PRIMARY BASIS FOR THE DECISION TO PURCHASE, HOLD, OR DISPOSE OF ANY INTEREST IN THIS NOTE ON BEHALF OF ANY BENEFICIAL OWNER. "**BENEFIT PLAN INVESTORS**" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA."]

- (4) In addition, each purchaser of, and each person causing such purchaser to purchase or hold any interests in, 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) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA prohibited", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, that such purchaser or transferee shall not acquire, hold or subsequently dispose of such Note for, or on behalf of, or with the assets of: (x) any Benefit Plan Investor (as defined in Section 3(42) of ERISA), or (y) any governmental, church or non-U.S. plan which is subject to Similar Law whose acquisition, holding or disposition of such Note or an interest therein would result in a violation of any Similar Law. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.
- (6) If the Pricing Supplement in relation to a Tranche of Notes specifies "ERISA terms apply", then each purchaser or transferee, and each person causing such purchaser or transferee (as applicable) to purchase or hold any interest in the Notes (such as an investment manager), by such purchase or holding of any Note (or any interest therein) will be deemed to represent (the latter in its fiduciary and individual capacity), on each day from the date on which the purchaser or transferee (or any party on whose behalf it is acting) acquires any interest in any offered Note through and including the date on which the purchaser or transferee (or any party on whose behalf it is acting) disposes of its interest in such offered Note, either that (a) such purchaser or transferee is not (and for so long as it holds such Notes or any interests therein will not be), and is not (and for so long as it holds such Notes or interests therein will not be) acting on behalf of a Benefit Plan Investor as defined in Section 3(42) of ERISA or a governmental, church or non-U.S. plan which is subject to any Similar Law, including any entity whose underlying assets include the assets of any Benefit Plan Investor or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Benefit Plan Investor or Similar Law Plan or (b)(i) such purchaser or transferee's acquisition, holding and disposition of this Note or an interest therein does not and will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code as a result of satisfying all of the applicable conditions of one or more of the following Prohibited Transaction Class Exemption ("PTCE") 84-14, PTCE 90-1, PTCE 91-38, PTCE 95-60 or PTCE 96-23 issued by the U.S. Department of Labor, or such other prohibited transaction exemption for which the purchaser or transferee (and, if applicable, any person or entity acting on behalf of such purchaser or transferee) demonstrates to the satisfaction of the Issuer that all applicable conditions are satisfied (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law), and (ii) neither Issuer nor its affiliates has provided any advice that has formed or may form a primary basis for the decision to purchase, hold, or

dispose of any interest in the Notes on behalf of any purchaser or transferee. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" in this Offering Memorandum.

- (7) 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] [Not applicable]¹³

¹³ 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.

[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs 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 the ECB being satisfied that Eurosystem eligibility criteria have been met.] *[include this text if "yes" selected]*

[Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them, then the Issuer may (in its absolute discretion) elect to deposit the Notes with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,)]*[include this text for registered notes]*. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] *[Include this text if "no" selected]*

- | | | |
|-----|--|--|
| 14. | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | [CREST/ None/ <i>specify other</i>] |
| 15. | Delivery: | Delivery [against/free of] payment |
| 16. | Settlement procedures: | [Eurobond/Medium Term Note/ <i>other (specify)</i>] |
| 17. | Additional Paying Agent(s) (if any): | [HSBC Bank plc] [<i>specify other</i>] [None] |
| 18. | Common Depository: | [HSBC Bank plc] [Not applicable] [<i>specify</i>] |
| 19. | Calculation Agent: | [HSBC Bank plc] [HSBC France] [<i>other (specify)</i>] |
| 20. | City in which specified office of Registrar to be maintained: | [London] [Not applicable] [<i>specify</i>] |

(Condition 15)

21. ERISA Considerations: [ERISA prohibited] [ERISA terms apply]

SCHEDULE

<u>Reference Entity</u>	<u>Reference Obligation (ISIN)</u>	<u>Seniority</u>	<u>Transaction Type</u>	<u>[Reference Entity Notional Amount]</u>	<u>[Business Centre(s)]</u>
[]	[]	[]	[]	[]	[]

FORM OF ASSET TRANSFER NOTICE

[Aggregate Principal Amount of Tranche] Credit Linked Notes (the "Notes") due [●] linked to
[name of Reference Entity] [(Subordinated)]

*When completed, this Asset Transfer Notice should be delivered (i) if the Notes are represented by a Global Note, to Euroclear or Clearstream, Luxembourg, in such manner is acceptable to them with a hardcopy to the Registrar (if the Notes are Registered Notes), the Principal Paying Agent, the Issuer and any Delivery Agent ("Global Note Notice") or (ii) if the Notes are represented by a definitive Note, in writing along with the relevant Notes** to the Registrar (if the Notes are Registered Notes) or any Paying Agent (if the Notes are Bearer Notes) with a hardcopy to the Principal Paying Agent, the Issuer and any Delivery Agent ("Definitive Note Notice").*

[To: Euroclear Bank SA/N.V. as operator of the Euroclear System
Boulevard du Roi Albert II, no 1
B-1210 Brussels
Belgium or: Clearstream, Luxembourg
67 Boulevard Grande-Duchesse
Charlotte
Luxembourg-Ville
L-1010 Luxembourg]¹

[To: HSBC Bank plc (the "Registrar")
8 Canada Square
London
E14 5HQ or: HSBC Bank plc (the "Paying Agent")
8 Canada Square
London
E14 5HQ

Tel: [●] Tel: [●]
Fax: [●] Fax: [●]
Attention: [●] Attention: [●]

or:

[●]²

Copy: HSBC Bank plc (the "Issuer"[, "Registrar"] and "Principal Paying Agent")
8 Canada Square
London
E14 5HQ

Tel: [●]
Fax: [●]
Attention: [●]

Copy: [●] (the "Delivery Agent")
[●]

Tel: [●]
Fax: [●]
Attention: [●]

** The Registrar or Paying Agent with whom any definitive Notes are deposited will not in any circumstances be liable to the depositing Noteholder or any other person for any loss or damage arising from any act, default or omission of such Registrar or Paying Agent in relation to the said definitive Notes

¹ Delete if completing Definitive Note Notice.

² Delete if completing Global Note Notice.

or any of them unless such loss or damage was caused by the fraud or negligence of such Registrar or Paying Agent or its directors, officers or employees.

Expressions defined in the Conditions of the Notes (the "**Conditions**") shall bear the same meanings herein. Failure to properly complete and deliver this Asset Transfer Notice as provided in the Conditions may result in this Asset Transfer Notice being treated as null and void.

Reference is made to the [Notice of Physical Settlement Notice][Physical Settlement Amendment Notice]* of [insert date of notice] and the Entitlement to be delivered pursuant to the Physical Settlement of [the Notes in part][the Notes]*.

1 Name(s) and Address(es) of [Accountholder³/Noteholder⁴]

[insert details]

2 Request and confirmation

I/We*, the [Accountholder³/Noteholder⁴] specified in 1 above, being the holder of [●] in aggregate nominal amount of the Note(s), hereby:

- (i) request that the Issuer delivers the Entitlement(s) to which I am/we are* entitled in relation to such Note(s), all in accordance with the Conditions; and,
- (ii) confirm that I/we* have requested [Euroclear/Clearstream, Luxembourg][other relevant clearing system]* to block my/our* account.

3 [Instructions to [Euroclear][Clearstream, Luxembourg]*]³

[The Entitlement to be delivered comprises Deliverable Obligations that are deliverable through [Euroclear/Clearstream, Luxembourg]* and I/we* hereby irrevocably authorise and instruct [Euroclear][Clearstream, Luxembourg][other relevant clearing system]* to deliver the Entitlement to the following account:

At: [●]

Swift: [●]

ABA: [●]

Beneficiary: [●]

Swift: [●]

Account Number: [●]

[The Entitlement to be delivered comprises Deliverable Obligations that are not deliverable through [Euroclear/Clearstream, Luxembourg]* and I/we* hereby irrevocably authorise and instruct the Issuer to deliver such Deliverable Obligations in accordance with the following instructions, subject to my/our* production to the Issuer's satisfaction in its sole and absolute discretion of all necessary consents or authorisations (including but not limited to those requested or required by any applicable designee) with respect thereto as requested by the Issuer:

³ Delete if completing Definitive Note Notice.

⁴ Delete if completing Global Note Notice.

[insert alternative delivery instructions]]*

4 Name and address of person from whom details may be obtained for the delivery of the Entitlement

[insert details]

5 [Notes Account at relevant Clearing System]³

My/Our* Notes accounts with [insert name of relevant Clearing System, if applicable] is:

[Euroclear/Clearstream, Luxembourg]*

No:

Name:

I/We* hereby irrevocably authorise [Euroclear/Clearstream, Luxembourg]* to debit the Notes referred to above from the account referred to above on or before the Credit Settlement Date.]

6 Expenses

I/We* hereby irrevocably undertake to pay all Expenses in respect of the Entitlement [and irrevocably authorise Euroclear/Clearstream, Luxembourg* to debit my/our* specified account at Euroclear/Clearstream, Luxembourg* in respect thereof and to pay such Expenses].

7 Noteholders [Euroclear/Clearstream, Luxembourg]* account for payment of any cash amount payable in accordance with the Conditions

I/We* hereby instruct that any cash amount payable to me/us* in accordance with the Conditions shall be credited to the [Euroclear/Clearstream, Luxembourg]* account referred to below:

Account:

No:

Name:

[Name and address of bank or institution at which such account is held:

[insert details]]⁴

8 Authorisation of production in proceedings

I/We* hereby authorise the production of this Asset Transfer Notice in any administrative or legal proceedings instituted in connection with the Note(s) to which this Asset Transfer Notice relates.

9 Governing law and jurisdiction

This Asset Transfer Notice and any non-contractual obligations arising out of or in connection herewith shall be governed by and construed in accordance with English law. The courts of England and Wales shall have exclusive jurisdiction to hear and decide any suit, action or

* Delete as applicable.

proceedings, and to settle any disputes or any non-contractual obligation which may arise out of or in connection with this Asset Transfer Notice or the Note(s) and, for these purposes, each of the Noteholder and the Issuer irrevocably submits to the jurisdiction of the courts of England.

Date.....

ANNEX 2

Risk Factors

(11) Risks relating to Credit-Linked Notes to which Part G – Product Supplement for Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version) applies

General

The Issuer may issue Notes where the amount of principal and/or interest payable is dependent upon whether certain events ("**Credit Events**") have occurred in respect of one or more entities (together "**Reference Entities**" and each, a "**Reference Entity**") and, if so, on the value of certain specified assets of such Reference Entity(ies) or, where, if such events have occurred, the Issuer's obligation is to deliver certain specified assets upon redemption of the Notes. In this respect the Notes provide investors with a return linked to the credit of the Reference Entity or Reference Entities, as well as the credit risk of the Issuer in performing its obligations under the Notes, and will not provide protection of principal or a guarantee of interest.

Prospective investors in any such Notes should be aware that depending on the terms of the Credit Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. It is the responsibility of investors to ensure that their accounting, regulatory and all other treatments of the Notes are consistent with the conditional nature of their entitlement to receive payments under the Notes.

The market price of such Notes may be volatile and will be affected by factors that interrelate in complex ways, including amongst other things, the Issuer's creditworthiness, the time remaining to the redemption date and the creditworthiness of the Reference Entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions. It is important for investors to understand that the effect of one factor may offset the increase in the market price of the Notes caused by another factor, and that the effect of one factor may exacerbate the decrease in the market price 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. The market price of the Notes may be zero.

Part G (Product Supplement for Credit-Linked Notes – Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)) of this Offering Memorandum contains Additional Terms and Conditions for Credit Linked Notes with terms based on the 2014 ISDA Credit Derivatives Definitions (the "**2014 ISDA Definitions**"). This is different from Part F (Product Supplement for Credit-Linked Notes – Additional Terms and Conditions relating to Credit-Linked Notes) of this Offering Memorandum, which contains Additional Terms and Conditions for Credit Linked Notes with terms based on the 2003 ISDA Credit Derivatives Definitions (as supplemented) (the "**2003 ISDA Definitions**").

The Issuer's obligations in respect of Credit Linked Notes are irrespective of the existence or amount of the Issuer's and/or any affiliates' credit exposure to a Reference Entity and the Issuer and/or any affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

The holders of Credit Linked Notes will be exposed to the credit of one or more Reference Entities, which exposure shall be, unless otherwise stated in the relevant Pricing Supplement, to the full extent of their investment in such Notes. Upon the occurrence of any of the default events comprising a Credit Event with respect to any Reference Entity, the Noteholders may suffer significant losses at a time when losses may be suffered by a direct investor in obligations of such Reference Entity. However, the holding of a Note is unlikely to lead to outcomes which exactly reflect the impact of investing in an obligation of a

Reference Entity, and losses could be considerably greater than would be suffered by a direct investor in the obligations of a Reference Entity and/or could arise for reasons unrelated to such Reference Entity. Noteholders should also note that a Credit Event may occur even if the obligations of a Reference Entity are unenforceable or their performance is prohibited by any applicable law or exchange controls.

The Calculation Agent may exercise its right to deliver a Credit Event Notice even if the relevant Credit Event is no longer continuing and Noteholders will have no right to compel the exercise of this right or to control the timing of a Credit Event Determination Date. Notwithstanding this, in most cases a Credit Event can only be triggered (whether by an ISDA Credit Derivatives Determinations Committee determination or the Calculation Agent) if the relevant event occurred within a 60 calendar day look-back period. These provisions mean that there is a time limit on the ability to act on a Credit Event and that it is possible that the Notes could be affected by a Credit Event that took place prior to the Trade Date.

Not all of the Credit Events require an actual default with respect to the Reference Entity's obligations. Thus Noteholders may bear losses based on a deterioration in the credit of a Reference Entity short of default. Also, not all 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, subject to certain Credit Derivatives Determinations Committee determinations, the Calculation Agent's determination will be binding on the Issuer and Noteholders and may be different from the view of Noteholders, other financial institutions and/or commentators.

The Issuer may determine that certain terms of the Notes (for example the applicable Credit Events, Deliverable Obligations and Obligations) be those set in the Credit Derivatives Physical Settlement Matrix for the Transaction Type(s) specified in the Pricing Supplement for the Reference Entity(ies), rather than being specified in the Pricing Supplement. The Physical Settlement Matrix sets out a number of terms which, depending on the Transaction Type specified, will apply to standard credit derivatives transactions if incorporated into the documentation for those transactions and is published by ISDA on its website at www.isda.org (or any successor website thereto). If applicable to the Notes, the version of the Physical Settlement Matrix which will apply will be that dated the date specified in the relevant Pricing Supplement.

Redemption following a Credit Event

Where cash settlement or auction settlement applies, the occurrence of a Credit Event in relation to any Reference Entity from time to time may result in a redemption of the Notes in a reduced nominal amount or at zero, and interest bearing Credit Linked Notes may cease to bear interest on or prior to the date of occurrence of such circumstance. The value of obligations of the relevant Reference Entity which will affect the amount (if any) due on such redemption may substantially decrease in value during the period between the Credit Event and settlement of the Notes.

Where cash settlement applies and the amount (if any) due on redemption of the Notes is to be calculated by reference to the value of one or more Valuation Obligations of the relevant Reference Entity, the Issuer will select the relevant Valuation Obligations in its sole and absolute discretion irrespective of their market value or liquidity and will not be obliged to consider the interests of Noteholders or mitigate their losses.

Where physical settlement is intended to apply, unless the Issuer does not deliver a Notice of Physical Settlement following the occurrence of a Credit Event because it determines that it would not have any relevant assets to deliver or that all of the relevant assets would be impossible, illegal or impractical to deliver (in which case auction or cash settlement will apply as above), the occurrence of a Credit Event may result in the redemption of the Notes by delivery of certain direct or indirect obligations of the affected Reference Entity and/or obligations received under certain transactions which may be entered into by the Issuer and/or its affiliates in connection with the Issuer's obligations under the Notes, which obligations are likely to have a market value which is substantially less than their par amount (and may

substantially decrease in value during the period between the Credit Event and settlement of the Notes), and interest bearing Credit Linked Notes may cease to bear interest on or prior to the date of occurrence of such circumstance. Where the Notes provide for physical delivery and the Issuer delivers a Notice of Physical Settlement, the Calculation Agent may nonetheless determine that the specified assets to be delivered are either (a) assets which, for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans), are impossible, illegal or impractical to deliver on the specified settlement date, or (b) assets which the Issuer and/or any affiliate has not received under the terms of any transaction entered into by the Issuer and/or such affiliate in connection with the Issuer's obligations under the Notes. Any such determination may delay settlement in respect of the Notes (in the case of paragraph (b)) and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount (if any) which, in either case, may affect the value of the Notes and, in the case of payment of a cash amount, will affect the timing of the valuation of such Notes and as a result, the amount of principal payable on redemption. In this respect investors should note that neither the Issuer nor its affiliates are under any obligation to acquire any assets for delivery under the Notes and if no such assets are held for these purposes the Notes will be redeemed by payment of a cash amount (if any). Prospective Investors should review the "*Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version)*" and the relevant Pricing Supplement to ascertain whether and how such provisions should apply to the Notes.

Investors in the Notes are accordingly exposed, as to both principal and (if applicable) interest, to the credit risk of the Reference Entity. The maximum loss to an investor in the Notes is 100 per cent. of their initial principal investment, together with (if applicable) any accrued interest amounts.

A Credit Event may occur prior to the Trade Date

As mentioned above, holders of the Notes may suffer a loss of some or all principal amount of the Notes in respect of one or more Credit Events that occur prior to the Trade Date or the Issue Date. Neither the Calculation Agent nor the Issuer nor any of their respective affiliates has any responsibility to inform any Noteholder, or avoid or mitigate the effects of a Credit Event that has taken place prior to the Trade Date or the Issue Date.

Increased credit risk is associated with Basket Credit Linked Notes

Where the Notes are Basket Credit Linked Notes, the Notes may be subject to redemption in paras described above upon the occurrence of a Credit Event in relation to each Reference Entity in respect of which a Credit Event occurs. The credit risk to Noteholders may further be increased as a result of the concentration of Reference Entities in a particular industry sector or geographic area or the exposure of the Reference Entities to similar financial or other risks.

Investors' exposure to the credit performance of the Reference Entities may not correspond to actual market recovery on such Reference Entities.

Interest and principal repayments on the Notes may be calculated by reference to the Adjusted Credit Outstanding Nominal Amount. As at the Issue Date the Adjusted Credit Outstanding Nominal Amount is an amount equal to the Aggregate Principal Amount. If a Credit Event occurs in respect of a Reference Entity, then the Adjusted Credit Outstanding Nominal Amount will be reduced by (i) an amount equal to a predefined portion of the Aggregate Principal Amount (reflecting the Notes' exposure to such Reference Entity) and (ii) if the hedging costs arising in relation to the Issuer's and/or any of its affiliates' hedging arrangements in connection with the partial redemption of the Notes exceed the Recovery Value, such excess. Therefore investors' exposure to each Reference Entity may exceed the exposure that they might incur in respect of having entered into a standard single name credit default swap as protection seller in respect of each Reference Entity and investors may lose the entire principal amount invested.

Successors

A Reference Entity may be replaced as Reference Entity by one or more Successor(s). For these purposes the relevant Succession Date must occur within a 90 calendar day look-back period, other than in the case of a universal succession, where the Succession Date must have occurred on or after 1 January 2014. These provisions mean that there is a time limit on the ability to act on a succession and that it is possible that the Securities could be affected by a succession that took place prior to the Trade Date.

The Calculation Agent may, if it determines appropriate, select an alternative Transaction Type for any Successor to a Reference Entity and adjust such of the Conditions, the Credit Linked Conditions and/or the relevant Pricing Supplement as it determines appropriate to reflect such new Transaction Type and determine the effective date of any such change and adjustment.

In addition, where more than one Successor to a Reference Entity has been identified the Calculation Agent shall adjust such of Conditions, the Credit Linked Conditions and/or the relevant Pricing Supplement as it shall determine to be appropriate (including, without limitation, the relevant Reference Entity Notional Amount and (if applicable) the relevant Transaction Type) to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment.

Maturity Date extension, interest postponement and settlement suspension

Investors should note that the maturity of the Notes may be extended beyond the Scheduled Maturity Date in circumstances where a Credit Event may have occurred in relation to a Reference Entity or a Potential Credit Event has or may have occurred in relation to a Reference Entity. As a result repayment to the Noteholders may be delayed for a significant period of time even in circumstances where it transpires no Credit Event has occurred. In addition, the maturity of the Notes may be extended and ongoing interest payments may be delayed if there is a pending Credit Derivatives Determinations Committee decision at the relevant time.

The Credit Linked Conditions also provide that if, following the determination of a Credit Event Determination Date but prior to a cut-off date, there is a DC Credit Event Meeting Announcement, the Calculation Agent may at its option determine that the applicable timing requirements of the Credit Linked Conditions and the definitions of Credit Event Redemption Date, Credit Event Payment Date, Valuation Date, Maturity Date, Physical Settlement Period and PSN Cut-off Date and any other Credit Linked Condition as determined by the Calculation Agent, shall toll and be suspended and remain suspended (such period of suspension, a "**Suspension Period**") until the date of the relevant DC Credit Event Announcement or DC Credit Event Question Dismissal. At that point, the relevant timing requirements of the Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by the DC Secretary.

In the event of any such Suspension Period, the Calculation Agent may make (i) such consequential or other adjustment(s) or determination(s) to or in relation to the Credit Linked Conditions as may be desirable or required either during or following any relevant Suspension Period to account for or reflect such suspension and (ii) determine the effective date of such adjustment(s) or determination(s).

In the case of interest bearing Credit Linked Notes:

- (a) if a Suspension Period falls in any one or more Interest Period(s), then no interest shall accrue during each portion of an Interest Period during which a Suspension Period exists; and
- (b) if an Interest Payment Date falls in a Suspension Period, payment of the relevant interest will be deferred until after the end of the Suspension Period.

Amendment of Credit Linked Conditions in accordance with market convention

The Calculation Agent may from time to time amend any provision of the Credit Linked Conditions (i) to incorporate and/or reflect further or alternative documents or protocols 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, including without limitation, in relation to settlement, credit events and successors and/or (ii) in any manner which the Calculation Agent determines in a commercially reasonable manner is necessary or desirable to reflect or account for market practice for credit derivative transactions and/or reflect hedging arrangements of the Issuer.

ISDA Credit Derivatives Definitions

Whilst there are many similarities between the terms used in this Offering Memorandum (in particular, in Part G (Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version))) and the terms used in the 2014 ISDA Definitions, there are many substantial differences and a prospective investor should understand that the complete terms and conditions of the Notes are as set out in the relevant sections of this Offering Memorandum and the relevant Pricing Supplement and that the 2014 ISDA Definitions are not incorporated by reference herein. Consequently, investing in Credit Linked Notes is not necessarily equivalent to investing a credit default swap that incorporates the 2014 ISDA Definitions.

While ISDA has published and, where appropriate, supplemented the 2014 ISDA Definitions in order to facilitate transactions and promote uniformity in the credit derivatives market, the credit derivatives market has evolved over time and is expected to continue to change. Consequently, the 2014 ISDA Definitions and the terms applied to credit derivatives generally, including Credit Linked Notes are subject to further evolution. Past events have shown that the view of market participants may differ as to how sets of ISDA Definitions operate or should operate. As a result of the continued evolution of the market, the Credit Linked Notes may not conform to future market standards. Such a result may have a negative impact on the Credit Linked Notes and there can be no assurances that changes to the terms applicable to credit derivatives generally will be predicable or favourable to the Issuer or the Noteholders.

Differences between the 2003 ISDA Definitions and the 2014 ISDA Definitions

There are a number of important differences between the 2003 ISDA Definitions and the 2014 ISDA Definitions. In particular the 2014 ISDA Definitions have:

- (a) introduced a new Credit Event of "Governmental Intervention", which is intended to capture "bail-in" procedures to which financial institutions may be subject;
- (b) made certain amendments to the Restructuring Credit Event to provide for the possibility of a Euro exit;
- (c) reduced the number of buckets applicable in circumstances where Mod Mod R is applicable and deleted the concept of the "Enabling Obligation" which was previously applicable to both Mod R and Mod Mod R;

- (d) introduced the concept of Asset Package Delivery in respect of certain Financial Reference Entities and Sovereigns. This provides that if Deliverable Obligations are exchanged into non-Deliverable assets or written-down in part or in full, in certain circumstances, the credit protection buyer will be able to deliver the resultant package of Assets or the written-down Deliverable Obligation to realise its protection;
- (e) split credit protection between senior and subordinated coverage in respect of a Governmental Intervention and Restructuring Credit Event for Financial Reference Entities, i.e. a Senior Transaction will only be triggered by a Restructuring or Governmental Intervention of Senior Obligations and a Subordinated Transaction will not be capable of being triggered by a Restructuring or Governmental Intervention of an obligation which is Subordinated to the Subordinated Reference Obligation;
- (f) made a number of changes to the provisions for determining a Successor to a Reference Entity, particularly with respect to Financial and Sovereign Reference Entities;
- (g) provided for a new election of "Standard Reference Obligation" which, if chosen, will mean that the Reference Obligation will be the obligation of the relevant seniority level published in respect of the relevant Reference Entity on a List maintained by ISDA. A transaction on the terms of the 2014 ISDA Definitions may elect not to apply that election such that the Reference Obligation would remain as chosen by the parties, although, if this is the case, the procedure for selecting a Substitute Reference Obligation has also changed significantly in the 2014 ISDA Definitions;
- (h) replaced the Not Contingent Deliverable Obligation Characteristic with the concept of Outstanding Principal Balance. In order for an obligation (including the Reference Obligation) to constitute a Deliverable Obligation, it must have an Outstanding Principal Balance greater than zero;
- (i) amended the definition of "Qualifying Guarantee" to expand the universe of guarantees that can constitute Qualifying Guarantees (with a particular emphasis on including, to some extent, guarantees with caps or transfer provisions); and
- (j) introduced a large number of technical and other changes.

These changes in the 2014 ISDA Definitions as compared to the 2003 ISDA Definitions have been reflected in the Additional Terms and Conditions relating to Credit-Linked Notes (2014 ISDA Credit Derivatives Definitions Version) in Part G of this Offering Memorandum, but in each case subject to important differences, including to reflect the nature of the Notes as compared to "over-the-counter" transactions and to reflect any hedging arrangements the Issuer may put in place. Some changes, such as the inclusion of a new Credit Event, may have significant economic effect on the Credit Linked Notes and may mean the value of the Credit Linked Notes and the return (if any) to investors is significantly different from Credit Linked Notes using the Additional Terms and Conditions relating to Credit-Linked Notes in Part F of this Offering Memorandum. Some changes may be disadvantageous to Noteholders and prospective investors should review carefully the terms of any issue of Notes and, where in any doubt, take advice from suitably qualified professional advisers.

Risks relating to Auction Settlement of Credit Linked Notes

Where an Auction Final Price Determination Date occurs in respect of Credit Linked Notes, the Auction Final Price will be determined according to an auction procedure set out in the applicable Transaction Auction Settlement Terms, a form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time to time. The Auction

Final Price determined pursuant to an auction may be less than the market value that would otherwise have been determined in respect of the relevant Reference Obligation.

The Issuer and the Noteholders may have little or no influence in outcome of any such auction. However, there is a possibility that the Issuer or the Calculation Agent (or one of their 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): (a) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the auction; and (b) 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), neither the Issuer nor the Calculation Agent (or any of their affiliates) shall be under any obligation to consider the interests of any Noteholder.

No representation by Issuer, Calculation Agent and affiliates

None of the Issuer, the Calculation Agent nor any of their respective affiliates makes any representation whatsoever with respect to any Reference Entity, Reference Obligation(s) or other underlying obligation(s).

Dealings by Issuer, Calculation Agent and affiliates

The Issuer, the Calculation Agent and any of their respective affiliates may deal in Reference Obligation(s) or other underlying obligation(s) of any Reference Entity 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, any Reference Entity, any affiliate of any Reference Entity, and/or any other person or entity having obligations relating to any Reference Entity and may act with respect to such business in the same manner as each of them would if the Notes had not been issued, regardless of whether any such action might have an adverse effect on any Reference Entity, Reference Obligation(s) or other 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 any of their respective affiliates may, whether by virtue of the types of relationships described herein or otherwise, on the issue date of any Notes or at any time thereafter, be in possession of information in relation to any Reference Entity, Reference Obligation(s) or other underlying obligation(s) thereof that is or may be material in the context of the issue of Notes and that may or may not be publicly available or known to Noteholders. There is no obligation on the part of the Issuer, the Calculation Agent or any such affiliates to disclose to the Noteholders any such relationship or information (whether or not confidential).

Potential conflicts of interest

HSBC Bank plc as Calculation Agent or Issuer will be entitled to make certain determinations and actions and exercise certain discretions under the Credit Linked Conditions including (*inter alia*) as to whether an event constituting a Credit Event has occurred. In doing so, 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 fiduciary for or as an adviser to any of the Noteholders in respect of any such or otherwise.

No post-issuance information

The Issuer will not provide investors with any post-issuance information regarding any Reference Entity, Reference Obligation(s) or other underlying obligation(s). In addition, prospective investors should understand that historical performance of a Reference Entity, Reference Obligation or other underlying obligation should not be viewed as predictive of future results.

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 currency of any relevant underlying obligation(s) of a Reference Entity and (iii) the relevant local currency of the investor's domicile.

Additional risks relating to Leveraged Credit Linked Notes

Leveraged Credit Linked Notes provide investors with a leveraged exposure to the credit of the relevant Reference Entity 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 each Note's *pro rata* share of 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 investment as a result of movements in the credit spreads relating to the Reference Entity even if no Credit Event occurs.