

## BASE PROSPECTUS



### HSBC Bank plc

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

### DEBT ISSUANCE PROGRAMME

*On 23 June 1994 HSBC Bank plc (the "**Bank**" or the "**Issuer**") established a Debt Issuance Programme which is described in this document (the "**Programme**") under which notes (the "**Notes**") may be issued by the Bank. This document (which expression shall include this document as amended and supplemented from time to time and all documents incorporated by reference herein) has been prepared for the purpose of providing disclosure information with regard to the Notes and has been approved by the United Kingdom Financial Services Authority (the "**FSA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus ("**Base Prospectus**"). In relation to any Notes, this Base Prospectus must be read as a whole and together also with the relevant Final Terms. Any Notes issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect any Notes already in issue.*

*An Investment in the Notes involves certain risks. See page 11 for the risk factors.*

*Application has been made to admit Notes issued under the Programme to listing on the Official List of the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 (the "**UK Listing Authority**")), and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**") which is a regulated market for the purposes of 2004/39/EC (the "**Markets in Financial Instruments Directive**"). Such admission is expected to take effect on or about 2 June 2010. Any tranche of Notes intended to be admitted to listing on the Official List of the UK Listing Authority and admitted to trading on the Regulated Market of the London Stock Exchange will be so admitted to listing and trading upon submission to the UK Listing Authority and the London Stock Exchange of the relevant Final Terms and any other information required by the UK Listing Authority and the London Stock Exchange, subject in each case to the issue of the relevant Notes. This Base Prospectus shall be valid for a period of 12 months after the date hereof.*

*The listing of each series of listed Notes will be expressed as a percentage of their principal amount (excluding accrued interest). Prior to official listing and acceptance of Notes to trading, dealings will be permitted by the London Stock Exchange in accordance with its*

*rules. Transactions will normally be effected for delivery on the third working day in London after the date of the transaction.*

*In addition, this document, subject to its approval for such purpose by the Financial Services Authority shall constitute listing particulars issued in compliance with the Listing Rules of the Financial Services Authority made under section 73A of the Financial Services and Markets Act 2000 with respect to issues of Notes under the Programme in respect of which application is to be made to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's Professional Securities Market which is an unregulated market for the purposes of the Markets in Financial Instruments Directive.*

*The Programme also permits Notes 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 Notes have 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 and, unless so registered, may not be offered or sold within the United States or to, or for the account or the benefit of, U.S. 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 and in compliance with any applicable state securities laws. The Notes may include Notes in bearer form that are subject to U.S. tax law requirements.

**Programme Arranger and Dealer**  
**HSBC**

28 May 2010

## IMPORTANT NOTICES

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

*The dealer named under "Subscription and Sale" below (the "**Dealers**", which expression shall include any additional dealers appointed under the Programme from time to time) and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**", which expression shall include any successor to The Law Debenture Trust Corporation p.l.c. as trustee under the trust deed dated 23 June 1994 between, inter alia, the Bank and the Trustee (such Trust Deed as last modified and restated by a supplemental trust deed dated 28 May 2010 and as further modified and/or supplemented and/or restated from time to time, the "**Trust Deed**")) make no representation, warranty or undertaking, express or implied and accept no responsibility as to the accuracy or completeness of this Base Prospectus or any document incorporated by reference herein or any further information supplied in connection with any Notes. The Dealers and the Trustee accept no liability in relation to this Base Prospectus or its distribution or with regard to any other information supplied by or on behalf of the Bank.*

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

*This Base Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Bank, the Trustee or any of the Dealers that any recipient of this Base Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Bank. No part of this Base Prospectus constitutes an offer or invitation by or on behalf of the Bank, the Trustee or the Dealers or any of them to any person to subscribe for or to purchase any of the Notes.*

*Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Notes shall, in any circumstances, create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained in the Base Prospectus is correct at any time subsequent to the date hereof or that any other written information delivered in connection herewith or therewith is correct as of any time subsequent to the date indicated in such document. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Bank or its subsidiary undertakings during the life of the Programme. Investors should review, inter alia, the most recent financial statements of the Bank when evaluating the Notes or an investment therein.*

*The distribution of this Base Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. For a description of*

*certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus, see "Subscription and Sale" below.*

*In this Base Prospectus and in relation to any Notes, references to the "relevant Dealers" are to whichever of the Dealers enters into an agreement for the issue of such Notes as described in "Subscription and Sale" below and references to the "relevant Final Terms" are to the Final Terms relating to such Notes.*

**THE NOTES HAVE NOT BEEN RECOMMENDED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

*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.*

*All references in this Base Prospectus to "£", "pounds", "Pounds Sterling" and "Sterling" are to the lawful currency of the United Kingdom, all references to "\$", "dollars", "US\$", "USD" and "US dollars" are to the lawful currency of the United States of America and all references to "€", "euro" and "EUR" are to the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Community, as amended.*

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

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## SUMMARY NOTE\*

*This summary (the "Summary Note") must be read as an introduction to the Base Prospectus dated 28 May 2010 (as from time to time supplemented, the "Base Prospectus") relating to a Programme for the issuance of securities (the "Notes") established by HSBC Bank plc (the "Bank" or the "Issuer"). Any decision to invest in the Notes should be based on a consideration of the Base Prospectus, including any documents incorporated by reference, and this Summary Note as a whole. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area no civil liability will attach to the Issuer in any such Member State solely on the basis of this Summary Note, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.*

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

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

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

The directors of the Issuer are S T Gulliver, M F Geoghegan CBE, P A Thurston, S K Green, D C Budd, Dame Mary Marsh, R E S Martin, A R D Monro-Davies, S P O'Sullivan, P M Shawyer and J F Trueman. The members of the Executive Committee are S T Gulliver (Chairman), S Assaf, R Beck, P W Boyles, S N Cooper, A P Long, C M Meares, M M Moses, R Phillips and P A Thurston.

The articles of association of HSBC Bank plc are dated 1 October 2009.

The auditors of the Issuer are KPMG Audit Plc Chartered Accountants of 1 Canada Square, London, E14 5AG.

The Issuer and its subsidiaries form a UK-based group (the "**Group**") providing a comprehensive range of banking and related financial services. The Group divides its activities into business segments: UK Retail Banking; Continental Europe Retail Banking;

\* This summary has been prepared in accordance with Article 5(2) of the Prospectus Directive and, for the avoidance of doubt, relates only to issues of Notes with a denomination per unit of less than EUR50,000 or equivalent.

Global Banking and Markets and Private Banking. The Issuer is HSBC Holdings plc's principal operating subsidiary undertaking in Europe. In all the main countries in which the Issuer operates, it competes with the other major domestic banks in those countries. In addition, the Issuer competes with other major global banks in respect of corporate, investment banking and markets and private banking business.

During 2009 the Group employed, on average, 82,296 persons.

As at 31 December 2009, the Group had total assets of £751,928 million, loans and advances to customers and banks of £321,653 million, total customer accounts and deposits by banks of £390,625 million and total equity of £28,428 million. For the year ended 31 December 2009, the Group's operating profit was £4,000 million on total operating income of £19,102 million. The Issuer had a total capital ratio of 15.7% and a tier 1 capital ratio of 11.2% as at 31 December 2009.

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

### **Summary of risk factors**

*Current economic and market conditions may adversely affect the Bank's results:* The Bank's earnings are affected by global and local economic and market conditions across all of its businesses both directly and through their impact on its customers and clients. Local variations exist, reflecting regional circumstances and presenting challenges to the Bank, specific to those areas.

*Risks associated with liquidity and funding, which are inherent in the Bank's business:* The Bank's business model is founded upon having ready access to financial resources whenever required to meet its obligations inability to access them due to a variety of unforeseen market dislocations or interruptions.

*Reform of the regulatory environment present risks to the Bank:* There are potential strategic and structural risks to the organisation, nature and scope of the Bank's business activities and opportunities posed by many of the proposals for regulatory reform being debated both internationally and domestically in response to the recent financial crisis. The precise nature, extent, form and timing of any regulatory changes, and the degree to which there will be effective consultation among the relevant jurisdictions, are highly uncertain and it is not possible to determine or estimate the likely impact on the Bank's business and activities.

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

*The Bank has significant exposure to counterparty risk both within the financial sector and to other risk concentrations:* The Bank's ability to engage in routine transactions to fund its operations and manage its risks could be adversely affected by the actions and commercial

soundness of other financial institutions. Financial institutions are necessarily interdependent because of trading, clearing, counterparty or other relationships.

*The Bank operates in a highly competitive environment, and competition could intensify as a result of current global market conditions:* The financial crisis is re-shaping the banking landscape and those institutions which have emerged the strongest have reinforced both the importance of a core retail and commercial deposit funding base and strong capitalisation. Further consolidation is expected to take place.

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

*Operational risks are inherent in the Bank's business:* The Bank is exposed to many types of operational risks, including fraudulent or other criminal activities, breakdowns in processes or procedures, systems failure or non-availability and disruption of its business arising from events that are wholly or partially beyond its control.

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

### **Summary of provisions relating to the Notes**

Notes will be issued in series (each, a "**Series**"). Each Series may comprise one or more tranches (each, a "**Tranche**") issued on different issue dates. The Notes of each Series will be subject to identical terms or terms which are identical except that the issue date, the amount of the first payment of interest and/or the denominations may be different. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.

The terms and conditions applicable to each Tranche will be those set out in the Base Prospectus under "*Terms and Conditions of the Notes*" as supplemented, modified or replaced by the relevant Final Terms. The Notes, as well as the Trust Deed by which they are constituted and the Agency Agreement to which they are subject are all governed by English law.

The Issuer may, subject to compliance with relevant laws, regulations and directives, from time to time issue Notes denominated in any currency. There is no maximum aggregate principal amount of Notes outstanding at any time. The Notes may be issued in registered form, without interest coupons, or in bearer form, with or without interest coupons. The aggregate principal amount, any interest rate or interest calculation, the issue price, denomination, maturity and any other terms and conditions with respect to a Series of Notes will be established at the time of issuance and, to the extent not contained in the Base



Prospectus, set forth in the Final Terms relating to that Series of Notes. If so specified in the relevant Final Terms, Notes will have no maturity date.

Notes may be redeemable at par or at such other redemption amount (detailed in a formula or otherwise) as may be set out in the relevant Final Terms.

If so set out in the relevant Final Terms, Notes may be redeemed prior to their stated maturity at the option of the Issuer and/or the Holders of such Notes subject to all applicable legal and regulatory requirements (including, in the case of Notes that are part of the regulatory capital of the Bank, indication from the Financial Services Authority (or any successor authority in its function as supervisor of authorised institutions) that it does not object). All Notes will be redeemable at the option of the Issuer prior to their stated maturity for taxation reasons. The amount payable on redemption may be fixed or variable, as set out in the relevant Final Terms.

The Notes issued under the Programme will be unsecured and may be subordinated or unsubordinated obligations of the Issuer. The events of default applicable to the Notes are limited to non-payment (subject to a grace period) of principal or interest and winding up of the Bank. Subordinated Notes will rank after depositors and other ordinary, or senior, creditors of the Bank. Undated Subordinated Notes will rank as if they were preference shares of the Bank and therefore behind even Subordinated Notes. The Bank's obligation to make any payment of principal or interest in respect of Undated Subordinated Notes is conditional upon the Bank being able to make such payment and remain Solvent (as defined in the Trust Deed) immediately thereafter. If so specified in the relevant Final Terms, principal and interest in respect of a Series of Subordinated Notes may be deferred in certain circumstances. Interest on Undated Subordinated Notes may be deferred by the Bank for any reason. The Notes will not have the benefit of a negative pledge or cross default (in respect of events of default).

Notes redeemable prior to maturity may be redeemed at par or at such other Redemption Amount as may be specified in the relevant Final Terms. Early redemption may reduce the return on investment provided by a Note compared to the return that would have been achieved had the Note been redeemed at maturity. Early redemption may be effected at a time when the holders may not be able to reinvest the redemption proceeds at rates that would produce a comparable return to that which would have been achieved had the Notes been redeemed at maturity.

Unless otherwise set out in the relevant Final Terms, payments of principal and interest in respect of Notes will be made without withholding or deduction for or on account of United Kingdom taxes, except as may be required by law, in which case additional amounts will be paid subject as mentioned in "*Terms and Conditions of the Notes*".

The Notes permit the substitution of an affiliate of the Bank as principal debtor in respect of the Notes, subject to a guarantee of the Bank. Modifications to the terms and conditions of the Notes may be made by resolution of Noteholders. Accordingly, modifications may be made to which not all Noteholders agree.

Notes issued under the Programme may be linked to one or more underlying variable. Any such Notes may entail significant risks not associated with a similar investment in fixed or floating rate debt securities, including a return that may be significantly less than the return available on an investment in fixed rate notes or floating rate notes. In some cases, Notes may also carry the risk of a total or partial loss of principal.

The Notes may be offered for sale only (i) in the United States to qualified institutional buyers (as defined in Rule 144A) pursuant to Rule 144A or (ii) outside the United States to non-U.S. persons in reliance on and in accordance with Regulation S and in accordance with applicable laws. The Notes include notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes in bearer form may not be offered, sold or delivered within the United States or to U.S. persons. There are also other restrictions on the sale of Notes and the distribution of offering material relating to them in a number of other jurisdictions including the United Kingdom.

Application has been made to admit Notes issued under the Programme to the Official List of the UK Listing Authority and to trading on the Regulated Market or the Professional Securities Market of the London Stock Exchange. However, Notes may also be issued under the Programme on an unlisted basis or be admitted to listing, trading and/or quotation by other stock exchanges, listing authorities and/or quotation systems. The Final Terms applicable to any Notes will specify whether such Notes are to be admitted to listing, trading and/or quotation by any stock exchange, listing authority and/or quotation system or are to be unlisted. Whether or not any Notes are admitted to listing, trading or quotation, there may be no active trading market for the Notes.

Unless otherwise specified in the relevant Final Terms, Notes shall be accepted for clearing through one or more clearing systems. These systems may include, in the United States, the systems operated by DTC and, outside the United States, the systems operated by Euroclear and Clearstream, Luxembourg. Global Notes are to be held by or on behalf of the relevant clearing system and, therefore, investors will have to rely on the clearing system procedures for transfer, payment and communications with the Issuer. Registered Notes will be issued without Coupons, and payments of principal and interest in respect of a Registered Note will be made to the registered Holder (or the first named thereof in the case of joint Holders).

In respect of Notes issued under the Programme, unless otherwise specified in the relevant Final Terms: the Dealer will be HSBC Bank plc; the Trustee will be The Law Debenture Trust Corporation p.l.c.; and the Principal Paying Agent, the Agent Bank and, if applicable, the Registrar will be either HSBC Bank plc or HSBC Bank USA, National Association, as the case may be.

## RISK FACTORS

*Prospective investors in Notes should read the entire Base Prospectus (together with the Risk Factors and other information set out in the Registration Document and where appropriate the relevant Final Terms). Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section. Investing in Notes involves certain risks. Prospective investors should consider the following principal risks in respect of the Notes:*

### **Risks relating to the Notes**

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common features of such Notes:

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

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

The Issuer may be expected to redeem 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. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Notes linked to a formula or other underlying*

The Issuer may issue Notes with principal or interest determined by reference to a formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be very volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates or currencies;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or the Conditions of the Notes contain some other leverage factor, the effect of

changes in the Relevant Factor on principal or interest payable is likely to be magnified; and

- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

#### *Subordinated Notes and Undated Subordinated Notes*

Subordinated Notes are unsecured and subordinated obligations of the Issuer. In the event that a particular Tranche of Notes is specified as subordinated in the relevant Final Terms and the Issuer is declared insolvent and a winding up is initiated, the Issuer will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors but excluding any obligations in respect of subordinated debt) in full before it can make any payments on the relevant Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the relevant Subordinated Notes.

Undated Subordinated Notes are unsecured and junior subordinated obligations of the Issuer, which, in the event of the winding up of the Issuer will rank as if they were preference shares and not debt obligations of the Issuer. In the event that a particular Tranche of Notes is specified as undated subordinated in the relevant Final Terms and the Issuer is declared insolvent and a winding up is initiated, the Issuer will be required to pay the holders of senior debt and prior ranking subordinated debt and to meet its obligations to all its other creditors (including unsecured creditors and any obligations in respect of prior ranking subordinated debt) in full before it can make any payments on the relevant Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the relevant Undated Subordinated Notes.

In the case of Subordinated Notes any obligation of the Bank to pay principal or interest may be deferred in certain circumstances. In the case of Undated Subordinated Notes, any obligation of the Bank to pay interest may be deferred at any time for any reason.

#### *Fixed/Floating Rate Notes*

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

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

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

### *Notes issued with step-up interest provisions*

Notes may be issued which include a provision for the step-up of interest rates or margin or other change resulting in an increase in the level of interest to be paid on the Notes. Such provisions may be coupled with a call option in favour of the Issuer allowing it to redeem the Notes at an earlier date than the designated maturity date. Investors should be aware that provisions relating to step-up interest may incentivise the Issuer to exercise its option to call and redeem the Notes early.

### **Risks relating to Notes generally**

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

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

### *Notes with multiple Denominations*

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

*The Notes may be redeemed prior to maturity for taxation reasons.*

Unless in the case of any particular Tranche of Notes the relevant Final Terms specify otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Tranche of Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes of such Tranche in accordance with the Conditions.

### **Notes in Global Form**

*Because the Global Notes and the Global Note Certificate (each as defined below) may be held by or on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and in the case of Global Note Certificates, the Depository Trust Company ("DTC") investors will have to rely on the procedures of Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for transfer, payment and communication with the Issuer.*

Notes issued under the Programme may be represented by one or more temporary global notes (each, a "**Temporary Global Note**"), permanent global notes (each, a "**Permanent Global Note**" and, together with a Temporary Global Note, the "**Global Notes**"), interests in an unrestricted global registered note certificate (an "**Unrestricted Global Note Certificate**") or interests in a restricted global registered note certificate (a "**Restricted Global Note Certificate**" and, together with the unrestricted Global Note Certificate, the "**Global Note Certificates**"). Such Global Notes and Global Note Certificates may be delivered to a common safe-keeper (the "**Common Safe-keeper**") or deposited with a common depository, respectively, for Euroclear and Clearstream, Luxembourg and, in the case of Global Note Certificates, may be deposited with a Custodian for and registered in the name of a nominee of DTC. Except in the circumstances described in the relevant Global Note or Global Note Certificate, investors will not be entitled to receive definitive Notes. Euroclear, Clearstream, Luxembourg and DTC will maintain records of the interests in the Global Notes or, as the case may be, Global Note Certificates. While the Notes are represented by one or more Global Notes or Global Note Certificates, investors will be able to trade their interests only through Euroclear, Clearstream, Luxembourg or DTC, as the case may be.

While Notes are represented by one or more Global Notes or, as the case may be, Global Note Certificates, the Issuer will discharge its payment obligations under such Notes by making payments to the (i) the common service provider (the "**Common Service Provider**") acting as agent for Euroclear and Clearstream, Luxembourg in respect of Global Notes or, as appropriate, or (ii) the common depository for Euroclear and Clearstream, Luxembourg or, as appropriate (iii) the Custodian for DTC, for distribution to their accountholders. A holder of an interest in a Global Note or Global Note Certificate must rely on the procedures of Euroclear, Clearstream, Luxembourg or DTC, as the case may be, to receive payments under the relevant Notes. 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 Note Certificates.

Holders of interests in the Global Notes or Global Note Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream, Luxembourg or DTC to appoint appropriate proxies.

**Modification, waiver and substitution**

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

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

**Change of law**

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

## DOCUMENTS INCORPORATED BY REFERENCE

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

- the Registration Document of HSBC Bank plc dated 28 May 2010 submitted to and filed with the UK Listing Authority;
- the 2008 Annual Report and Accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2008 submitted to and filed with the UK Listing Authority;
- the 2009 Annual Report and Accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2009 submitted to and filed with the UK Listing Authority;
- pages 9 to 86 of the Base Prospectus Supplement dated 27 May 2010 to the Base Prospectus of the Issuer dated 29 May 2009 being the section entitled "Operating and Financial Review" submitted and filed with the UK Listing Authority (the "**Operating and Financial Review Report**");
- the terms and conditions set out on pages 52 to 86 of the Base Prospectus dated 29 May 2009 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**2009 Conditions**");
- the terms and conditions set out on pages 53 to 86 of the Base Prospectus dated 30 May 2008 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**2008 Conditions**");
- the terms and conditions set out on pages 53 to 84 of the Base Prospectus dated 30 May 2007 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**2007 Conditions**");
- the terms and conditions set out on pages 43 to 70 of the Base Prospectus dated 30 May 2006 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**2006 Conditions**"); and
- the terms and conditions set out on pages 41 to 69 of the Base Prospectus dated 1 July 2005 relating to the Programme under the heading "Terms and Conditions of the Notes" (the "**2005 Conditions**").

The Bank will, at its registered office and at the specified offices of the Paying Agents, make available for inspection during normal business hours and free of charge, upon oral or written request, a copy of this Base Prospectus and any document incorporated by reference in this Base Prospectus. Written or oral requests for inspection of such documents should be directed to the specified office of any Paying Agent.

Any information incorporated by reference in the above documents does not form part of the Base Prospectus.



## **FORMS OF NOTES; 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 Notes in bearer form ("**Bearer Notes**") or Notes in registered form ("**Registered Notes**"), as specified in the relevant Final Terms. No single Tranche or Series of Notes offered in reliance on Rule 144A may include Bearer Notes.

All Bearer Notes will be issued in new global note ("NGN") form or in such form as the relevant parties may agree, which may be in the classic global form set out in Part I (b) and Part II (b) of Schedule 1 of the Trust Deed.

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.

### **Registered Notes**

In the case of Registered Notes, the relevant Final Terms may specify that the Notes will be issued in global form ("**Global Registered Notes**") held in specified clearing systems, as described below, or in definitive form ("**Definitive Registered Notes**").

### **Global Registered Notes**

If Notes are to be issued in the form of Global Registered Notes, the Issuer will deliver:

- (a) a Regulation S Global Registered Note; or
- (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 Agency Agreement (as defined herein) in accordance with their respective terms and as specified in the relevant Final Terms.

### *Regulation S Global Registered Notes*

In the case of a Tranche of Registered Notes offered and sold solely outside the United States (as defined in Regulation S) in reliance on Regulation S to non-U.S. persons, such 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 Tranche with HSBC Bank plc as common depositary for Euroclear and/or Clearstream, Luxembourg and registered in the name of HSBC Issuer Services Common Depositary Nominee (UK) Limited as nominee for such common depositary. Interests in any Regulation S Global Registered Note will be exchangeable (in circumstances described below under "Exchange and Transfer of Global

Registered Notes for Definitive Registered Notes") for Definitive Registered Notes ("**Regulation S Definitive Registered Notes**") in the relevant form scheduled to the Trust Deed.

Unless otherwise specified in the Final Terms, 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 U.S. persons (as defined in Regulation S) in reliance on Rule 144A, such Tranche of Registered Notes may be represented by a Global Registered Note without interest coupons (a "**Rule 144A Global Registered Note**"), which, unless otherwise provided in the relevant Final Terms, will be deposited on or about the Closing Date for the relevant Tranche with a custodian for DTC and registered in the name of Cede & Co. as nominee for DTC. 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 ("**U.S. Definitive Registered Notes**") in the relevant form scheduled to the Trust Deed. Rule 144A Global Registered Notes (and any U.S. Definitive Registered Notes issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Note as set out under "*Notice to Purchasers of 144A Notes and Transfer Restrictions*".

Unless otherwise specified in the Final Terms, 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 in the name of HSBC Issuer Services Common Depository Nominee (UK) Limited as nominee for, HSBC Bank plc, as common depository for Euroclear and Clearstream, Luxembourg. A beneficial interest in the Unrestricted Global Registered Note may at all times be held only through Euroclear and Clearstream, Luxembourg. The Restricted Global Registered Note will, unless otherwise provided in the relevant Final Terms, be deposited on or about the issue date for the relevant Tranche with HSBC Bank plc 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 Notes for Definitive Registered Notes*", interests in any Unrestricted Global Registered Note will be exchangeable for Regulation S Definitive Registered Notes and interests in any Restricted Global Registered Note will be exchangeable

for U.S. Definitive Registered Notes and Regulation S Definitive Registered Notes, in each case in the relevant form scheduled to the Trust Deed. Restricted Global Registered Notes (and any U.S. Definitive Registered Notes issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Notes as set out under "*Notice to Purchasers of 144A Notes and Transfer Restrictions*".

Unless otherwise specified in the Final Terms, each Unrestricted Global Registered Note and each Restricted Global Registered Note will have an ISIN number and a CUSIP number.

#### **Exchange of Interests in Unrestricted and Restricted Global Registered Notes; Transfers within and between DTC, Euroclear and Clearstream, Luxembourg**

On or prior to the 40th day after the later of the commencement of the offering of the relevant Tranche and the issue date for that Tranche, a beneficial interest in the relevant Unrestricted Global Registered Note may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Restricted Global Registered Note only upon receipt by the Registrar (as defined in the Agency Agreement) of a written certification from the transferor (in the applicable form provided in the Agency Agreement) to the effect that such transfer is being made to a person whom 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 under "*Notice to Purchasers of 144A Notes and 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 Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 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 Trust Deed 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 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 Agency Agreement, the Trust Deed and the Notes. Payments of principal, interest and additional amounts, if any, pursuant to Condition 7, on Global Registered Notes 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 Trustee, the Registrar, or any Paying Agent or any affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Registered Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

#### **Exchange and Transfer of Global Registered Notes for Definitive Registered Notes**

Beneficial interests in a Rule 144A Global Registered Note or a Restricted Global Registered Note will be exchangeable for U.S. Definitive Registered Notes: (i) if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the relevant Restricted Global Registered Note or ceases to be a "clearing agency" registered under the Exchange Act, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depository; or (ii) if the Issuer, at its option, elects to terminate the book-entry system through DTC; or (iii) if an Enforcement Event occurs as set out in Condition 10; or (iv) if so specified in the relevant Final Terms, if the holder of the relevant Rule 144A Global Registered Note or Restricted Global Registered Note requests that such interest be exchanged for U.S. Definitive Registered Notes; or (v) at the option of the Issuer, if the Issuer, any Paying Agent or the 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 Notes which would not be required if such Notes were in definitive form.

Beneficial interests in a Regulation S Global Registered Note or an Unrestricted Global Registered Note will be exchangeable, in whole but not in part, for Regulation S Definitive Registered Notes: (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) if an Enforcement Event occurs as set out in Condition 10; or (iii) if so specified in the relevant Final Terms, if the holder of the relevant Regulation S Global Registered Note or Unrestricted Global Registered Note requests that such interest be exchanged for Regulation S Definitive Registered Notes; or (iv) at the option of the Issuer, if the Issuer, any Paying Agent or the 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 Notes which would not be required if such Notes were in definitive form.

In such circumstances, (a) the Registrar will be required to notify all Holders of interests in the relevant Global Registered Notes registered in the name of DTC or its nominee or Euroclear, Clearstream, Luxembourg or the nominee of their common depositary, as the case may be, of the availability of Definitive Registered Notes and (b) the Issuer will, at the cost of the Issuer, cause sufficient Regulation S Definitive Registered Notes and/or U.S. Definitive Registered Notes, as the case may be, to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Holders. A person having an interest in the relevant Global Registered Note must provide the Registrar with:

- (i) 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
- (ii) in the case of a Rule 144A Global Registered Note or a Restricted Global Registered Note only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. U.S. Definitive Registered Notes issued in exchange for a beneficial interest in a Rule 144A Global Registered Note or a Restricted Global Registered Note will bear the legends applicable to transfers pursuant to Rule 144A (as set out under "Notice to Purchasers of 144A Notes and 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 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 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 plc, as custodian, of the Restricted Global Registered Note at the specified office of the Registrar or the Transfer Agent, all in accordance with the provisions of the Agency Agreement and, in particular, the regulations concerning the transfer, exchange and registration of Notes set out in Schedule 4 thereto) 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 substantially in the form (subject to completion) scheduled to the Agency Agreement.

The holder of a Registered Note may transfer such Registered Note in accordance with the provisions of Condition 1 of the Terms and Conditions of the Notes.

The holder of a Definitive Registered Note may transfer such Note by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of U.S. Definitive Registered Notes issued in exchange for beneficial interests in a Rule 144A Global Registered Note or a Restricted Global Registered Note bearing the legend referred to under "Notice to Purchasers of 144A Notes and Transfer Restrictions", or upon specific request for removal of the legend on a U.S. Definitive Registered Note, the Issuer will only deliver U.S. Definitive Registered Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer, that neither the legend nor the restriction on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

The Registrar will not register the transfer of or exchange of interests in a Global Registered Note for Definitive Registered Notes for a period of 15 calendar days preceding the due date for any payment in respect of the Notes.

With respect to the registration of transfer of any U.S. Definitive Registered Notes, the Registrar will register the transfer of any such U.S. Definitive Registered Notes if the transferor, in the form of transfer on such U.S. Definitive Registered Notes, has certified to the effect that such transfer is (i) to persons whom the transferor reasonably believes to be qualified institutional buyers within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction, (ii) in accordance with Regulation S, (iii) pursuant to an exemption from Rule 144 under the Securities Act (if available) or (iv) to the Issuer or its affiliates.

Regulation S Definitive Registered Notes may be exchangeable for or transferable to a person wanting to take delivery thereof in the form of interests in a Restricted Global Registered Note; and U.S. Definitive Registered Notes may be transferable to a person wanting to take delivery thereof in the form of interests in an Unrestricted Global Registered Note; in each case, upon receipt by the Registrar of a duly completed certificate in the form of Schedule 4 to the Agency Agreement and in accordance with the requirements of the Agency Agreement.

For further information, see "Notices to Purchasers of 144A Notes and Transfer Restrictions".

### **Bearer Notes**

Bearer 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)(D) ("**TEFRA D**"), unless the relevant Final

Terms provides that such Notes will be issued in accordance with the provisions of United States Treasury Regulations 1.163-5(c)(1)(ii) and 1.163-5(c)(2)(i)(C) ("**TEFRA C**"). 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 and Permanent Global Note will be delivered on or prior to the issue date for the relevant Tranche to a Common Safe-keeper acting as an agent for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Temporary Global Note issued in accordance with TEFRA C will be exchangeable at any time and without any requirement for certification for Bearer Notes in definitive form ("**Definitive Bearer Notes**"), in accordance with the terms of such Temporary Global Note and as specified in the relevant Final Terms. Interests in a Temporary Global Note issued in accordance with TEFRA D will be exchangeable either for Definitive Bearer Notes or for interests in a Permanent Global Note, on or after the date which is 40 days after the date on which such Temporary Global Note is issued and upon certification as to non-U.S. beneficial ownership thereof or otherwise as required by U.S. Treasury Regulations, in accordance with the terms of such Temporary Global Note and as specified in the relevant Final Terms.

For 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.

Interests in any Permanent Global Note will be exchangeable, in whole but not in part, for Definitive Bearer Notes, against presentation and (in the case of final exchange) surrender of such Permanent Global Note at the specified office from time to time of the Principal Paying Agent (i) if either of Euroclear or Clearstream, Luxembourg or any other clearing system by which the Notes have been accepted for clearing is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention to cease business permanently or (ii) if an Enforcement Event occurs as set out in Condition 10 or (iii) if 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 such Notes were in definitive form.

Definitive Bearer Notes will, if interest-bearing and if so specified in the relevant Final Terms, have interest coupons ("**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.

#### **Payments in respect of Bearer Notes**

All payments, if any, in respect of Bearer Notes when represented by a Temporary Global Note or Permanent Global Note in classic global note form (a "**CGN Temporary Global Note**" or "**CGN Permanent Global Note**"), will be made against presentation and surrender

or, as the case may be, presentation of the relevant CGN Temporary Global Note or CGN Permanent Global Note at the specified office of any of the Paying Agents. A record of each payment so made in respect of Notes when represented by CGN Permanent Global Note will be endorsed on the relevant schedule to such CGN Permanent Global Note by or on behalf of the Principal Paying Agent, which endorsement will be *prima facie* evidence that such payment has been made.

In the case of Bearer Notes represented by Global Notes in the NGN form, each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note. Each payment so made in respect of Notes when represented by a Permanent Global Note will discharge the Issuer's obligation in respect thereof and the Issuer shall procure that the amount so paid shall be entered *pro rata* in the records of the relevant clearing systems and shall seek confirmation from the Common Service Provider that Euroclear and Clearstream, Luxembourg have made appropriate entries in their records.

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.

If any date on which a payment of interest or principal is due on the Notes of a Series issued in accordance with TEFRA D occurs while any of the Notes of that Series are represented by a Temporary Global Note, the relevant interest or principal payment will be made on such Temporary Global Note only to the extent that certification has been received by Euroclear and/or Clearstream, Luxembourg as to the beneficial ownership thereof, as required by U.S. Treasury Regulations, in accordance with the terms of such Temporary Global Note.

## **Notices**

(i) So long as any Bearer Notes are represented by a Temporary Global Note or a Permanent Global Note, notices to holders of Bearer Notes may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**"), depositary or Common Safe-keeper (as may be agreed between the Issuer and the Dealer) for communication by them to entitled accountholders in substitution for publication as required by the Conditions, and (ii) so long as any Regulation S Global Registered Note or Unrestricted Global Registered Note is held on behalf of Euroclear and Clearstream, Luxembourg or an Alternative Clearing System, notices to holders of Notes



represented by a beneficial interest in such Global Registered Note may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg or, as the case may be, such Alternative Clearing System, and (iii) so long as any Rule 144A Global Registered Note or Restricted Global Registered Note is held on behalf of DTC or an Alternative Clearing System, notices to holders of Notes represented by a beneficial interest in such Global Registered Note may be given by delivery of the relevant notice to DTC or, as the case may be, such Alternative Clearing System; except that in the case of (i), (ii) and (iii) above, so long as any Notes are listed on any stock exchange, notices will also be published as required by the rules and regulations of such stock exchange.

### **Meetings**

The provisions for meetings of Holders of Notes scheduled to the Trust Deed provide that, where all the Notes of the relevant Series are held by one person, the quorum in respect of the relevant meeting will be one person present (being, in the case of an individual, present in person or, being, in the case of a corporation, present by a representative) holding all the outstanding Notes of the relevant Series or holding voting certificates or being a proxy in respect of such Notes.

### **Purchase and Cancellation**

Cancellation of any Note surrendered for cancellation following its purchase will be effected by reduction in the principal amount of the relevant Temporary Global Note, Permanent Global Note or, as the case may be, Global Registered Note and, in the case of a Global Registered Note, will be recorded in the Register by the Registrar.

### **Issuer's Option to Redeem in Part**

No drawing of Bearer Notes or redemption *pro rata* of Registered Notes will be required under Condition 6(c) in the event that the Issuer exercises any option to redeem such Notes in part while all such Notes which are outstanding are represented by a Temporary Global Note, Permanent Global Note or, as the case may be, Global Registered Note. In such event, the standard procedures of Euroclear, Clearstream, Luxembourg, DTC or, as the case may be, the Alternative Clearing System shall operate to determine which interests in such Global Notes are to be subject to such option. In relation to Bearer Notes, such partial redemption is 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.

### **Early Redemption at the option of the Holder — Provisions relating to Registered Notes held in Clearing Systems**

Condition 6(d) allows for early redemption of Notes at the option of the Holder of such Notes if so specified in the relevant Final Terms. Such option is exercisable by the Holder of the relevant Notes by depositing such Notes, together with a notice of exercise of such option (an "**Option Notice**"), duly completed and signed in accordance with Condition 6(d), at the specified office of any Paying Agent (in the case of Bearer Notes, outside the United States). In respect of any Registered Notes of the relevant Series of which either HSBC Issuer Services Common Depositary Nominee (UK) Limited as nominee for HSBC Bank plc, as

common depository for Euroclear and Clearstream, Luxembourg, or Cede & Co. as nominee for DTC, as the case may be, is the registered Holder, such Option Notice will be deemed to have been duly completed and signed by the Holder of the relevant Notes if it has been completed and signed by or on behalf of a person in respect of whom notification has been given by Euroclear or Clearstream, Luxembourg or DTC, as the case may be, to the Registrar that such person is a person who is shown in the records of Euroclear or Clearstream, Luxembourg or DTC, as the case may be, as having relevant Registered Notes of a specified principal amount standing to the credit of its account with Euroclear or Clearstream, Luxembourg or DTC, as the case may be, or delivered from its account with Euroclear and Clearstream, Luxembourg or DTC, as the case may be, for the purpose of exercising such option.

## **CLEARING AND SETTLEMENT**

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

### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for 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 with respect to book-entry interests in the Notes held through Euroclear and Clearstream, Luxembourg will be credited, to the extent received by the Principal Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

### **DTC**

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

Holders of book-entry interests in the Notes holding through DTC will receive, to the extent received by the Principal Paying Agent, all distributions of principal and interest with respect to book-entry interests in the Notes from the Principal Paying Agent through DTC. Distributions in the United States will be subject to relevant U.S. tax laws and regulations.

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

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

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

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

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

*Trading between Euroclear and/or Clearstream, Luxembourg participants:* Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

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

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

*Trading between Euroclear/Clearstream, Luxembourg seller and DTC purchaser:* When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream, Luxembourg accountholder to the account of a DTC participant wishing to purchase a beneficial interest in the Restricted Global Registered Note (subject to the certification procedures provided in the 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 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 will (a) transmit appropriate instructions to the Custodian who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC participant and (b) instruct the Registrar to (i) decrease the amount of Notes registered in the name of the nominee of the common depository for Euroclear and Clearstream, Luxembourg and evidenced by the Unrestricted Global Registered Note and (ii) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Restricted Global Registered Note.

Although the foregoing sets out the procedures of Euroclear, Clearstream, Luxembourg and DTC in order to facilitate the transfers of interests in the Notes among participants of DTC, Clearstream, Luxembourg and Euroclear, 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 Trustee, 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 DTC, Euroclear and Clearstream, Luxembourg 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.

## **PRO FORMA FINAL TERMS**

### **FINAL TERMS**

Final Terms dated [ ]

Series No.: [ ]

Tranche No.: [ ]

**HSBC Bank plc**

**Debt Issuance Programme**

**Issue of**

**[Aggregate Principal Amount of Tranche]**

**[Title of Notes]**

### **PART A - CONTRACTUAL TERMS**

This document constitutes the Final Terms relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 28 May 2010 in relation to the above Programme [(incorporating the Registration Document dated 28 May 2010) [and the supplements thereto dated [ ] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive] and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus [and the supplement[s] thereto] [is] [are] is available for viewing at [address] [and] [website]<sup>1</sup> and copies may be obtained from [address].]

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Prospectus dated [original date] [and the supplemental Prospectus dated [ ]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated [current date] [and the supplemental Prospectus dated [ ]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions

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<sup>1</sup> If required by the UKLA in accordance with Article 14 of the Prospectus Directive.

which are extracted from the [Prospectus] dated [original date] [and the supplemental Prospectus dated [ ]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus(es) dated [original date] and [current date] [and the supplemental Prospectus dated [ ] and [ ]]. [The Prospectus(es) are available for viewing during normal business hours at [address] and copies may be obtained from [address].

[For Notes offered and sold in Switzerland include:

This individual issue of notes has been decided by [name], [title] on [date] in accordance with the authority granted by the board of directors with its decision of [date].]

[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**"), OR THE STATE SECURITIES LAW OF ANY STATE OF THE UNITED STATES OR THE LAWS OF ANY OTHER JURISDICTION. THE NOTES MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S OF THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. SEE "NOTICE TO PURCHASERS OF 144A NOTES AND TRANSFER RESTRICTIONS".

THE NOTES ARE BEING OFFERED (A) IN RELIANCE ON RULE 144A ("**RULE 144A**") UNDER THE SECURITIES ACT IN EACH CASE TO "**QUALIFIED INSTITUTIONAL BUYERS**" (AS DEFINED IN RULE 144A; EACH A "**QIB**"), AND (B) IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**") TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES PURSUANT TO CLAUSE (A) ABOVE WILL BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

### **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.]

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

*[When completing any final terms, adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

1. (i) Issuer: HSBC Bank plc
- (ii) Arranger(s): [HSBC Bank plc]
2. (i) Series number: [ ]
- (ii) [Tranche number: [ ]
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]
3. Specified currency or currencies:
  - (i) of denomination: [ ]
  - (ii) of payment: [ ]

4. Aggregate Principal Amount [of Notes admitted to trading]<sup>2</sup>:
- [(i) Series: [ ]
- [(ii) Tranche:] [ ]
5. (i) Issue Price: [ ] per cent of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]
- (ii) Commission payable: [[ ] per cent/None]
- (iii) Selling concession: [[ ] per cent/None]
6. (i) Specified Denomination(s) (Condition 1(f)): [ ] [and integral multiples of [ ] in excess thereof up to and including [ ] Notes in definitive form will be issued with a denomination above [ ]].<sup>3</sup>
- (ii) Calculation Amount: [ ]<sup>4</sup>
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [*specify/Issue Date/Not applicable*]<sup>5</sup>
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.*]
9. Interest basis: [[ ] % Fixed Rate]
- [[*specify reference rate*]+/- [ ] % Floating Rate Notes]
- [Variable Coupon Amount]
- [Zero Coupon Notes]

<sup>2</sup> Delete for debt securities with a denomination per unit of less than EUR50,000

<sup>3</sup> If denominations in excess of and smaller than integral multiples of the minimum specified denomination are to be permitted then the Issuer should normally waive its right to elect to exchange the Permanent Global Note for definitive Notes in paragraph (d) of the Permanent Global Note - see item 29(iii) below.

<sup>4</sup> The applicable Calculation Amount (which is used for the calculation of interest and redemption amounts) will be (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Notes or (ii) if there are several Specified Denominations, the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations).

<sup>5</sup> An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.

- [Other (specify)]  
(further particulars specified below)
10. Redemption basis: [Redemption at par]  
(Condition 6) [Partly Paid]  
[Instalment]  
[Other (specify)]
11. Change of interest or redemption basis: [Specify details of any provision for  
convertibility of Notes to another interest  
or redemption/payment basis]
12. Put/Call options: [Condition 6[(c)][(d)] will apply as  
specified below]
13. (i) Status of the Notes: [Not Subordinated Notes/Subordinated  
(Condition 2) Notes/Undated Subordinated Notes]
- (ii) Subordinated Notes: Deferral of Payments, Condition 2(d) [is/is  
not] applicable [*Deferral will generally be  
required in the case of Tier 3 capital*]
- (iii) Date [Board] approval for [ ] [and [ ]]; respectively]] (*N.B. only  
issuance of Notes obtained: relevant where Board (or similar  
authorisation is required for the particular  
tranche of Notes)*]
14. Method of distribution: [Syndicated/Non-syndicated]

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

15. Fixed Rate Note provisions: [Applicable/Not applicable]  
(Condition 3) (*If not applicable, delete the remaining  
sub-paragraphs of this paragraph.*)
- (i) Rate of Interest: [ ] per cent. per annum [payable  
[annually/semi-annually/quarterly/  
monthly] in arrear]
- (ii) Fixed Interest Payment Date(s): [ ] in each year commencing on [ ] and  
ending on [[ ]/[ the Interest Payment Date  
falling in [ ]].
- (iii) Day Count Fraction: [30/360/Actual/Actual (ICMA/ISDA)/  
other]
16. Floating Rate Note provisions: [Applicable/Not applicable]

- (Condition 4) *(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- (i) Interest Period(s): [specify]
- (ii) Interest Payment Dates: [ ]  
*[If Business Day Convention embedded in Condition 4(b) is not to apply, specify alternative convention]*
- (iii) Benchmark: [specify LIBOR or other]
- (iv) Relevant Rate of Benchmark: [Offered rate/Bid rate/Mean rate/other specify]
- (v) Relevant screen page: [ ]
- (vi) Interest Determination Date: [ ]
- (vii) Margin: [+/-][ ] per cent. per annum
- (viii) Fallback Rate: *[specify method of calculating interest rate if applicable screen rate not available or fewer than two rates appear (where arithmetic mean is required, or where rate is not available for period of duration equal to Interest Period)]*
- (ix) Day count fraction: [ ]
- (x) Relevant time: [ ]
- (xi) Minimum Interest Rate: [ ] per cent. per annum
- (xii) Maximum Interest Rate: [ ] per cent. per annum
- (xiii) Business Day: *[specify relevant place(s) for the purpose of definition in Condition 4(b)]*  
*(Condition 4(b))*
- (xiv) Rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
17. Variable Coupon Amount Note provisions: [Applicable/Not applicable]  
*(Condition 5)* *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Interest Payment Dates: [ ]
- (ii) Method of calculating interest: [ ]
18. Zero Coupon Note provisions: [Applicable/Not applicable]  
*(Condition 5)* *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: [ ] per cent. per annum
- (ii) Rate of interest on overdue amounts: [ ]
- (iii) Redemption formula: [ ]
19. Index-Linked Interest Note/other variable-linked interest Note Provisions: [Applicable/Not applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/other variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [ ]
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [ ]
- (iv) Determination Date(s): [ ]
- (v) Provisions for determining Coupon 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]*
- (vi) Interest or calculation period(s): [ ]
- (vii) Specified Interest Payment Dates: [ ]
- (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]

- (ix) Business Centre(s): [ ]
- (x) Minimum Rate/Amount of [ ] Interest:
- (xi) Maximum Rate/Amount of [ ] per cent. per annum Interest:
- (xii) Day Count Fraction: [ ]
20. Dual Currency Note provisions: [Applicable/Not applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Currencies: [ ]
- (ii) Exchange Rate(s): [give details]<sup>6</sup>
- (iii) Provisions applicable where calculation by reference to Exchange Rate impossible or impracticable: *[Need to include a description of Market disruption or settlement disruption events and adjustment provisions.]*

#### **PROVISIONS RELATING TO REDEMPTION**

21. Issuer's optional redemption (Call): [Yes/No]
- (Condition 6(c))*
- (i) Redemption amount (Call): [ ] per [Calculation Amount]
- (ii) Series redeemable in part: *[specify — otherwise redemption will only be permitted of entire Series]*
- (iii) Call option date(s): *[specify]*
- (iv) Call option period: *[not applicable/specify]*
22. Noteholder's optional redemption (Put): [Yes/No]
- (Condition 6(d))*
- (i) Redemption amount (Put): [ ] per [Calculation Amount]
- (ii) Put option date(s): *[specify]*
- (iii) Put option period: *[not applicable/specify]*

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<sup>6</sup> If denomination per unit is less than EUR50,000, include details of where past and future performance and volatility of the relevant rate(s) can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying

23. Final redemption amount of each Note: [ ] per [Calculation Amount]  
(Condition 6(a))
24. Final redemption amount of each Note [ ] per [Calculation Amount]  
in cases where the final redemption  
amount is Index-Linked or other  
variable-linked:
- (i) Index/Formula/other variable: [give annex details]
  - (ii) Calculation Agent responsible [ ]  
for calculating the final  
redemption amount:
  - (iii) Provisions for determining final [ ]  
redemption amount where  
calculated by reference to Index  
and/or Formula and/or other  
variable;
  - (iv) Determination Date(s): [ ]
  - (v) 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:
  - (vi) Payment Date: [ ]
  - (vii) Minimum final redemption [ ] per [Calculation Amount]  
amount:
  - (viii) Maximum final redemption [ ] per [Calculation Amount]  
Amount:
25. Instalment Notes: [specify]  
(Condition 6(a))
- (i) Instalment Amounts: [ ]
  - (ii) Dates for payment of [ ]  
Instalments:
26. Early redemption amount: Yes
- (i) Early redemption amount (upon [specify — if not par, also specify details of  
redemption for taxation

- reasons): *any formula*  
*(Condition 6(b))*
- (ii) Early redemption amount upon enforcement: *[specify — if not par, also specify details of any formula]*  
*(Condition 10)*
- (iii) Other redemption provisions: *[specify]*  
*(Condition 6(h))*

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. Form of Notes:  
*(Condition 1(a))*
- (i) Form of Notes: *[Bearer/Registered]*
- (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 144A issue]*
28. New Global Note: *[Yes/No]*
29. If issued in bearer form: *[specify] [Notes may only be represented initially by a Permanent Global Note if these Final Terms specifies that TEFRA C rules apply]*
- (i) Initially represented by a Temporary Global Note or Permanent Global Note: *[specify] [Notes may only be represented initially by a Permanent Global Note if these Final Terms specifies that TEFRA C rules apply]*
- (ii) Temporary Global Note exchangeable for Permanent Global Note and/or Definitive Notes and/or Registered Notes:  
*(Condition 1(a))* *Yes [specify]*
- (iii) Permanent Global Note exchangeable at the option of the bearer for Definitive Notes and/or Registered Notes: *[Yes/No] [If yes, specify: The Issuer waives its right to elect to exchange a Permanent Global Note for Definitive Notes in the circumstances described in paragraph (d) of the Permanent Global Note.] [If applicable - see item 6 above.]*
- (iv) Coupons to be attached to Definitive Notes: *[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: [Yes/No/Not applicable]  
*[N.B. The above comment also applies here]*
- (vi) (a) Definitive Notes to be security printed: [Yes/No]  
*[N.B. The above comment also applies here]*
- (b) if the answer to (a) is yes, whether steel engraved plates will be used: [Yes/No/Not applicable]
- (vii) Definitive Notes to be in ICMA or successor's format: [Yes/No]  
*[N.B. The above comment also applies here]*
- (viii) Issuer or Noteholder to pay costs of security printing: [Issuer/Noteholder/Not applicable]
30. If issued in registered form:
- (i) Rule 144A Global Registered Note exchangeable for U.S. Definitive Registered Notes: [Yes/No/Not applicable]
- (ii) Restricted Global Registered Note exchangeable for U.S. Definitive Registered Notes: [Yes/No/Not applicable]
31. Exchange Date for exchange of Temporary Global Note: [specify]
32. Payments:  
*(Condition 8)*
- (i) Method of payment: [specify if other than by cheque or transfer to a designated account]
- (ii) Relevant Financial Centre Day: [specify any additional places]
33. Partly Paid Notes: [Yes/No]  
*(Condition 1)*

If yes, specify number, amounts and [specify] dates for, and method of, payment of instalments of subscription monies and any further additional provisions (including forfeiture dates in respect of late payments of partly paid instalments)

34. Redenomination:  
(Condition 9)

(i) Redenomination: [Applicable/Not applicable]

(ii) Exchange: [Applicable/Not applicable]

35. Other final terms: [Not applicable/specify]

*(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive).*

## DISTRIBUTION

36. (i) If syndicated, names [, [Not applicable/HSBC Bank plc/other - addresses and underwriting commitments]<sup>7</sup> of Relevant Dealer<sup>7</sup>/Lead Manager: [Give addresses and underwriting commitments]

(ii) If syndicated, names [, [Not applicable/other - give name] addresses and underwriting commitments]<sup>7</sup> of other Dealers/Managers (if any): [Give addresses and underwriting commitments]<sup>7</sup>

*(Include names and address 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*

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<sup>7</sup> Not required for debt securities with a denomination per unit of at least EUR50,000.

*not the same as the Managers.)*

- (iii) Date of Subscription [ ] Agreement<sup>7</sup>:
- (iv) Stabilising Manager (if any): [Not applicable/*give name*]
37. If non-syndicated, name [and address] of Relevant Dealer: [Not applicable/*give name [and address]*]<sup>7</sup>
38. Total commission and concession: [ ] per cent. of the Aggregate Principal Amount<sup>7</sup>
39. Selling restrictions:
- U.S. Selling Restrictions: [Reg S Compliance Category; TEFRA C/TEFRA D/TEFRA not applicable]  
[Not Rule 144A eligible/Rule 144A eligible — *N.B. significant additional provisions will be required in order to permit 144A eligibility*]
40. Other: [*specify any modifications of, or additions to, selling restrictions contained in Dealer Agreement*]

41. Stabilisation:

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

**[LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Debt Issuance Programme of HSBC Bank plc.

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms.]

**CONFIRMED**

**HSBC BANK PLC**

By: -----

*Authorised Signatory*

Date: -----

## PART B - OTHER INFORMATION

### 1. LISTING

- (i) Listing: [London/Luxembourg/other  
(specify)/None]
- (ii) Admission to trading: [Application has been made for the  
Notes to be admitted to trading on [ ]  
with effect from [ ].] [Not applicable]
- (N.B. Notes admitted to trading to the  
UK Regulated Market of the London  
Stock Exchange plc market will also be  
admitted to the Official List as a matter  
of course.)*
- [(Where documenting a fungible issue  
need to indicate that original securities  
are already admitted to trading.)]<sup>8</sup>*

### 2. RATINGS

- Ratings: [The long term senior debt rating of  
HSBC Bank plc is:]
- [S&P: [•]]  
[Moody's: [•]]  
[Fitch [•]]  
[[other]: [•]]
- [The Notes have not specifically been  
rated.]

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

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."

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<sup>8</sup> Not required for debt securities with a denomination per unit of at least EUR50,000.

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

4. **[REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer: [ ]

*(See [“Use of Proceeds”] wording in Prospectus - if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*

(ii) Estimated net proceeds: [ ]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) Estimated total expenses: [ ]

*[Include breakdown of expenses]<sup>9</sup>*

*[(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above]*

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

(i) Indication of yield: [ ]

*[Calculated as [include details of method of calculation in summary form] on the Issue Date]<sup>9</sup>*

*[As set out above, the] [The] yield is*

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<sup>9</sup> Not required for debt securities with a denomination per unit of at least EUR50,000.

calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. **[Floating Rate Notes only - HISTORIC INTEREST RATES**

[Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

7. **[Index-Linked or other variable-linked Interest Notes only - PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS**

*[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 circumstances when the risks are most evident.*

*[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information]]

8. **[Dual Currency Notes only - PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS**

*Need to include details of where past and future performance and volatility of the index/formula 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.]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]*

9. **TERMS AND CONDITIONS OF THE OFFER**

(i) Offer Price [Issue Price] [*specify*]



- (ii) Conditions to which the offer is subject: [Not applicable/*give details*]
- (iii) Description of the application process: [Not applicable/*give details*]
- (iv) Description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants: [Not applicable/*give details*]
- (v) Details of the minimum and/or maximum amount of application: [Not applicable/*give details*]
- (vi) Details of the method and time limits for paying up and delivering the Notes: [Not applicable/*give details*]
- (vii) Manner and date in which results of the offer are to be made public: [Not applicable/*give details*]
- (viii) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not applicable/*give details*]
- (ix) Categories of potential investors to which Notes are offered and whether tranche(s) reserved for certain countries: [Not applicable/*give details*]
- (x) Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: [Not applicable/*give details*]
- (xi) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not applicable/*give details*]
- (xii) Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [Not applicable/*give details*]

## OPERATIONAL INFORMATION

10. ISIN Code: [ ]
11. Common Code: [ ]
12. New Global Note or Classic Global Note: [New Global Note/Classic Global Note] *[specify]*
13. New Global Note intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]  
 [Note that the designation "Yes" simply means that the Notes are intended upon issue to be delivered to the common safe-keeper acting as agent for Euroclear or Clearstream, Luxembourg and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[include this text if "yes" selected in which case the Notes must be issued in NGN form]*
14. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [None/*specify*]
15. Delivery: Delivery [against/free of] payment
16. Settlement procedures: [Eurobond/Medium Term Note/other — *specify*]
17. Name and address of Initial Paying Agents: [ ]
18. Name and address of Additional Paying Agent(s) (if any): [HSBC Bank USA, National Association/None/*specify*]
19. Common Depository: [*specify*]
20. Common Safekeeper: [Not applicable/*specify*]
21. Common Service Provider: [Not applicable/*specify*]
22. Agent Bank/Calculation Agent: [HSBC Bank plc/HSBC Bank USA, National Association]  
 — is Agent Bank to make calculations? [Yes/No]

- if not, identify calculation agent: *[N.B. Calculation agent appointment letter required]*
23. Transfer Agent: *[HSBC Bank plc/HSBC Bank USA, National Association]*
24. Notices: *[specify any other means of effecting communication]*  
*(Condition 14)*
25. City in which specified office of Registrar to be maintained: *[specify]*  
*(Condition 12)*
26. Tradeable Amount: *[ ]<sup>10</sup>*
27. Other relevant Terms and Conditions: *[ ]*
28. Other Final Terms: *[ ]<sup>1112</sup>*
29. Post issuance information: The Issuer *[does/does not]* intend to publish post-issuance information (specify what information will be reported and where it can be obtained)]  
  
*[Details of where post-issuance information can be obtained, if any]*

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<sup>10</sup> In the case of Bearer Notes, this is likely to be not applicable on the basis that the minimum authorised denomination specified will regulate the minimum tradeable amount.

<sup>11</sup> If new term constitutes a "significant new factor", consider whether supplement to the Prospectus is required.

<sup>12</sup> For the purposes of offers into Switzerland, add information stating where the Base Prospectus, Final Terms and documents incorporated by reference into the Base Prospectus may be obtained, together with contact details.

## TERMS AND CONDITIONS OF THE NOTES

*The following (disregarding any sentences in italics) is the text of the terms and conditions applicable to the Notes, which, as supplemented or varied in accordance with the provisions of the relevant Final Terms, will be incorporated by reference into each Global Note and which will be endorsed on the Notes in definitive form (if any) issued in exchange for Global Notes representing each Tranche, details of the relevant Tranche being as set out in the relevant Final Terms. The Final Terms in relation to any Tranche may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with such terms and conditions, replace or modify the following terms and conditions for the purpose of such Tranche.*

This Note is one of a Series of Notes (the "**Notes**") issued pursuant to the debt issuance programme (the "**Programme**") established by HSBC Bank plc (the "**Bank**" or the "**Issuer**") and is constituted by and issued subject to and with the benefit of an amended and restated Trust Deed dated 23 June 1994 (such Trust Deed as last modified by a Supplemental Trust Deed dated 28 May 2010 and as further modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") made between the Bank and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**" which expression shall wherever the context so admits include its successors) and has the benefit of an amended and restated Agency Agreement dated 23 June 1994 (such Agency Agreement as last modified and restated by a Supplemental Agency Agreement dated 28 May 2010 and as further modified and/or supplemented and/or restated from time to time, the "**Agency Agreement**") each made between, amongst others, the Bank, the Principal Paying Agent (the "**Principal Paying Agent**" which expression shall wherever the context so admits include its successors as such, and, together with any successor or additional paying agent appointed in respect of the Notes, the "**Paying Agents**", which expression shall wherever the context so admits include any additional and/or successor paying agents), the Registrar (the "**Registrars**" which expression shall wherever the context so admits include any successor or additional person appointed as such in respect of the Notes) each named therein and the Trustee. The initial Principal Paying Agents and the initial Registrars are named below. In respect of any Series of Notes, the Transfer Agent and the Agent Bank for the purposes of such Notes shall be the Transfer Agent and Agent Bank named as such in the relevant Final Terms (defined below). The Trustee shall exercise the duties, power, trusts, authorities and discretions vested in it by the Trust Deed separately in relation to each Series of Notes in accordance with the provisions of the Trust Deed. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the principal office for the time being of the Trustee and at the specified office of each of the Principal Paying Agent and the other Paying Agents (if any), appointed from time to time pursuant to the terms of the Agency Agreement. The Holders (as defined below) for the time being of Notes (the "**Noteholders**") and of any coupons ("**Coupons**") or talons ("**Talons**") (the "**Couponholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

References in these terms and conditions (the "**Conditions**") to "**Notes**" shall, where the context so requires include the temporary global Notes, the permanent global Notes,

subordinated Notes ("**Subordinated Notes**"), undated subordinated Notes ("**Undated Subordinated Notes**"), Notes which are not subordinated and such other Notes as may from time to time be issued under the Programme, as the case may be, and the term "**Notes**" includes debt instruments, by whatever name called, issued under the Programme. References to the "**Bank**" or the "**Issuer**" means the Bank in its capacity as issuer of Notes under the Programme. All Notes will be issued in series (each, a "**Series**") and each Series may comprise one or more tranches (each, a "**Tranche**") of Notes. Each Tranche will be the subject of a Final Terms (the "**Final Terms**"), a copy of which will be attached to or incorporated by reference in each Note of such Tranche. Subject as set out in the relevant Final Terms, all Notes issued pursuant to the Programme on the same date, denominated in the same currency, having the same maturity date, bearing interest, if any, on the same basis and issued on identical terms will constitute one Tranche of Notes.

1. **Form, Denomination and Title**

(a) *Form*

Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") as set out in the relevant Final Terms.

(b) *Form of Bearer Notes*

Bearer Notes will be in substantially the relevant form (subject to amendment and completion) scheduled to the Trust Deed or in such other form as from time to time may be agreed. Interest-bearing Bearer Notes will, if so specified in the relevant Final Terms, have attached 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 Bearer Notes will also, if so specified in the relevant Final Terms, have attached at the time of their initial delivery a Talon exchangeable for further Coupons and the expression "**Coupons**" shall, where the context so requires, include Talons.

(c) *Form of Registered Notes*

Registered Notes will be in substantially the relevant form (subject to amendment and completion) scheduled to the Trust Deed or in such other form as may from time to time be agreed.

(d) *Instalment Notes*

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

(e) *Partly Paid Notes*

Notes may be issued on a partly paid basis ("**Partly Paid Notes**") if so specified in the relevant Final Terms and any further or alternative terms applicable thereto shall be as set out in the relevant Final Terms.

(f) *Denomination*

Subject to Condition 9, Bearer Notes will be in the denomination(s) set out in the relevant Final Terms. Registered Notes will be in the denomination(s) and multiples set out in the relevant Final Terms.

(g) *Title*

Title to Bearer Notes, Coupons and Talons will pass by delivery. Title to Registered Notes passes by registration in the register which is kept by the Registrar. References herein to the "**Holders**" of Bearer Notes or of Coupons are to the bearers of such Bearer Notes or such Coupons and 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 and subject to the provisions of the fourth paragraph of Condition 14(a) while the Notes of any Series are represented by a Note or Notes in global form, the Bank, the Principal Paying Agent, any other Paying Agents, the Transfer Agents, the Agent Bank and the Registrar may deem and treat the Holder of any Bearer Note or of any Coupon and the Holder of any Registered Note (and, if more than one, the first named thereof) as the absolute owner thereof (whether or not such Note shall be 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.

(h) *Transfer of Registered Notes*

Subject as provided in the final sentence of this Condition 1(h), a Registered Note may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part only upon the surrender of the Registered Note to be transferred, together with the form of transfer (including, without limitation, any certification as to compliance with restrictions on transfer included in such form of transfer) endorsed on it duly completed and executed, at the specified office of the Registrar or any of the Transfer Agents together with such evidence as the Registrar, or as the case may be, the relevant Transfer Agent may reasonably require to prove the title of the transferor and the authority of the persons who have executed the form of transfer. 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. No Holder may require the transfer of a Registered Note to be registered during the period of 15 calendar days ending on the due date for any payment (whether of principal, redemption amount, interest or otherwise) in respect of such Note.

(i) *Delivery*

Each new Registered Note to be issued upon the transfer of a Registered Note will, within five Relevant Banking Days (as defined in Condition 13) of the transfer date (as defined in Condition 13), be available for delivery at the specified office of the Registrar or, as the case may be, the relevant Transfer Agent or (at the request and risk of the Holder of such Registered Note) be mailed by uninsured post to such address as may be specified by such Holder. For these purposes, a form of transfer received by the Registrar or any of the Transfer Agents after the Record Date (as defined in Condition 8(b)) in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar or such Transfer Agent until the day following the due date for such payment.

(j) *No charge*

The issue of new Registered Notes on transfer will be effected without charge to the Holder or the transferee by or on behalf of the Issuer, the Registrar or the relevant Transfer Agent, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Registrar or, as the case may be, the relevant Transfer Agent may require in respect of) any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfers or exchanges.

(k) *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 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.

(l) *Rule 144A Legend*

Upon the transfer, exchange or replacement of Registered Notes bearing the private placement legend (the "**Rule 144A Legend**") for the purpose of Rule 144A under the United States Securities Act of 1933, as amended (the "**Securities Act**"), set forth in the form of Registered Note scheduled to the Trust Deed, the Registrar shall deliver only Registered Notes that also bear such legend unless there is delivered to the Issuer and to the Registrar such satisfactory evidence, which may include an opinion of counsel, as may be reasonably required by the Issuer 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. The Issuer has covenanted and agreed in the Trust Deed that it will not acquire any beneficial interest, and will cause its affiliates not to acquire any beneficial interest, in any Registered Note bearing the Rule 144A Legend unless it notifies the Registrar in writing of such acquisition. The Registrar and all Holders shall be entitled to rely without further investigation on any such notification (or lack thereof).

(m) *Bearer Notes issued in reliance on TEFRA D*

Bearer Notes, and their Coupons, issued in reliance on TEFRA D will bear the following legend "Any United States person who holds this obligation will be subject to the limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code."

2. **Status**

(a) *Claims in Respect of Notes*

The Notes of each Series (other than Subordinated Notes and Undated Subordinated Notes) constitute direct, unsecured obligations of the Issuer, ranking pari passu without any preference among themselves and, at their date of issue, ranking pari passu with all other unsecured and unsubordinated obligations of the Issuer other than any such obligations preferred by law.

The Notes of each Series of Subordinated Notes constitute direct, unsecured obligations of the Bank ranking pari passu without any preference among themselves. The rights of Holders of Subordinated Notes will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of depositors and all other creditors of the Bank other than claimants in respect of Subordinated Indebtedness (as defined in the Trust Deed) in the manner provided in the Trust Deed.

The Notes of each Series of Undated Subordinated Notes constitute direct, unsecured obligations of the Bank ranking pari passu without any preference among themselves. The rights of Holders of Undated Subordinated Notes will, in the event of the winding up of the Bank, be subordinated in right of payment to the claims of Prior Creditors (as defined in the Trust Deed) of the Bank. In the event of the winding up of the Bank in England, such Notes shall be treated as if at the close of business on the business day in London preceding the commencement of the winding up of the Bank the principal amount payable in respect of the Notes together with Arrears of Interest and accrued interest had been converted into Preference Shares, where appropriate, at the rate of exchange ruling on such preceding business day according to the terms set out in Condition 10.

"**Preference Shares**" means preference shares of £1 each in the capital of the Bank having a preferential right to a return of assets and to participate in the profits of the Bank in the winding up over the rights of the holders of all issued shares for the time being in the capital of the Bank and having such other rights and privileges and being subject to the restrictions set out in the Trust Deed.

Claims in respect of any Notes or Coupons may not be set off, or be the subject of a counterclaim, by the Holder against or in respect of any obligations of his to the Issuer, the Trustee or any other person, and every Holder waives, and shall be treated for all purposes as if he had waived, any right that he might otherwise have to set off, or to raise by way of counterclaim any claim of his in respect of any Notes or Coupons, against or in respect of any obligations of his to the Issuer, the Trustee or any other person. If, notwithstanding the preceding sentence, any Holder receives or recovers any sum or the benefit of any sum in



respect of any Note or Coupon by virtue of any such set off or counterclaim, he shall hold the same on trust for the Issuer and shall pay the amount thereof to the Issuer or, in the event of the winding up of the Issuer, to the liquidator of the Issuer.

(b) *Undated Subordinated Notes: Condition of Payment*

The Bank's obligation to make any payment of interest and, where applicable, any repayment of principal in respect of any Undated Subordinated Notes is conditional upon the Bank being able to make such payment and remain Solvent (as defined in the Trust Deed) immediately thereafter.

*NB: Principal and interest on the Undated Subordinated Notes may be used to absorb losses, in particular so that, instead of being paid, such principal and interest is utilised to enable the Bank to continue trading.*

(c) *Undated Subordinated Notes: Deferral of Interest*

The Bank may elect to defer the payment of any interest that would otherwise have been due to be paid on any interest payment date (a "**Deferred Interest Payment Date**") in respect of any Undated Subordinated Notes, in which case the Bank shall not be liable to pay the interest that would otherwise have been due to be paid on the relevant Deferred Interest Payment Date, and any failure to pay such interest shall not constitute a default by the Bank for any purpose. Any interest not paid on a Deferred Interest Payment Date as a result of such an election to defer by the Bank shall (except to the extent such interest shall subsequently have been paid) constitute "**Arrears of Interest**".

In relation to any Series of Undated Subordinated Notes, Arrears of Interest may, prior to the commencement of the winding up of the Bank, be paid in whole or in part upon the expiration of not less than seven days' notice to such effect given to the Holders of the Notes of such Series in accordance with Condition 14, but payment in respect of interest periods during which Arrears of Interest have accrued shall be made taking the earliest interest period first. Arrears of Interest shall otherwise only become payable, subject to Condition 2(b), on the due date for repayment of the Notes to which such Arrears of Interest relate. Arrears of Interest shall not themselves bear interest.

(d) *Subordinated Notes: Deferral of Payments*

In the case of Subordinated Notes in relation to which this Condition 2(d) is specified in the relevant Final Terms as applying, the Bank shall be entitled, by notice in writing to the Trustee (a "**Deferral Notice**"), to defer the due date for payment of any repayment of principal or payment of interest in respect of such Notes, and, accordingly, on the giving of such Notice the due date for payment of the relevant repayment or payment (the "**Deferred Payment**") shall be so deferred and the Bank shall not be obliged to make payment thereof on the date the same would otherwise have become due and payable, and such deferral of payment shall not constitute a default by the Bank. The Bank may only give a Deferral Notice in circumstances where if it were to make payment of the Deferred Payment it would not be in compliance with the capital adequacy requirements applied to it by the Financial Services Authority (or any successor authority in its function as supervisor of authorised institutions).

Interest will accrue on principal deferred as aforesaid in accordance with the provisions of these Conditions and the Trust Deed, save that such interest shall only become due and payable at such time as the principal in respect of which it has accrued becomes due and payable under the following sentence. Promptly upon being satisfied that the Bank may make payment of the Deferred Payment or a part of it and be in compliance with the capital adequacy requirements applied to it by the Financial Services Authority (or any successor authority in its function as supervisor of authorised institutions) the Bank shall give to the Trustee written notice thereof (the "**Payment Notice**") and the relevant Deferred Payment (or the appropriate part of it) and any accrued interest as aforesaid shall become due and payable on the seventh day after the date of such notice to the Trustee. The Bank shall promptly give notice to the Holders of the relevant Series of Notes in accordance with Condition 14 of any Deferral Notice or Payment Notice.

*NB: In the case of Notes which constitute Tier 3 capital, payment of principal and interest in respect of such Notes may only be made if, after such payment, the Bank's capital resources would not be less than its capital resources requirement.*

### 3. **Interest on Fixed Rate Notes**

Notes bearing interest at a fixed rate (each a "**Fixed Rate Note**") will bear interest on the principal amount (or, in the case of Partly Paid Notes, the principal amount paid up in respect thereof) of each Note as at its date of issue (less, in the case of any Instalment Note, any principal amount on which interest shall have ceased to accrue in accordance with the following paragraph) at the applicable fixed rate or rates per annum specified in the relevant Final Terms as the rates of interest (each a "**Rate of Interest**") from the date specified in the relevant Final Terms as the interest commencement date (the "**Interest Commencement Date**"). Interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms (each a "**Fixed Interest Payment Date**") and on the date specified in the relevant Final Terms as the date on which such Notes are to be redeemed (the "**Maturity Date**"). The first payment of interest will be made on the first Fixed Interest Payment Date following the Interest Commencement Date.

The period from (and including) the Interest Commencement Date up to (but excluding) the first Fixed Interest Payment Date and each period thereafter from (and including) an Interest Payment Date to (but excluding) the next Fixed Interest Payment Date is referred to herein as an "**Interest Period**" and the expression "**Business Day**", as used in this Condition 3, shall mean a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place(s) specified for this purpose in the relevant Final Terms.

Interest will cease to accrue on each Fixed Rate Note on the due date for redemption thereof (or, in the case of an Instalment Note, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount, as defined in Condition 6) unless, upon due presentation thereof or, in the case of a Registered Note, upon such due date, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (as well after as before any judgment) up to and including the date on which, in the case of a Bearer Note, upon further presentation thereof, payment in full of the principal amount due in

respect of such Fixed Rate Note is made or (if earlier) the date upon which notice is duly given to the Holder of such Fixed Rate Note that sufficient funds for payment of the principal amount due in respect of it, together with accrued interest, have been received by the Principal Paying Agent or the Trustee or, in the case of a Registered Note, the date on which payment in full is made.

In respect of Fixed Rate Notes, the basis on which interest is calculated is as set out in the relevant Final Terms. If no such basis is specified, the amount of interest payable in respect of such Fixed Rate Note should be calculated by applying the Rate of Interest to the Calculation Amount (as defined in Condition 4(c)(iv) below), multiplying the product by the relevant Day Count Fraction (as defined in Condition 4(c)(iv) below) and rounding the resulting figure to the nearest applicable sub-unit of the currency in which the Note is denominated or, as the case may be, in which such interest is payable (one half of any sub-unit being rounded upwards). For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

#### 4. **Interest on Floating Rate Notes**

##### (a) *Accrual of Interest*

Notes bearing interest at a floating rate (each a "**Floating Rate Note**") bear interest on the principal amount (or, in the case of Partly Paid Notes, the principal amount paid up in respect thereof) of each Note as at its date of issue (less, in the case of any Instalment Note, any principal amount on which interest shall have ceased to accrue in accordance with the following paragraph) from the Interest Commencement Date specified in the relevant Final Terms.

Interest will cease to accrue on each Floating Rate Note on the due date for redemption thereof (or, in the case of an Instalment Note, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount) unless, upon due presentation thereof or, in the case of a Registered Note, upon such due date, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue (as well after as before any judgment) up to and including the date on which, in the case of a Bearer Note, upon further presentation thereof, payment in full of the principal amount due in respect of such Note is made or (if earlier) the date upon which notice is duly given to the Holder of such Note that sufficient funds for payment of the principal amount due in respect of it, together with accrued interest, have been received by the Principal Paying Agent or the Trustee or, in the case of a Registered Note, the date on which payment in full is made.

In respect of Floating Rate Notes, the basis on which interest is calculated is as set out in the relevant Final Terms.

##### (b) *Interest Payment Dates and Interest Periods*

Interest on each Floating Rate Note will be payable in arrear on such dates as are specified in the relevant Final Terms for such purpose and on the due date for redemption of such Note (each, an "**Interest Payment Date**") provided that, unless otherwise set out in the relevant

Final Terms, if any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next Business Day unless it would thereby fall in the next calendar month, in which event the Interest Payment Date shall be the immediately preceding Business Day. The first payment of interest will be made on the first Interest Payment Date following the Interest Commencement Date.

The period from (and including) the Interest Commencement Date up to (but excluding) the first Interest Payment Date and each period thereafter from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date is referred to herein as an "**Interest Period**" and the expression "**Business Day**", as used in this Condition 4(b), shall mean a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place(s) specified for this purpose in the relevant Final Terms.

(c) *Rate of Interest*

The rate at which Floating Rate Notes will bear interest (the "**Rate of Interest**") shall be determined by the Agent Bank on the basis of the following provisions:

- (i) the Rate of Interest in respect of an Interest Period shall, subject as provided below, be the Relevant Rate of the Benchmark (where such Relevant Rate is a composite quotation or interest rate per annum or is customarily supplied by one entity) or the arithmetic mean rounded upwards, if necessary, to the nearest 0.00001 per cent of the Relevant Rates of the Benchmark for the Interest Period which appear on the appropriate page of the Reuters Screen (as defined below) or such other information vending service as may be set out in the relevant Final Terms as at 11.00 a.m. (London time) or such other time as may be specified in the relevant Final Terms on the Interest Determination Date (as defined below) plus or minus (as appropriate) the percentage rate per annum (if any) over or under the Relevant Rate or, as the case may be, arithmetic mean of the Relevant Rates of the Benchmark by which the Rate of Interest is to be determined as set out in the relevant Final Terms (the "**Margin**"), all as determined by the Agent Bank;
- (ii) if the Reuters Screen or such other information vending service as may be set out in the relevant Final Terms does not contain an appropriate page in respect of the specified currency, or if fewer than two of the Relevant Rates appear at such time (other than where such Relevant Rate is a composite quotation or rate or is customarily supplied by one entity), or if the rates which appear as at such time do not apply to a period of a duration equal to the relevant Interest Period, the Rate of Interest for such Interest Period shall be the Fallback Rate as set out in (iii) below plus or minus, as applicable, the applicable margin;
- (iii) to determine the "**Fallback Rate**" the circumstances set out in (ii) above, the Agent Bank will:

- (1) where the specified currency is euro:
  - (1) request the principal Euro-zone office of each of five major banks in the Euro-zone interbank market to provide a quotation of the rate at which deposits in euro are offered by it at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date to prime banks in the Euro-zone interbank market for a period equal to the relevant Interest Period in an amount that is representative for a single transaction in that market at that time; and
  - (2) discard the highest and lowest quotation and determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.000005 being rounded upwards) of such remaining quotations. If fewer than three such quotations are provided as requested, the Agent Bank will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in the Euro-zone interbank market, selected by the Agent Bank, at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in euro to leading Euro-zone 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 the time.
- (2) in any other case:
  - (1) request appropriate quotations and will determine the arithmetic mean of the rate at which deposits in the specified currency are offered by three major banks (or, if fewer than three rates are so quoted, two major banks, or, if fewer than two rates are quoted, one major bank) in the London interbank market, selected by the Agent Bank, at approximately 11.00 a.m. London time on the Interest Determination Date in respect of the relevant Interest Period to prime banks in the London interbank market for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in the relevant market at the relevant time.

(iv) In Condition 3 and this Condition 4(c) and in Condition 4(d) below only:

- (a) the "**Benchmark**" means LIBOR or such other benchmark as may be set out in the relevant Final Terms;

"**Calculation Amount**" means the calculation amount as set out in the relevant Final Terms;

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

- (i) if "**Actual/Actual (ICMA)**" is so specified, means:
  - (1) 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
  - (2) 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 year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (3) "**Regular Period**" means:
  - (A) 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 Fixed Interest Payment Date or Interest Payment Date (as the case may be) and each successive period from and including one Fixed Interest Payment Date or Interest Payment Date (as the case may be) to but excluding the next Fixed Interest Payment Date or Interest Payment Date (as the case may be);
  - (B) 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 Fixed Interest Payment Date or Interest Payment Date (as the case may be) falls; and

(C) 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 Fixed Interest Payment Date or Interest Payment Date (as the case may be) falls other than the Fixed Interest Payment Date or Interest Payment Date (as the case may be) falling at the end of the irregular Interest Period.

- (ii) if "**Actual/365**" or "**Actual/Actual (ISDA)**" is so specified, means 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 the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;
- (v) if "**30/360**" is so specified, means the number of days in the Calculation Period in respect of which payment is being made in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

Day Count Fraction =

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

where:

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

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

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

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

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

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

- (vi) if "**30E/360**" or "Eurobond Basis" is so specified, means 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:

Day Count Fraction =

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

where:

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

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

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

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

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

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



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

Day Count Fraction =

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

where:

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

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

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

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

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

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

(v) "**Relevant Rate**" means:

- (1) an offered rate in the case of a Note the Benchmark for which relates to an offered rate; or
- (2) a bid rate in the case of a Note the Benchmark for which relates to a bid rate; or
- (3) the mean of an offered and bid rate in the case of a Note the Benchmark for which relates to the mean of an offered and bid rate,

as set out in the relevant Final Terms;

- (vi) the expression "**Interest Determination Date**" means the day determined by the Agent Bank to be customary for fixing the Benchmark rate applicable to deposits in the relevant currency for the relevant Interest Period; and
- (vii) the expression "**the appropriate page of the Reuters Screen**" means such page, whatever its designation, on which the Benchmark rates for deposits in the relevant currency of prime banks are for the time being displayed on the Reuters Monitor Money Rates Services.

(d) *Determination of Rate of Interest and Calculation of Interest Amount*

The Agent Bank will, as soon as practicable after 11.00 a.m. (London time) or such other time as may be set out in the relevant Final Terms on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable in respect of each denomination of the relevant Floating Rate Notes (the "**Interest Amount**") for the relevant Interest Period.

The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to:

- (i) in the case of Floating Rate Notes or Index-Linked Interest Notes which are represented by a Global Note, the principal amount of the Notes represented by such Global Note during such Interest Period; or
- (ii) in the case of Floating Rate Notes or Index-Linked Interest Notes in definitive form, the Calculation Amount during such Interest Period, as so specified in the applicable Final Terms;

and in each case multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). 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. Where the Specified Denomination of a Floating Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts determined in the manner provided above for each Calculation Amount comprising the Specified Denomination without any further rounding.

(e) *Notification of Rate of Interest and Interest Amount*

The Agent Bank will cause the Rate of Interest, the Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Principal Paying Agent, (in the case of Listed Notes) each listing authority, stock exchange and/or quotation system (if any) by which such Notes have for the time being been admitted to listing, trading and/or quotation and, for as long as such Notes are represented by Global Notes, Euroclear and/or Clearstream, Luxembourg and/or such other clearing system or depository as may be set out in the relevant Final Terms as soon as possible after the determination thereof but in any event no later than the fourth business day thereafter. In respect of Floating Rate Notes

which are Definitive Notes, the Agent Bank will give notice to the Noteholders of the Rate of Interest, the Interest Amount and the relevant Interest Payment Date in accordance with the provisions of Condition 14. The Interest Amount and the Interest Payment Date so notified in respect of any Notes may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which such Notes are for the time being listed.

(f) *Determination or Calculation by the Trustee*

If the Agent Bank does not at any time for any reason determine the Rate of Interest or calculate the Interest Amount, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Agent Bank. In doing so, the Trustee shall apply the foregoing provisions of this Condition 4, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(g) *Certificates, etc. to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purpose of the provisions of this Condition 4 whether by the Agent Bank or the Trustee shall (in the absence of manifest error) be binding on the Issuer, the Trustee, the Paying Agents, (where appropriate) the Registrar and the Holders of Notes and of the Coupons appertaining thereto. No Holder of Notes or of the Coupons appertaining thereto shall be entitled to proceed against the Agent Bank, the Trustee, the Paying Agents, the Registrar or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions hereunder.

## 5. **Variable Coupon Amount Notes and Zero Coupon Notes**

In the case of Notes which bear interest at a variable rate or rates ("**Variable Coupon Amount Notes**"), the dates on which interest shall be payable and the method of calculation of the interest payable on each such date shall be as set out in the relevant Final Terms.

If any amount in respect of any Note which is non-interest bearing (a "**Zero Coupon Note**") is not paid when due, interest shall accrue on the overdue amount at a rate determined in accordance with the provisions of the relevant Final Terms.

## 6. **Redemption and Purchase**

(a) *Final Redemption*

Unless previously redeemed or purchased and cancelled and subject as otherwise set out in the relevant Final Terms, Notes will be redeemed at their principal amount or such other redemption amount as may be set out in or determined in accordance with the relevant Final Terms on the Maturity Date specified in the relevant Final Terms (or, in the case of Instalment Notes, in such number of instalments and in such amounts ("**Instalment Amounts**") as may be specified in, or determined in accordance with the provisions of, the

relevant Final Terms). In the case of Notes specified in the relevant Final Terms as being undated, such Notes shall have no Maturity Date and shall be redeemed only in accordance with this Condition 6 or Condition 10.

(b) *Redemption for Taxation Reasons*

If the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that:

- (i) on a subsequent date for the payment of interest on any Series of Notes the Issuer would be required to pay any additional amounts in accordance with the provisions of Condition 7; or
- (ii) if the Issuer were to seek to redeem the Notes (for which purpose no regard shall be had as 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 Trustee shall consider reasonable) be required to pay any additional amounts in accordance with the provisions of Condition 7,

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 the Notes, at their principal amount or such other redemption amount as may be set out in the relevant Final Terms together with interest accrued and unpaid, if any, to the date fixed for redemption provided that no such notice of redemption shall be given earlier than 90 days (or in the case of Floating Rate Notes or Variable Coupon Amount Notes a number of days which is equal to the aggregate of the number of days in the then current Interest Period plus 60 days provided that such aggregate number of days shall not be greater than 90 days) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

The Issuer may exercise such option in respect of any Note notwithstanding the prior exercise by the Holder thereof of its option to require the redemption of such Note under paragraph (d) below, if the due date for redemption under this paragraph (b) would occur prior to that under paragraph (d) but not otherwise and, in such circumstances, the exercise of the option under paragraph (d) shall be rendered ineffective.

Subject only to the obligation of the Issuer to use such endeavours as aforesaid, it shall be sufficient, to establish the circumstances required to be established pursuant to this Condition 6(b), if the Issuer shall deliver to the Trustee a certificate of an independent legal adviser or accountant satisfactory to the Trustee to the effect either that such circumstances do exist or that, upon a change in or amendment to the laws (including any regulations pursuant thereto), or in the interpretation or administration thereof, of the United Kingdom, which at the date of such certificate is proposed and in the opinion of such legal adviser or accountant is reasonably expected to become effective on or prior to the date on which the relevant payment of principal or interest in respect of the Notes would otherwise be made, becoming so effective, such circumstances would exist.

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

Where so set out in the relevant Final Terms, Notes shall be redeemable at the option of the Issuer. In such case, the Issuer may at any time (in the case of Fixed Rate Notes or Zero Coupon Notes), on any Interest Payment Date (in the case of Floating Rate Notes or Variable Coupon Amount Notes) or otherwise as set out in the relevant Final Terms, on giving (in accordance with Condition 14) not less than 30 nor more than 60 days' notice (or such other period as set out in the relevant Final Terms) to the Noteholders (such notice being irrevocable) specifying the date fixed for such redemption, on the date so fixed, redeem all of such Notes (or, if so specified in the relevant Final Terms and subject as therein specified, some only of the Notes) at their principal amount or such other amount as set out in the relevant Final Terms together with interest accrued 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):

- in the case of Bearer Notes (other than a temporary global Note or 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 and the Trustee may approve and deem appropriate and fair, subject to the rules and procedures of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**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
- 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 relevant Notes may have been admitted to listing, trading and/or quotation.

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 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 Noteholders*

Where so set out in the relevant Final Terms, Notes shall be redeemable at the option of the Noteholders. In such case, upon any Noteholder giving to the Issuer notice of redemption (such notice being irrevocable) the Issuer will, in accordance with the provisions set out in the relevant Final Terms, redeem in whole (but not in part) the Note(s) specified in such notice at their principal amount or such other amount as may be set out in or determined in accordance

with the relevant Final Terms together with interest accrued thereon to the date fixed for redemption.

In order to give such notice, the Holder must, not less than 45 days before the date for redemption as set out in the relevant Final Terms (or such other period as may be set out in the Final Terms), deposit the relevant Note (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 or any Transfer Agent 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 or any Transfer Agent. The Holder of a Note may not exercise such option in respect of any Note which is the subject of an exercise by the Issuer of its option to redeem such Note under Condition 6(b) or (c).

(e) *Purchases*

The Bank or any holding or subsidiary company of it or any subsidiary of any such holding company may at any time purchase Notes at any price in the open market or otherwise and may resell the same.

(f) *Cancellation*

All Notes redeemed pursuant to paragraph (a), (b), (c) or (d) of this Condition 6 shall, and all Notes purchased pursuant to paragraph (e) of this Condition 6 may, at the option of the Issuer, be cancelled forthwith (together with, in the case of Definitive Bearer Notes, all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith) by the Paying Agent through which they are redeemed or by the Principal Paying Agent to which they are surrendered. All Notes redeemed or purchased and cancelled as aforesaid may not be re-issued or resold.

(g) *Zero Coupon Notes*

Where Zero Coupon Notes are redeemed by the Issuer prior to the Maturity Date set out in the relevant Final Terms, they shall be redeemed at a redemption amount determined in accordance with the provisions set out in the relevant Final Terms.

(h) *Other Redemption Provisions*

The relevant Final Terms may provide for other circumstances in which Notes may or shall be redeemed, the amount payable on such redemption in respect of principal only, principal and interest or interest only and whether or not Notes so redeemed shall or may be cancelled pursuant to paragraph (f) of this Condition 6.

## **7. Taxation**

Except as otherwise set out in the relevant Final Terms, all payments by the Bank 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 (or any authority

or political subdivision therein or thereof having power to tax) unless the Bank is required by law to withhold or deduct any such taxes, duties, assessments or governmental charges.

In that event, the Bank 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 received 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 his having some connection with the United Kingdom other than the mere holding of such Note or Coupon; or
- (b) unless it is proved, in the case of Bearer Notes, to the satisfaction of the Principal Paying Agent or the Paying Agent to whom the same is presented, or, in the case of Registered Notes, to the satisfaction of the Registrar, that the Holder is unable to avoid such withholding or deduction by satisfying any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to a Paying Agent or the relevant tax authorities (as applicable) or by notifying (and/or presenting evidence of such notification) 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 (whether within or outside the European Union); or
- (c) more than 30 days after the Relevant Date (defined below) except, in the case of Bearer Notes, to the extent that the Holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or
- (d) in the case of Registered Notes, unless the Holder, immediately upon becoming the Holder, (i) is eligible for the benefits of a tax treaty with the United Kingdom that provides for a complete exemption from withholding taxes on payments under the Notes, or (ii) is otherwise entitled to a complete exemption from withholding taxes on payments under the Notes; or
- (e) 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; or
- (f) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing

the conclusions of the ECOFIN Council meeting of 26th — 27th November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

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 Trustee on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly given to the relevant Noteholders in accordance with Condition 14.

Any reference in these Conditions to principal or interest or both in respect of the relevant Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable under this Condition 7 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;
- (ii) the principal amount payable on the relevant Notes on the Maturity Date specified in the relevant Final Terms;
- (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.

## 8. **Payments**

### (a) *Bearer Notes*

Payments of principal and interest (if any) in respect of Bearer Notes will (subject as provided below) be made against presentation and (save in the case of partial payment or payment of an Instalment Amount (other than the final Instalment Amount)) surrender of the relevant Note or, in the case of payments of interest, surrender of the relevant Coupon at the specified office of any Paying Agent outside the United States (subject to the next paragraph).

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 (as defined in the United States Internal Revenue Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Notes when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (b) such payment or exchange is permitted by applicable United States law, in which case the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

If the due date for payment of any amount due in respect of any Bearer Note is not both a Relevant Financial Centre Day and a Local Banking Day (each as defined below), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day



and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 3, 4 or 5, as appropriate.

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

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

Upon the due date for redemption of any Definitive Bearer Note other than a Fixed Rate Note all unmatured Coupons and Talons (if any) relating to such Definitive Bearer Note (whether or not attached) shall become void and no payment shall be made in respect of them. Definitive Bearer Notes which are Fixed Rate Notes should be presented for payment with all unmatured Coupons appertaining thereto, failing which the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, that portion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total amount of principal due) will be deducted from the sum due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon within a period of ten years from the Relevant Date (as defined in Condition 7) for the payment of such principal, whether or not such Coupon has become void pursuant to Condition 11 or, if later, five years from the date on which such Coupon would have become due.

Notwithstanding the above, if any Definitive Bearer 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 Bearer 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 Bearer Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates. Upon any Definitive Bearer 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 Bearer Notes initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the

specified office of any Paying Agent outside the United States (save as provided above) in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 11. 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 Definitive Bearer Note is not the due date for the payment of a Coupon appertaining thereto, interest accrued in respect of such Note from (and including) the last preceding due date for the payment of a Coupon (or from the Issue Date or the Interest Commencement Date, as the case may be) will be paid only against surrender of such Bearer Note and all unmatured Coupons appertaining thereto.

(b) *Registered Notes*

Payment of the amount due on final redemption (the "**Redemption Amount**") in respect of Registered Notes will be made against presentation and, save in the case of partial payment of the Redemption Amount, surrender of the relevant Registered Notes at the specified office of the Registrar. If the due date for payment of the Redemption Amount of any Registered Note is not both a Relevant Financial Centre Day and a Local Banking Day (each as defined below), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions in which event interest shall continue to accrue as provided in Condition 3, 4 or 5, as appropriate.

Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) 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 kept by the Registrar 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 and the Registrar has acknowledged such application for payment to be made to a designated account denominated in the relevant currency, in each case as specified in paragraph (c) below.

(c) *General Provisions*

The following provisions apply to both Bearer Notes and Registered Notes. Payments of amounts due (whether principal, interest or otherwise) in respect of Notes will be made in the currency in which such amount is due either (a) by cheque, or (b) at the option of the payee, by transfer to an account denominated in the relevant currency specified by the payee.

Payments of principal, interest and other amounts (if any) in respect of Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment but without prejudice to the provisions of Condition 7.

For the purposes of these Conditions:

- (i) **"Relevant Financial Centre Day"** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre or centres for the currency in which payment falls to be made (or, in the case of payments which fall to be made in euro, a Euro Business Day or, where such currency is a National Currency Unit (as defined in Condition 9) and the Notes have been redenominated into euro pursuant to Condition 9, the former principal financial centre or centres) and in any other place set out in the Final Terms;
- (ii) **"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 Paying Agent to which the relevant Note or Coupon is presented for payment, or the Registrar is located; and
- (iii) **"ISDA Definitions"** means the 2000 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. (formerly the International Swap Dealers Association, Inc.).

Without prejudice to the generality of the foregoing, the Bank reserves the right to require any person receiving payment of principal, interest and/or other sums with respect to any Note or Coupon to provide a Paying Agent with such certification or information as may be required to enable the Bank to comply with the requirements of the U.S. federal income tax laws or such other laws as the Bank may be required to comply with.

## 9. **Redenomination**

### (a) *General*

Where redenomination is specified in the relevant Final Terms as being applicable, and in respect of Notes denominated in a National Currency Unit (as defined below) (the **"Relevant Currency"**) the Issuer may, without the consent of the Trustee or the Noteholders, on giving at least 30 days' prior notice to the Noteholders in accordance with Condition 14, designate a Redenomination Date in respect of such Notes.

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 an 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 Relevant Currency converted into euro at the rate for the conversion of the Relevant Currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to roundings in accordance with EC regulations); Provided, however, that, if the Issuer determines, with the prior approval of the Trustee, that the 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 Currency (whether or not attached to the Notes) will become void with effect from the date (the "**Euro Exchange Date**") on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Noteholders that replacement Notes and Coupons denominated in euro are available for exchange (provided that such Notes and Coupons are available) and no payments will be made in respect thereof;
  - (B) the payment obligations contained in all Notes denominated in the Relevant Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 9(a)(ii)) shall remain in full force and effect; and
  - (C) new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in the Relevant 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 Currency ceases to be a subdivision 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 Relevant Currency were to euro. Such payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with a bank in the principal financial centre of any member state of the European Communities; and
- (iv) such other changes will be made to the Programme as the Issuer may decide, with the prior written approval of the Trustee, to conform such Notes to conventions then applicable to instruments denominated in euro. Any such

other changes will not take effect until after they have been notified to the Noteholders in accordance with Condition 14.

None of the Issuer, the Trustee, or any Paying Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from any credit or transfer of euro or any currency conversion or rounding effected in connection therewith.

(b) *Interest*

Following redenomination of the Notes pursuant to Condition 9(a) above:

- (i) where Notes are in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (ii) in respect of Fixed Rate Notes where interest is payable annually, any interest required to be calculated for a period of less than one year in respect of the Notes shall be calculated on the basis of the actual number of days elapsed from (and including) the most recent Fixed Interest Payment Date (or, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**"), divided by the actual number of days in the Fixed Interest Period in which such Accrual Period falls; Provided, however, that, if the Issuer determines, with the prior agreement of the Trustee, 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, each stock exchange (if any) on which the Notes are then listed 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 Fixed 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 from (and including) the most recent Fixed Interest Payment Date (or, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**"), divided by the actual number of days in the Fixed Interest Period in which such Accrual Period falls; Provided, however, that, if the issuer determines, with the prior agreement of the Trustee, that the market practice in respect of such 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, 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 Rate of Interest each Interest Period shall be determined by the Agent Bank on the basis of provisions which it determines, in its sole and absolute discretion, reflect the market practice in respect of such internationally offered euro denominated securities.

(c) *Definitions*

As used in these Conditions:

"**euro**" and "**EUR**" 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**" means a day on which the TARGET2 is open for settlements of payments in euro;

"**Fixed Interest Period**" means the period from (and including) a Fixed Interest Payment Date (as defined in the relevant Final Terms) to (but excluding) the next succeeding Fixed Interest Payment Date;

"**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;

"**Participating Member State**" means any member state of the European Union that has adopted or adopts the single currency in accordance with the Treaty;

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

- (i) in relation to interest-bearing Notes, shall be a date on which interest in respect of such Notes is payable;
- (ii) is specified by the Issuer in the notice given to the Noteholders pursuant to Condition 9(a);
- (iii) falls on or after such date as the country of the Relevant Currency becomes a Participating Member State; and

"**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.

"**Treaty**" means the Treaty establishing the European Community, as amended.

## 10. **Enforcement**

- (a) In the case of any Series of Notes other than Subordinated Notes and Undated Subordinated Notes, if default is made for a period of 14 days or more 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, then the Trustee may at its discretion, and if so requested by the Holders of at least one-fifth in principal amount of such Notes then outstanding or if so directed by an Extraordinary Resolution of the Holders of such Notes (subject in each case to being indemnified to its satisfaction) shall, give written notice to the Issuer that the Notes of such Series are immediately due and repayable, whereupon the principal amount of such Notes or such other amount as set out in the relevant Final Terms shall become immediately due and repayable together with interest accrued to (but excluding) the date of actual repayment;

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 Trustee as to such validity or applicability.

- (b) In the case of any Series of Subordinated Notes or Undated Subordinated Notes:
- (i) subject to Conditions 2(c) and 2(d), if default is made for a period of 7 days or more in the repayment of any principal due on the Notes of such Series or any of them or for a period of 14 days or more in the payment of any interest due in respect of the Notes of such Series or any of them, then the Trustee may, in order to enforce payment, at its discretion and without further notice, in the case of a Series of Subordinated Notes or Undated Subordinated Notes, institute proceedings for the winding up of the Bank in England,

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 7 or 14 days, as the case may be, by independent legal advisers acceptable to the Trustee as to such validity or applicability;

- (ii) the Trustee may at its discretion and without further notice institute such proceedings against the Bank as it may think fit and may, subject as hereinafter provided, institute proceedings for the winding up of the Bank in England to enforce any obligation, condition or provision binding on the Bank under the Trust Deed in relation to such Series of Subordinated Notes or Undated Subordinated Notes or under such Notes or the Coupons appertaining thereto (other than any obligation for the payment of any principal or interest

in respect of such Notes or Coupons or any other payment obligation in respect thereof) provided that the Bank shall not by virtue of the institution of any such proceedings other than proceedings for the winding up of the Bank be obliged to pay any sum or sums (whether in respect of principal or interest or other sums in respect of the relevant Notes or the Coupons appertaining thereto or by way of damages in respect of any breach of any such obligation, condition or provision or otherwise howsoever). The Trustee may only institute proceedings for the winding up of the Bank to enforce the obligations above referred to in this paragraph if a default by the Bank thereunder is not remedied to the satisfaction of the Trustee within 60 days (or such longer period as the Trustee may permit) after notice of such default has been given to the Bank by the Trustee requiring such default to be remedied.

*NB: The restriction on the payment of damages would have the effect of limiting the remedies available to the Trustee in the event of a breach of certain covenants by the Bank.*

- (c) In the case of any Series of Notes, in the event of an order being made or an effective resolution being passed for the winding up of the Bank 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 the Trustee or by an Extraordinary Resolution of the Holders of the relevant Series of Notes) the Trustee may declare the Notes of the relevant Series to be due and redeemable immediately (and such Notes shall thereby become so due and redeemable) at their principal amount together with accrued interest as provided in the Trust Deed and the relevant Final Terms (or, in the case of Undated Subordinated Notes, at the amount calculated pursuant to Condition 10(d) below) or at such other amount, or at such amount calculated in accordance with such other formula, as is set out in the relevant Final Terms.
- (d) In the event of the winding up of the Bank 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 the Trustee or by an Extraordinary Resolution of the Holders of the relevant Series of Notes), each Series of Undated Subordinated Notes then outstanding shall be treated as if at the close of business on the business day in London preceding the commencement of the winding up of the Bank the principal payable in respect of such Notes and accrued interest had been converted into Preference Shares credited as fully paid according to the following formula:

$$N = \frac{P}{R}$$

where

N = the number of Preference Shares into which each such Note is deemed to be converted, rounded down to the nearest whole number;

P = the principal amount of such Note and, in respect of such Note, all Arrears of Interest and accrued interest; and



R = the equivalent in the currency in which the principal amount of such Note is denominated of one pound sterling as determined as at 11.00 a.m. on such preceding business day in London by the Trustee by reference to market rates;

whereupon, the entitlement of the Holders of such Undated Subordinated Notes in respect of the principal repayable and interest payable in respect of such Notes shall be in lieu of the repayments and payments herein before provided (and subject to Condition 2), to be paid only such sums as would have been payable in respect of such Preference Shares exclusive of any tax credit given in relation to dividends payable thereon.

- (e) The Trustee shall not in any event be bound to take any of the actions referred to in Condition 10(b)(i) or (ii) or Condition 10(c) above in respect of any Series of Notes unless (i) it shall have been so requested in writing by the Holders of at least one-fifth of the principal amount of the Notes of the relevant Series then outstanding or it shall have been so directed by an Extraordinary Resolution of the Holders of the Notes of the relevant Series and (ii) it shall have been indemnified to its satisfaction.
- (f) No remedy against the Bank other than as specifically provided by this Condition 10 or the Trust Deed shall be available to the Trustee, the Noteholders or Couponholders in respect of any Series of Notes whether for the recovery of amounts owing in respect of such Notes or the Coupons appertaining thereto or under the Trust Deed or in respect of any breach by the Bank of any obligation, condition or provision under the Trust Deed or such Notes or Coupons or otherwise, and no Noteholder or Couponholder shall be entitled to proceed directly against the Bank unless the Trustee, having become bound to proceed, fails to do so within a reasonable period and such failure shall be continuing in which case any such Holder may, upon giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute proceedings against the Bank for the relevant remedy to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so.

## 11. **Prescription**

Notes and Coupons will become void unless presented for payment within a period of ten (10) years and five (5) years, respectively, from the Relevant Date (as defined in Condition 7) in respect thereof. Any monies paid by the Issuer to the Principal Paying Agent or the Trustee 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 or the Trustee with respect thereto will thereupon cease.

There shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 11 or Condition 8.

## **12. Paying Agents, Transfer Agents, Agent Bank and Registrar**

The Agency Agreement contains provisions indemnifying the Principal Paying Agent, the Paying Agents and Transfer Agents (if any), the Agent Bank and the Registrar and absolving them from responsibility in connection with certain matters. The Agency Agreement may be amended by the parties thereto in relation to any Series of Notes if, in the opinion of the Issuer and the Trustee, the amendment will not materially adversely affect the interests of the relevant Holders.

The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, any Paying Agent or Transfer Agent, the Agent Bank or the Registrar and to appoint additional or other Paying Agents and/or Transfer Agents or a substitute Agent Bank or a substitute Registrar, provided that it will, so long as any Notes are outstanding, maintain (i) an Agent Bank, (ii) a Paying Agent having a specified office in a city approved by the Trustee (such approval not to be unreasonably withheld or delayed) in Europe which, so long as any Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, shall be the place required by such listing authority, stock exchange and/or quotation system, (iii) in the case of any Registered Notes, a Registrar with a specified office in England or such City as may be specified in the relevant Final Terms and (iv) if European Council Directive 2003/48/EC or any other 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 is introduced, then, unless there is a paying agent in an EU Member State that is not obliged to withhold or deduct tax pursuant to such directive or law, there will at all times be a Paying Agent with a specified office outside the European Union. Notice of all changes in the identities or specified offices of any Paying Agent, Agent Bank or Registrar will be given by the Issuer to Noteholders in accordance with Condition 14.

## **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 Principal Paying Agent or such other Paying Agent or office as the Trustee may approve or (in the case of Registered Notes) of the Registrar upon payment by the claimant of the expenses 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 Agency Agreement and the relevant Final Terms, a Registered Note may be exchanged for a Registered Note or Notes of equal aggregate principal amount in such different authorised denominations as may be requested by the Noteholder by surrender of such Registered Note at the specified office of the Registrar, together with a written request for the exchange.

Upon the terms and subject to the conditions set out in the Agency Agreement, a Registered Note may be transferred in whole or in part only (provided that such part is, or is an appropriate multiple of, the minimum denomination set out in the Final Terms) by the Holder

or Holders surrendering the Registered Note for registration of transfer at the office of the Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Registrar, duly executed by the Holder or Holders thereof or his or their attorney duly authorised in writing. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

If so set out in the relevant Final Terms, the Holder of Bearer Notes may exchange the same for the same aggregate principal amount of Registered Notes upon the terms and subject to the conditions set forth in the 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 together with a written request for the exchange. Each Bearer Note so surrendered must be accompanied by all unmatured Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the Exchange Date (as defined below) where the Exchange Date would, but for the provisions of this paragraph, occur between the Record Date (as defined in Condition 8(b)) for such payment of interest and the date on which such payment of interest falls 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, at the option of the Holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. As used herein:

- (i) "**Relevant Banking Day**" means a day on which commercial banks are open for 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, in the place where the specified office of the Principal Paying Agent is located;
- (ii) the "**Exchange Date**" shall be the Relevant Banking Day following the day on which the relevant Bearer Note shall have been surrendered for exchange in accordance with the foregoing provision; and
- (iii) the "**Transfer Date**" shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with the foregoing provisions.

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

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

#### 14. Notices

- (a) All notices to the Holders of Notes or the Coupons appertaining thereto will be valid if published in one leading daily newspaper with general circulation in London (which is expected to be the Financial Times) or if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of such 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.

Notwithstanding the foregoing, any notices to Holders of Registered Notes will be deemed to have been validly given 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.

Notwithstanding the foregoing, while the Notes of any Series are represented by a Note or Notes in global form ("**Global Notes**") and such Global Notes are deposited with, or with a depositary for or on behalf of, Euroclear and/or Clearstream, Luxembourg and/or any other clearing system or depositary, each person who has for the time being a particular principal amount of the Notes credited to his securities account in the records of Euroclear or Clearstream, Luxembourg or such other clearing system or depositary shall be treated as the Holder in respect of that principal amount of the Notes for all purposes other than for the purposes of payment of principal and interest on such Notes, and in such case notices to the Holders may be given by delivery of the relevant notice to the relevant clearing system or depositary and such notices shall be deemed to have been given to the Holders holding through the relevant clearing system or depositary on the date of delivery to the relevant clearing system or depositary.

- (b) Notices given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent or other Paying Agent (if any) at its specified office.
- (c) For so long as any Registered Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer has agreed under the Trust Deed that it shall, during any period in which it is neither subject to Section 13 or 15(d) under the United States Securities Exchange Act of 1934 (the "**Exchange Act**") nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, furnish to any Holder of, or beneficial owner of an interest in, such Registered Notes, or to any prospective purchaser thereof, upon request of such

Holder, such information as is required to be provided pursuant to Rule 144A(d)(4) under the Securities Act in order to permit compliance with Rule 144A in connection with the resale of such restricted securities.

#### 15. **Modification of Terms, Waiver and Substitution**

The Trust Deed contains provisions for convening meetings of the Holders of the Notes of any Series to consider any matter affecting their interests, including, subject to the agreement of the Issuer, the modification by Extraordinary Resolution of the terms and conditions of such Notes or the provisions of the Trust Deed with respect to such Notes except, *inter alia*, certain terms concerning the amount and currency and the postponement of the due date of payment of the Notes and the Coupons appertaining thereto or interest or other amount payable in respect thereof, the modification of which may only be effected if passed at a meeting the quorum at which is persons holding or representing not less than two thirds, or at any adjourned such meeting not less than one third, in principal amount of the Notes of such Series for the time being outstanding.

An Extraordinary Resolution passed at any meeting of the Holders of the Notes of any Series will be binding on all Holders of Notes of that Series, whether or not they are present at the meeting, and on the Holders of Coupons appertaining to the Notes of that Series.

Subject to certain exceptions, the Trustee may agree, without the consent of the Holders of Notes of any Series or the Holders of the Coupons appertaining thereto (if any) to:

- (i) any modification of any of the provisions of the Trust Deed; and
- (ii) any waiver or authorisation of any breach or proposed breach of any of the provisions of the Trust Deed,

which, in either case, is not in the opinion of the Trustee materially prejudicial to the interests of the Holders of Notes of that Series. Any such modification, waiver or authorisation shall be binding on the Holders of Notes of that Series and the Holders of the Coupons appertaining thereto and, unless the Trustee agrees otherwise, shall be notified to the Holders of Notes of that Series as soon as practicable thereafter.

Subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Holders of Notes of any Series or the Holders of the Coupons appertaining thereto (if any), the Trustee may also agree, subject to such Notes and the Coupons appertaining thereto being irrevocably guaranteed by the Bank (on a subordinated basis in the case of Subordinated Notes or Undated Subordinated Notes), to the substitution of a subsidiary or holding company of the Bank or any subsidiary of any such holding company in place of the Bank as principal debtor under such Notes and the Coupons appertaining thereto (if any) and the Trust Deed insofar as it relates to such Notes.

In connection with the exercise of its powers, trusts, authorities or discretions (including, but not limited to those in relation to any proposed modification, waiver, authorisation, or substitution as aforesaid) the Trustee shall have regard to the interests of the Holders of the Notes of the relevant Series as a class and in particular, but without limitation, shall not have

regard to the consequences of such exercise for individual Noteholders or Couponholders resulting from the individual Noteholders or Couponholders being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Bank any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

#### **16. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Holders of Notes of any Series or Holders of the Coupons appertaining thereto (if any) to create and issue further notes ranking equally in all respects (or in all respects save as specified in the relevant Final Terms) with the Notes of such Series so that the same shall be consolidated and form a single series with such Notes for the time being outstanding.

#### **17. Law and Jurisdiction**

The Trust Deed, the Notes and the Coupons (if any) and all related matters are governed by, and shall be construed in accordance with, English law. The courts of England have exclusive jurisdiction to settle any dispute arising from or connected with the Notes.

In the case of a substitution under Condition 15, the Trustee may agree, without the consent of the Holders of the Notes of any Series or of the Coupons appertaining thereto, to a change of the law governing the Notes of any Series or the Coupons appertaining thereto and/or the Trust Deed insofar as it relates to such Series of Notes provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Holders of the Notes of such Series, but the Trustee shall, in giving such agreement, have regard to the interests of the Holders of the Notes of such Series as a class and in particular, but without limitation, shall not have regard to the consequences of such change for individual Noteholders or Couponholders 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 the Trustee shall not be entitled to require, nor shall any Holders of the Notes of any Series or of the Coupons appertaining thereto be entitled to claim, from the Bank any indemnification or payment in respect of any tax consequences of any such substitution upon individual Holders of the Notes of any Series or of the Coupons appertaining thereto.

#### **18. Third Party Rights**

No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

## **USE OF PROCEEDS**

The net proceeds of the issue of each Series of Notes issued by the Bank will be used in the conduct of the business of the Bank. To the extent that the net proceeds of an issue of Notes are not applied for the purposes of making profit and/or hedging certain risks, the relevant Final Terms shall contain further information including the principal intended uses and the order of priority in which such uses are ranked.

## UNITED KINGDOM TAXATION

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

### (A) United Kingdom Withholding Tax

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



United Kingdom official list and admitted to trading on the Regulated Market or the Professional Securities Market of that exchange.

3. In addition to the exemption set out in paragraph A-2 above, interest on the Notes may be paid without withholding or deduction for or on account of United Kingdom income tax so long as the Issuer is a "bank" for the purposes of section 878 of the Income Tax Act 2007 and so long as such payments are made by the Issuer in the ordinary course of its business. In accordance with the published practice of HMRC, such payments will be accepted as being made by the Issuer in the ordinary course of its business unless either:
  - (a) the borrowing in question conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the Financial Services Authority whether or not it actually counts towards tier 1, 2 or 3 capital for regulatory purposes; or
  - (b) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.
4. In all other cases, falling outside the exemptions described in A.-1, A.-2 and A.-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.

(B) **Provision of information**

5. Noteholders or Couponholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by the Issuer or any person in the United Kingdom acting on behalf of the Issuer (a "paying agent"), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder or Couponholder (other than solely by clearing or arranging the clearing of a cheque) (a "collecting agent"), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HMRC details of the payment and certain details relating to the Noteholder or the Couponholder (including the Noteholder's or the Couponholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder or Couponholder is resident in the United Kingdom for United Kingdom taxation purposes. In certain circumstances the details provided to HMRC may be passed by HMRC to the tax authorities of certain other jurisdictions.
6. The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute "deeply discounted securities" for the purposes of section 18 of the Taxes Management Act 1970 (although in this regard HMRC published guidance for the year 2010/2011 which indicates that HMRC will not exercise its powers to obtain information in relation to such payments in that year).

Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

**(C) EU Savings Directive**

7. Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from 1 January 2010.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such person for, an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of this proposal on 24 April 2009. Investors who are in any doubt as to their position should consult their professional advisers.

**(D) Other Rules Relating to United Kingdom Withholding Tax**

8. Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes should not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in (A) above, but may be subject to reporting requirements as outlined above.
9. 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.
10. Where interest 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.

11. The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders or Couponholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law.
12. The above summary under the heading "United Kingdom Taxation" assumes that there will be no substitution of the Issuer pursuant to Condition 15 of the Notes and does not consider the tax consequences of any such substitution.

## UNITED STATES TAXATION

**The discussion of tax matters in this Base Prospectus is not intended or written to be used, and cannot be used by any taxpayer for the purpose of avoiding U.S. federal, state or local income tax penalties, and was written to support the promotion or marketing of the matters addressed in such Base Prospectus. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax adviser.**

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.

The following summary describes certain of the principal U.S. federal income tax consequences resulting from the purchase, ownership and disposition of Notes. This summary does not purport to consider all the possible U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes and is not intended to reflect the individual tax position of any beneficial owner of Notes. The summary is based upon the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing and proposed U.S. Treasury regulations promulgated thereunder, published rulings by the U.S. Internal Revenue Service ("IRS") and court decisions, all in effect as of the date hereof, all of which authorities are subject to change or differing interpretations, which changes or differing interpretations could apply retroactively. This summary is limited to investors who purchase the Notes at initial issuance and hold the Notes as "capital assets" within the meaning of section 1221 of the Code (i.e., generally, property held for investment) and does not purport to deal with investors in special tax situations, such as financial institutions, tax exempt organisations, insurance companies, regulated investment companies, dealers in securities or currencies, persons purchasing Notes other than at original issuance, persons holding notes as a hedge against currency risks or as a position in a "straddle," "conversion transaction," or "constructive sale" transaction for tax purposes, or persons whose functional currency (as defined in section 985 of the Code) is not the U.S. dollar. The summary does not include any description of the tax laws of any state, local or foreign governments that may be applicable to the Notes or the holders thereof.

Prospective purchasers of the Notes should consult their own tax advisers concerning the application of U.S. federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Note who or which is for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organised in or under the laws of the United States or of any state thereof (including the District of Columbia), or (iii) any other person who is subject to U.S. federal income taxation on a net income basis with respect to the Notes. As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Note that is not a

U.S. Holder. In the case of a holder of Notes that is a partnership for U.S. federal income tax purposes, each partner will take into account its allocable share of income or loss from the Notes, and will take such income or loss into account under the rules of taxation applicable to such partner, taking into account the activities of the partnership and the partner.

### **Treatment of Notes**

Subject to any additional discussions under the relevant Final Terms or Supplemental Base Prospectus, it is expected, and the discussion below assumes, that, for U.S. federal income tax purposes the Notes will be treated as debt obligations for U.S. federal income tax purposes.

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

#### **Payments of Interest**

Generally, payments of interest on a Note that is not a Discount Note (as defined below) 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 on 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 excludible 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.

#### **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.

### **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 noncontingent 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 noncontingent principal payments and the number of complete years to maturity from the issue date or (ii) 15 per cent of the total noncontingent 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 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.

#### **Acquisition Premium**

A U.S. Holder that purchases a Note for an amount less than or equal to the Note's stated redemption price at maturity but in excess of its adjusted issue price (this excess being "acquisition premium") and that does not make the election described above under "Original Issue Discount- Election to Treat All Interest as OID" is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the Note's stated redemption price at maturity over the Note's adjusted issue price. No OID will accrue on a Note purchased for more than its stated redemption price at maturity. In the event the Notes are denominated in a currency other than the U.S. dollar, acquisition premium will be computed in units of the foreign currency, and acquisition premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date acquisition premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) measured by the difference between the spot rate in effect on that date, and on the date the Notes were acquired by the U.S. Holder.

#### **Amortisable Bond Premium**

Generally, a U.S. Holder that purchases a Note for an amount that is in excess of the sum of all amounts payable on the Note after its acquisition date (other than payments of qualified stated interest) will be considered to have purchased the Note with "amortisable bond premium" equal to such excess. A U.S. Holder of such a Note will not be subject to OID and may elect to amortise such premium using a constant yield method over the remaining term of the Note and may offset qualified stated interest otherwise required to be included in respect of the Note with respect to an accrual period by the bond premium allocable to the accrual period. If the bond premium allocable to the accrual period exceeds the qualified stated

interest allocable to the accrual period, the excess is treated as a bond premium deduction for the accrual period. However, the amount treated as a bond premium deduction is limited to the amount by which the U.S. Holder's total interest inclusions on the Note in prior accrual periods exceed the total amount treated by the U.S. Holder as a bond premium deduction on the Note in prior accrual periods. If the bond premium allocable to an accrual period exceeds the sum of the qualified stated interest allocable to the accrual period and the amount treated as a bond premium deduction for the accrual period as described above, the excess is carried forward to the next accrual period and is treated as bond premium allocable to that period. Special rules apply for determining the amortisation of bond premium on Notes that are classified as "variable rate debt instruments", Notes that provide for certain alternative payment schedules, and Notes that provide for certain contingencies. Any election to amortise bond premium with respect to any Note (or other general debt obligations) applies to all taxable debt obligations held by the U.S. Holder at the beginning of the first taxable year to which the election applies and to all debt obligations thereafter acquired in such taxable year and all subsequent tax years. The election may not be revoked without the consent of the IRS.

### **Market Discount**

A Note generally will be treated as purchased at a market discount (a "**Market Discount Note**") if the Note's "revised issue price" exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's revised issue price multiplied by the number of complete years from the date acquired by the U.S. Holder to the Note's maturity. If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "*de minimis* market discount". For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note.

Under current law, any gain recognised on the maturity or disposition of a Market Discount Note will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year for which the election is made. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Market discount on a Market Discount Note will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Note with respect to which it is made and is irrevocable.

## **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 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 advisors 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.

## **Redenomination in Euros**

Under the applicable U.S. Treasury regulations, if, solely as a result of the currency of legacy currencies to the euro, rights and obligations with respect to a Note denominated in a legacy currency become rights or obligations with respect to a Note denominated in euros, such event is not treated as a sale or exchange of the Note. Accordingly, redenomination of the Notes in euros, as may be effected under the terms of the Notes, should not constitute a taxable event for U.S. federal income tax purposes. Each U.S. holder is advised to consult its own tax advisor as to the impact of such redenomination under U.S. federal income tax rules.

## **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**"). 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 US 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 advisor as to the consequences resulting from such an election with respect to his own particular situation.

A U.S. Holder will recognise exchange gain or loss (which will be treated as U.S. source 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).

### *Market Discount*

Market discount that is accrued by a U.S. Holder on a Foreign Currency Note will be accrued in such foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Foreign Currency Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

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

#### *Amortisable Bond Premium*

Amortisable bond premium on a Note will be computed in the units of the Foreign Currency in which the Note is denominated (or in which the payments are determined). Amortisable bond premium properly taken into account will reduce the interest income in units of the Foreign Currency. Exchange gain or loss is realised with respect to the bond premium with respect to a Note issued with amortisable bond premium by treating the portion of premium amortised with respect to any period as a return of principal. With respect to any U.S. Holder

that does not elect to amortise bond premium, the amount of bond premium will constitute a market loss when the bond matures.

### *Exchange of Foreign Currencies*

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

### **Foreign Tax Credit**

The total gross amount of interest, OID, plus any additional amounts (pursuant to Condition 7 of the "Terms and Conditions of the Notes") 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, and, with certain exceptions, will be grouped together with other items of "passive" income for purposes of computing the foreign tax credit allowable to a U.S. Holder. However the Foreign tax credit rules are very complex and prospective purchasers should consult their tax advisers concerning the foreign tax credit implications of the payment of United Kingdom taxes.

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

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

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

Subject to the discussion of certain Non-U.S. Holders and the discussion of backup withholding below, (a) payment of principal, premium, redemption amount and interest by the Issuer or any paying agent to a Non-U.S. Holder will not be subject to U.S. federal income or withholding tax, provided that such Non-U.S. Holder provides the Issuer, when necessary, appropriate documentation evidencing its status as a Non-U.S. Holder, (b) gain realised by a Non-U.S. Holder on the sale or redemption of the Notes is not subject to U.S. federal income tax or withholding tax and (c) the Notes are not subject to U.S. federal estate tax if held by an individual who was a Non-U.S. Holder at the time of his death. Special rules may apply in the case of Non-U.S. Holders (i) that are engaged in a U.S. trade or business, (ii) that are former citizens or long-term residents of the United States, "controlled foreign corporations," "passive foreign investment companies," corporations which accumulate earnings to avoid U.S. federal income tax, and certain foreign charitable organisations, each within the meaning

of the Code, or (iii) certain non-resident alien individuals who are present in the United States for 183 days or more during a taxable year. Such persons are urged to consult their U.S. tax advisors before purchasing Notes.

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

For each calendar year in which the Notes are outstanding, each DTC participant or indirect participant holding an interest in a Note on behalf of a beneficial owner of a Note and each paying agent making payments in respect of a Registered Note will generally be required to provide the IRS with certain information, including such beneficial owner's name, address, taxpayer identification number (either such beneficial owner's Social Security number, its employer identification number or its IRS individual taxpayer identification number, as the case may be), and the aggregate amount of interest (including OID) and principal paid to such beneficial owner during the calendar year. These reporting requirements, however, do not apply with respect to certain beneficial owners, including corporations, securities broker-dealers, other financial institutions, tax-exempt organisations, qualified pension and profit sharing trusts and individual retirement accounts.

In the event that a beneficial owner of a Note fails to establish its exemption from such information reporting requirements or is subject to the reporting requirements described above and fails to supply its correct taxpayer identification number in the manner required by applicable law, or underreports its tax liability, as the case may be, the DTC participant or indirect participant holding such interest on behalf of such beneficial owner or paying agent making payments in respect of a Note may be required to "backup" withhold a tax on each payment of interest and principal with respect to Notes. This backup withholding tax is not an additional tax and may be credited against the beneficial owner's U.S. federal income tax liability if the required information is furnished to the IRS. Compliance with the certification procedures contained in IRS Forms W-8BEN, W-8ECI or W-8EXP as appropriate will establish an exemption from information reporting and backup withholding for those Non-U.S. Holders who are not otherwise exempt recipients.

### **Reportable Transactions**

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. In the event the acquisition, holding or disposition of Notes constitutes participation in a reportable transaction for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Accordingly, if a U.S. Holder realizes a loss on any Note (or, possibly, aggregate losses from the Notes) satisfying the monetary thresholds discussed above, the U.S. Holder could be required to file an information return with the IRS, and failure to do so may subject the U.S. Holder to the

penalties described above. In addition, the Issuer and its advisers may also be required to disclose the transaction to the IRS, and to maintain a list of U.S. Holders, and to furnish this list and certain other information to the IRS upon written request. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules to the acquisition, holding or disposition of Notes.

### **Recent Legislation**

Under recently enacted legislation individuals and, to the extent provided by the U.S. Secretary of Treasury in regulations or other guidance, certain domestic entities that hold an interest in a “specified foreign financial asset” will be required to attach certain information regarding such assets to their income tax return for any year in which the aggregate value of all such assets exceeds U.S. \$50,000. A “specified foreign financial asset” includes any depository or custodial accounts at foreign financial institutions, non-publicly traded debt or equity interest in a foreign financial institution, and to the extent not held in an account at a financial institution, (i) stocks or securities issued by non-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 disclosure such information regarding specified foreign financial assets. U.S. Holders are advised to consult their tax advisors regarding the potential reporting requirements that may be imposed on them by this new legislation with respect to their ownership of the Notes.



## NOTICE TO PURCHASERS OF 144A NOTES AND TRANSFER RESTRICTIONS

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

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

- (a) such 144A Offeree acknowledges that this Base Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than pursuant to Rule 144A or in offshore transactions in accordance with Regulation S. Distribution of this Base Prospectus, or disclosure of any of its contents, to any person other than such 144A Offeree and those persons, if any, retained to advise such 144A Offeree with respect thereto and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and
- (b) such 144A Offeree agrees to make no photocopies of this Base Prospectus or any documents referred to herein.

Each purchaser of Notes in reliance on Rule 144A ("**Restricted Notes**") will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A are used herein as defined therein):

- (1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer, and (C) such person is aware that the sale of the Notes to it is being made in reliance on Rule 144A.
- (2) The purchaser understands that the Rule 144A Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Notes offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that the Rule 144A Global Registered Notes, the Restricted Global Registered Notes and any U.S. Definitive Registered Notes issued in exchange for interests therein will bear a legend (the "**Rule 144A Legend**") to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. 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 BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (4) 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."

In addition, each purchaser of Restricted Notes acknowledges that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Before any interest in a Note represented by a Restricted Global Registered Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Registered Note, it will be required to provide the Registrar with written certification (in the form scheduled to the Agency Agreement) as to compliance with the transfer restrictions referred to in sub-clause (2) and (3) of the legend set forth above. See "Forms of Notes; Summary of Provisions relating to the Notes while in Global Form".

## SUBSCRIPTION AND SALE

HSBC Bank plc has in a modified and restated dealer agreement dated 28 May 2010 (the "**Dealer Agreement**") agreed with the Issuer a basis upon which it may from time to time agree either as principal or agent of the Bank 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 Dealer Agreement contains provisions for the Issuer to appoint other dealers (together with the Dealer, the "**Dealers**") from time to time either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### **General**

Save for having obtained the approval of the Base Prospectus by the UK Listing Authority, no action has been or will be taken in any country or jurisdiction by the Bank or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they subscribe for, purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out below) to the extent that such restrictions shall, as a result of change(s) in, or change(s) in official interpretation of, after the date hereof, applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the first paragraph under the heading "General" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or (in any other case) in a supplement to this Base Prospectus.

### **United States of America**

The Notes have not been and will not be registered under the Securities Act or any state securities laws, and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in accordance with Regulation S or Rule 144A under the Securities Act or pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act and in compliance with any applicable state securities laws.

Each Dealer has represented and agreed, or will represent and agree, that it has not offered or sold any Notes and will not offer and sell such Notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Tranche of which such Notes are a

part (the "**Distribution Compliance Period**"), as determined and certified to the Principal Paying Agent or the Issuer by the relevant Dealer (or, in the case of a sale of a Tranche of the Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified), except in accordance with Rule 903 of Regulation S or in reliance on Rule 144A as provided below. Accordingly, each Dealer has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to such Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S. Each Dealer and its affiliates also have agreed that, at or prior to confirmation of sale of the Notes (other than sale of the Notes pursuant to Rule 144A), it will have sent to each Dealer, distributor or person receiving a selling concession, fee or other remuneration to which it sells Notes during the Distribution Compliance Period 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 to substantially the following effect:

"The Notes covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Tranche of Notes of which such Notes are a part, as determined and certified by the relevant Dealer or Dealers, except in either case in accordance with Regulation S under, or pursuant to an available exemption from the registration requirements of, the Securities Act. Terms used above have the meaning given to them by Regulation S of the Securities Act."

Terms used in the above paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to qualified institutional buyers in reliance on Rule 144A.

- (1) Each Dealer has agreed that it will not, acting either as principal or agent, offer or sell any Notes in the United States other than Notes in registered form bearing a restrictive legend thereon, and it will not, acting either as principal or agent, offer, sell, reoffer or resell any of such Notes (or approve the resale of any such Notes):
  - (a) except (A) inside the United States through a U.S. broker dealer that is registered under the United States Securities Exchange Act of 1934, as amended, (the "**Exchange Act**") to institutional investors, each of which such Dealer reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act), or a fiduciary or agent purchasing Notes for the account of one or more qualified institutional buyers or (B) otherwise in accordance with the restrictions on transfer set forth in such Notes, the Dealer Agreement, this Base Prospectus and the relevant Final Terms; or

- (b) by means of any form of general solicitation or general advertisement, including but not limited to (A) any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast of television or radio and (B) any seminar or meeting whose attendees have been advised by any general solicitation or general advertising.

Prior to the sale of any Notes in registered form bearing a restrictive legend thereon, the selling Dealer shall have provided each offeree that is a U.S. person (as defined in Regulation S) with a copy of the Base Prospectus in the form the Issuer and Dealers shall have agreed most recently shall be used for offers and sales in the United States.

- (2) Each Dealer will represent and agree that in connection with each sale to a qualified institutional buyer it has taken or will take reasonable steps to ensure that the purchaser is aware that the Notes have not been and will not be registered under the Securities Act and that transfers of Notes are restricted as set forth herein and, in the case of sales in reliance upon Rule 144A, that the selling Dealer may rely upon the exemption provided by Rule 144A under the Securities Act.

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

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States to non-U.S. persons and for the resale of the Notes in the United States or to U.S. persons in accordance with Rule 144A. The Issuer and the Dealers reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the number of Notes which may be offered pursuant to Rule 144A. This Base Prospectus does not constitute an offer to any person in the United States or to any U.S. person other than any qualified institutional buyer within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or an affiliate of one of the Dealers. Distribution of this Base Prospectus by any non-U.S. person outside the United States or by any qualified institutional buyer in the United States to any U.S. person or to any other person within the United States other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States other than any qualified institutional buyer and those persons, if any, retained to advise such non-U.S. person or qualified institutional buyer, is prohibited.

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 U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder.

## European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the Final Terms 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 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;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR43,000,000; and (3) an annual net turnover of more than EUR50,000,000, all as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 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
- (e) 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 (e) 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, the expression "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in

that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

**Selling restrictions addressing additional United Kingdom securities laws**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## GENERAL INFORMATION

1. Where any Subordinated Notes or Undated Subordinated Notes form part of the regulatory capital of the Bank, no repayment of such Notes will be made without indication from the Financial Services Authority (or any successor authority in its function as supervisor of authorised institutions) that it does not object.
2. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. Each Final Terms shall specify any other clearing system which shall have accepted the relevant Notes for clearance. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Series will be set out in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system which shall have accepted the relevant Notes for clearance together with any further appropriate information.
3. Settlement arrangements will be agreed between the Issuer, the relevant Dealer and the relevant Principal Paying Agent or, as the case may be, the relevant Registrar in relation to each Tranche of Notes.
4. The establishment and continuation of the Programme was authorised by a resolution of a Committee of the Board of Directors of the Issuer passed on 25 May 2010.
5. Only in the case of Unlisted Notes, Definitive Notes may not in all circumstances be printed from engraved steel plates. If they are not to be so printed, a statement to that effect will be made in the relevant Final Terms.
6. In relation to the Bank, any transfer of, or payment in respect of, a Note or Coupon involving the government of any country which is at the relevant time the subject of United Nations sanctions, any person or body resident in, incorporated in or constituted under the laws of any such country or exercising public functions in any such country, or any person or body controlled by any of the foregoing or by any person acting on behalf of the foregoing, may be subject to restrictions pursuant to such sanctions.
7. The Issuer will, at its registered office and at the specified offices of the Paying Agents, make available for inspection during normal office hours, free of charge, upon oral or written request, a copy of this Base Prospectus and the Registration Document (as defined above). Written or oral requests for such documents should be directed to the specified office of any Paying Agent.
8. For so long as Notes are capable of being issued under the Programme, the following documents may be inspected during normal business hours at the registered office of the Issuer:
  - (a) the Dealer Agreement;
  - (b) the Agency Agreement;
  - (c) the Trust Deed;



- (d) the constitutional documents of the Issuer;
  - (e) the Annual Report and Accounts of the Issuer and its subsidiary undertakings for the years ended 31 December 2008 and 31 December 2009 together with all other audited consolidated annual reports and accounts of the Issuer subsequent to 31 December 2009;
  - (f) the Operating and Financial Review Report;
  - (g) any Final Terms, save that a Final Terms relating to an Unlisted Note will only be available for inspection by a holder of such Note and such holder must provide evidence satisfactory to the Issuer as to the identity of such holder; and
  - (h) in the case of any issue of Listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).
9. The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors (as defined in the Trust Deed) and/or any other expert in accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Auditors or such other expert in connection therewith contains any limit on liability (monetary or otherwise) of the Auditors or such other expert.
10. In addition to the applications already described in this Base Prospectus, the Issuer may, on or after the date of this Base Prospectus, make applications for one or more further certificates of approval under Article 18 of the Prospectus Directive as implemented in the United Kingdom to be issued by the FSA to the competent authority in any Member State.
11. Generally, any notice, document or information to be sent or supplied by the Company 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 Company 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 Company 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.
12. Notices to the Noteholders are made in accordance with the terms and conditions of the relevant Notes, as supplemented or varied in each case by the applicable final terms.

**HEAD AND REGISTERED OFFICE OF THE ISSUER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
(Tel: +44 20 7991 8888)

**TRUSTEE**

**The Law Debenture Trust Corporation p.l.c.**  
Fifth Floor  
100 Wood Street  
London EC2V 7EX

**PRINCIPAL PAYING AGENTS,  
REGISTRARS AND TRANSFER AGENTS**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ

**HSBC Bank USA, National Association**  
Corporate Trust  
452 Fifth Avenue  
New York, New York 10018  
U.S.A.

**AGENT BANKS**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ

**HSBC Bank USA, National Association**  
Corporate Trust  
452 Fifth Avenue  
New York, New York 10018  
U.S.A.

**PROGRAMME ARRANGER AND DEALER**

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ

**LEGAL ADVISERS TO THE ISSUER**

*as to English law*  
**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ

**LEGAL ADVISERS TO THE TRUSTEE**

*as to English law*  
**Allen & Overy LLP**  
One Bishops Square  
London EC1 6AO

**AUDITORS TO THE ISSUER**

**KPMG Audit Plc**  
1 Canada Square  
London E14 5AG