

BASE PROSPECTUS

Dated 28 June 2012



HSBC France

**BASE PROSPECTUS RELATING TO THE ADMISSION TO TRADING ON
EURONEXT PARIS**

**OF EQUITY LINKED, EQUITY BASKET-LINKED, INDEX LINKED, INDEX BASKET-
LINKED, ETF LINKED, ETF BASKET-LINKED, ADR/GDR LINKED AND ADR/GDR
BASKET-LINKED NOTES, CERTIFICATES AND WARRANTS**

**PROGRAMME FOR AN AGGREGATE MAXIMUM ISSUE AMOUNT OF €20 BILLION
(THE "PROGRAMME")**

This base prospectus (the "**Base Prospectus**") constitutes a base prospectus as defined by Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 concerning the prospectus to be published when financial securities are offered to the public or an application is made for financial securities to be admitted to trading (the "**Prospectus Directive**").

The purpose of the Base Prospectus is to present the common characteristics applicable to the issues of securities (the "**Notes**"), certificates (the "**Certificates**") and warrants (the "**Warrants**") by HSBC France, in its capacity as "**Issuer**". One or more supplements submitted for authorisation to the *Autorité des marchés financiers* (the "**AMF**") may amend or supplement the financial characteristics of the Notes, Certificates or Warrants or include updated information on the Issuer's situation (each referred to herein as a "**Supplement**"). In accordance with Article 16.2 of the Prospectus Directive, investors who have already agreed to purchase or subscribe to Notes, Certificates or Warrants before a Supplement is published have the right to withdraw their agreement during a period of at least two business days following the Supplement's publication. In this Base Prospectus, the terms "Notes", "Certificates" and "Warrants" constitute Financial Instruments. The programme does not permit the issue of "Turbo" Certificates or Warrants.

The Base Prospectus has been subject to the AMF's authorisation procedure and received visa (authorisation) no. 12-311 dated 28 June 2012.

An application may be made, at the Issuer's option, for the Notes, Certificates and Warrants to be admitted to trading on Euronext Paris ("**Euronext Paris**"). The Notes, Certificates and Warrants may, however, not be listed on a stock market, in which case a factsheet will be sent to holders containing the same information as that included in the Final Terms, adapted as necessary.

The Issuer has been rated AA- by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc., A1 by Moody's Investors Services and AA by Fitch Ratings.

The Notes, Certificates and Warrants issued by HSBC France are not currently rated. The relevant Final Terms will specify whether or not the relevant credit ratings are issued by a credit rating agency established in the European Union and registered in accordance with EC Regulation no. 1060/2009 on credit rating agencies (the "**CRA Regulation**") as amended by EC Regulation no. 513/2011.

HSBC

In its capacity as Arranger

VISA ISSUED BY THE AMF

In accordance with Articles L. 412-1 and L. 621-8 of the French Monetary and Financial Code (Code monétaire et financier) and the AMF's General Regulations (Règlement Général), in particular Articles 212-31 to 212-33, the AMF granted this Base Prospectus visa no. 12-311 on 28 June 2012. This Base Prospectus was prepared by the Issuer and its signatories assume responsibility for it.

In accordance with the provisions of Article L. 621-8-1-I of the French Monetary and Financial Code, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible and whether the information it contains is coherent". It does not imply that the AMF has approved the transaction as beneficial nor that the AMF has verified the accounting and financial data set out in it. This visa is granted subject to the condition precedent of the publication of Final Terms, drawn up in accordance with Article 212-32 of the AMF's General Regulations, setting out the characteristics of the Notes, Certificates and Warrants being issued.

IMPORTANT NOTICE FROM THE ISSUER

The Issuer draws investors' attention to the fact that Warrants are specialised financial instruments designed for investors knowledgeable about this type of instrument and that, given their nature, the value of Warrants is likely to be subject to significant fluctuations which could, under certain circumstances, result in the loss of the full purchase price of said Warrants.

The Certificates described in this Base Prospectus are aimed at specialist investors and should only be purchased and traded by investors with the relevant knowledge. Such an investment, due to its speculative nature, involves a high degree of risk and could result in investors losing part or all of their investment. The Maturity Settlement amount may be lower than the Certificate Acquisition Price.

The Base Prospectus is available on the AMF's website at <http://www.amf-france.org> and on HSBC France's website at <http://www.hsbc.fr> or any other website set up by the Issuer to replace it.

GENERAL TERMS AND CONDITIONS

In accordance with the terms and conditions of the Base Prospectus, the Issuer may at any time issue (i) Notes linked to an equity ("**Equity Linked Notes**"), a basket of equities ("**Equity Basket-Linked Notes**"), an index ("**Index Linked Notes**"), a basket of indices ("**Index Basket-Linked Notes**"), an ETF unit ("**ETF Linked Notes**"), a basket of ETFs ("**ETF Basket-Linked Notes**"), an ADR/GDR ("**ADR Linked Notes**" or "**GDR Linked Notes**") and a basket of ADRs/GDRs ("**ADR Basket-Linked Notes**" or "**GDR Basket-Linked Notes**"), (ii) Certificates linked to an equity ("**Equity Linked Certificates**"), a basket of equities ("**Equity Basket-Linked Certificates**"), an index ("**Index Linked Certificates**"), a basket of indices ("**Index Basket-Linked Certificates**"), an ETF unit ("**ETF Linked Certificates**"), a basket of ETFs ("**ETF Basket-Linked Certificates**"), an ADR/GDR ("**ADR Linked Certificates**" or "**GDR Linked Certificates**") and a basket of ADRs/GDRs ("**ADR Basket-Linked Certificates**" or "**GDR Basket-Linked Certificates**") and/or (iii) Warrants linked to an equity ("**Equity Linked Warrants**"), a basket of equities ("**Equity Basket-Linked Warrants**"), an index ("**Index Linked Warrants**"), a basket of indices ("**Index Basket-Linked Warrants**"), an ETF unit ("**ETF Linked Warrants**"), a basket of ETFs ("**ETF Basket-Linked Warrants**"), an ADR/GDR ("**ADR Linked Warrants**" or "**GDR Linked Warrants**") and a basket of ADRs/GDRs ("**ADR Basket-Linked Warrants**" or "**GDR Basket-Linked Warrants**") for an aggregate maximum issue amount of €20 billion, corresponding to the number of Warrants or Certificates per issue multiplied by their issue price. Any increase in this amount will be the subject of a Supplement.

The terms and conditions applicable to the Notes, Certificates and Warrants are included in the sections below entitled "*Terms and Conditions of the Notes*", "*Terms and Conditions of the Certificates*" and "*Terms and Conditions of the Warrants*".

The terms in capitals not defined in this section and which are included in the relevant sections below entitled "*Terms and Conditions of the Notes*", "*Terms and Conditions of the Certificates*" and "*Terms and Conditions of the Warrants*" will have the meaning given to them, when the context so allows, in the ISDA (International Swaps and Derivatives Association) definitions applicable to the financial instrument in question.

The Final Terms and, where relevant, one or more Supplements will complete the terms and conditions of the Base Prospectus (the terms and conditions of the Base Prospectus, the Final Terms and, where relevant, one or more Supplements being, together, referred to as the "**Terms and Conditions**"). For the purposes of the Notes, Certificates and Warrants concerned, one or more Supplements may, where relevant, contain other Terms and Conditions supplementing, replacing or amending the Terms and Conditions of the Base Prospectus. Potential investors' attention is drawn to the fact that they must read the Base Prospectus in conjunction with the applicable Supplement(s) and the Final Terms relating to the Warrants and Certificates concerned.

Pro forma Final Terms are provided on page 234 for the Warrants, on page 246 for the Certificates and on page 278 for the Notes. The Final Terms will specify, *inter alia*, as regards the issue of Notes, Certificates and Warrants to which they relate, the number of Notes, Certificates and Warrants issued and the type of Notes, Certificates and Warrants, the issue date, the issue price, the exercise price, as well as the share, the basket of shares, the index, the basket of indices, the ETF unit, the basket of ETFs, the ADR/GDR and the basket of ADRs/GDRs to which the Notes, Certificates and Warrants relate. When necessary, an exercise notice will be appended to the Final Terms.

The Notes, Certificates and Warrants will be filed, when issued, either (i) with Euroclear France, a subsidiary of Euroclear Bank S.A./N.V. ("**Euroclear France**") in its capacity as central depository for the Authorised Financial Intermediaries (as defined in the Terms and Conditions below) and will be recorded in the books of Euroclear France, which will credit the accounts of the Authorised Financial Intermediaries concerned (including the current depository bank for Clearstream Banking, ("**Clearstream, Luxembourg**") a limited company (*société anonyme*) or any other bank that could succeed it in this function, or (ii) with the depository which will be brought to the attention of the Holders (as defined below in the sections entitled "*Terms and Conditions of the Warrants*" and "*Terms and Conditions of the Certificates*"), in each case on the issue date or a date close to the issue date of the Notes, Certificates and Warrants concerned.

The Dematerialised Notes may be issued, at the Issuer's option, either in bearer form (*au porteur*), recorded in the books of Euroclear France (acting as central depository) which will credit the accounts of the Account Holders (as defined in the Terms and Conditions below), or in registered form (*au nominatif*) and, in such case, at the option of

the relevant holder, either in administered registered form (*au nominatif administré*), in which case they will be recorded in the books of an Account Holder designated by the relevant holder, or in fully registered form (*au nominatif pur*), in which case they will be recorded in an account maintained by the Issuer or by a Registration Agent (as defined and indicated in the relevant Final Terms) acting on behalf of the Issuer.

Materialised Notes are issued in bearer form only.

Materialised Notes and Dematerialised Notes may also be cleared through one or more clearing system(s) other than or in addition to Euroclear France, Euroclear and/or Clearstream, Luxembourg, as specified in the relevant Final Terms.

Notes, Certificates and Warrants of each issue may be subscribed and/or sold by HSBC Bank plc or by any subscriber institution involved in underwriting the issue (each referred to as a "**Subscriber Institution**"), on the dates and at the prices the Issuer may determine with any Subscriber Institution for the issue concerned as defined in the Final Terms. Notes, Certificates and Warrants of all issues may be offered or sold at any time, as part of over-the-counter transactions or otherwise, at the prevailing market price, at the discretion of the Issuer, subject to the requirement to act in accordance with the prevailing laws and regulations of the country concerned.

The Issuer has taken all reasonable care to ensure that all significant aspects of the information contained or incorporated by reference in the Base Prospectus are accurate and in accordance with the facts and, as far as the Issuer is aware, nothing is omitted that would be likely to alter the import of said information.

No person is authorised to give any information or to make any representations other than those contained in the Base Prospectus. No information or representation not contained in the Base Prospectus may be deemed to have been authorised by or on behalf of the Issuer, of HSBC Bank plc in its capacity as arranger (the "**Arranger**") or of any Subscriber Institution of an issue of Warrants or Certificates referred to in the applicable Final Terms.

The Issuer accepts responsibility for the information contained or incorporated by reference in the Base Prospectus. To the best of the Issuer's knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to alter its import.

Neither the delivery of the Base Prospectus at any time nor any sale made in connection with the offer to subscribe for Notes, Certificates or Warrants shall create any implication that the information or representations contained in the Base Prospectus concerning the Issuer are correct as of any time subsequent to the date of the Base Prospectus. No Subscriber Institution undertakes to examine the financial situation or the business of the Issuer during the validity period of the Base Prospectus. Investors must examine, *inter alia*, the most recent half-year and annual financial statements published by the Issuer before deciding whether to purchase Notes, Certificates or Warrants.

Neither the Base Prospectus nor any other information provided concerning the Base Prospectus (i) is intended to provide the basis for any credit or other assessment, or (ii) may be considered as a recommendation by the Issuer or any Subscriber Institution that any person receiving the Base Prospectus should purchase the Warrants or Certificates. All investors considering purchasing the Notes, Certificates or Warrants must carry out their own research into the Issuer's financial situation and business and their own assessment of the Issuer's solvency.

This Base Prospectus does not constitute an offer, or an invitation by (or on behalf of) the Issuer or any Subscriber Institution or any other person to subscribe for, or purchase, any Notes, Certificates or Warrants. The distribution of this Base Prospectus and the offering of the Notes, Certificates and Warrants in certain countries may be restricted by law. Persons into whose possession this Base Prospectus comes are requested by the Issuer and the Subscriber Institution to inform themselves about and to observe any such restrictions.

In particular, neither the Notes nor the Certificates or Warrants have been or will be registered under the United States Securities Act of 1933, as amended, and trading in the Notes, Certificates and Warrants has not been authorised by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act. Under U.S. law, neither the Notes nor the Certificates or Warrants, or any rights over them, may at

any time be offered, sold, resold, traded or delivered directly or indirectly in the United States or to, or on behalf of or for the benefit of, U.S. Persons and any offer, sale, resale, trading or delivery carried out directly or indirectly in the United States, or to, or on behalf of or for the benefit of, U.S. Persons, will be null and void. For a description of certain further restrictions on the offering and sale of the Notes, Certificates and Warrants and on the distribution of the Base Prospectus, see the section below entitled "Purchases and selling restrictions".

In this Base Prospectus and in the Final Terms and unless otherwise specified, references to "**EUR**", "**EURO**" and "**€**" are to the lawful currency of the Member States of the European Economic and Monetary Union, references to "**CHF**" and "**Swiss Franc**" are to the lawful currency of Switzerland, references to "**DKK**" and "**Danish krone**" are to the lawful currency of Denmark, references to "**GBP**" and "**pounds sterling**" are to the lawful currency of the United Kingdom, references to "**HKD**" and "**Hong Kong dollar**" are to the lawful currency of Hong Kong, references to "**JPY**" and "**Japanese yen**" are to the lawful currency of Japan, references to "**KRW**" and "**Korean won**" are to the lawful currency of South Korea, references to "**SEK**" and "**Swedish krona**" are to the lawful currency of Sweden, and references to "**USD**" and "**US dollar**" are to the lawful currency of the United States of America.

TABLE OF CONTENTS

RESUME DU PROSPECTUS DE BASE RELATIF AUX OBLIGATIONS	7
RESUME DU PROSPECTUS DE BASE RELATIF AUX CERTIFICATS	14
RESUME DU PROSPECTUS DE BASE RELATIF AUX BONS D'OPTION	21
SUMMARY OF THE BASE PROSPECTUS RELATING TO THE NOTES	28
SUMMARY OF THE BASE PROSPECTUS RELATING TO THE CERTIFICATES	35
SUMMARY OF THE BASE PROSPECTUS RELATING TO THE WARRANTS	42
RISK FACTORS RELATING TO THE ISSUER.....	49
RISK FACTORS RELATING TO THE NOTES	50
RISK FACTORS RELATING TO THE CERTIFICATES.....	61
RISK FACTORS RELATING TO THE WARRANTS.....	72
DOCUMENTS INCORPORATED BY REFERENCE	84
TERMS AND CONDITIONS OF THE NOTES	87
TERMS AND CONDITIONS OF THE CERTIFICATES.....	148
TERMS AND CONDITIONS OF THE WARRANTS	189
USE OF PROCEEDS OF NOTES, CERTIFICATES AND WARRANTS	228
DESCRIPTION OF THE ISSUER.....	229
FINAL TERMS DATED [●] RELATING TO EQUITY LINKED WARRANTS	230
FINAL TERMS DATED [●] RELATING TO EQUITY BASKET-LINKED WARRANTS.....	231
FINAL TERMS DATED [●] RELATING TO INDEX LINKED WARRANTS.....	232
FINAL TERMS DATED [●] RELATING TO INDEX BASKET-LINKED WARRANTS.....	233
FINAL TERMS DATED [●] RELATING TO ETF LINKED WARRANTS.....	234
FINAL TERMS DATED [●] RELATING TO ETF BASKET LINKED WARRANTS	236
FINAL TERMS DATED [●] RELATING TO ADR/GDR LINKED WARRANTS	238
FINAL TERMS DATED [●] RELATING TO ADR/GDR BASKET-LINKED WARRANTS	239
PRO FORMA EXERCISE NOTICE: WARRANTS ONLY	241
PRO FORMA FINAL TERMS RELATING TO CERTIFICATES AND EQUITY LINKED CERTIFICATES/EQUITY BASKET-LINKED CERTIFICATES/INDEX LINKED CERTIFICATES/INDEX BASKET-LINKED CERTIFICATES/ETF LINKED CERTIFICATES/ETF BASKET-LINKED CERTIFICATES/ADR/GDR LINKED CERTIFICATES/ADR/GDR BASKET-LINKED CERTIFICATES	244
PRO FORM FINAL TERMS RELATING TO EQUITY BASKET-LINKED NOTES, INDEX BASKET-LINKED NOTES, ETF BASKET-LINKED NOTES AND ADR/GDR BASKET-LINKED NOTES	275
TAXATION - CERTIFICATES AND WARRANTS.....	308
TAXATION - NOTES	309
PURCHASES AND SELLING RESTRICTIONS	311
GENERAL INFORMATION.....	318
RESPONSIBILITY FOR THE BASE PROSPECTUS	321

RESUME DU PROSPECTUS DE BASE RELATIF AUX OBLIGATIONS

Visa n°12-311 en date du 28 juin 2012 de l'AMF

Le paragraphe suivant doit être lu comme une introduction au résumé si l'Etat Membre concerné n'a pas encore transposé les modifications apportées par la Directive 2010/73/UE aux informations requises dans le Résumé (la "Directive 2010 Modifiant la DP").

Conformément à l'article 212-8 du règlement général de l'Autorité des marchés financiers, ce résumé doit être lu comme une introduction au Prospectus de Base, et toute décision d'investir dans les Obligations qui font l'objet de l'offre publique ou dont l'admission sur un marché réglementé est demandée doit être fondée sur un examen exhaustif du Prospectus de Base, incluant tout document incorporé par référence, tout supplément au Prospectus de Base et les Conditions Définitives concernées. A la suite de la transposition de la Directive Prospectus (Directive 2003/71/CE, à l'exception des changements introduits par la Directive 2010 Modifiant la DP), aucune action en responsabilité ne peut être intentée contre l'Emetteur sur le fondement du seul résumé ou de sa traduction, à moins que le contenu du résumé ou de sa traduction ne soit jugé trompeur, inexact ou contradictoire par rapport aux autres parties du Prospectus de Base. Lorsqu'une action concernant l'information contenue dans le présent Prospectus de Base est intentée devant un tribunal d'un Etat Membre de l'Espace Economique Européen, le plaignant peut, selon la législation nationale de l'Etat Membre concerné, avoir à supporter les frais de traduction du présent Prospectus de Base avant le début de la procédure judiciaire.

Les personnes qui ont présenté le résumé, y compris le cas échéant sa traduction et en ont demandé la notification au sens de l'article 212-41 du règlement général de l'AMF n'engagent leur responsabilité civile que si le contenu du résumé est trompeur, inexact, ou contradictoire par rapport aux autres parties du Prospectus de Base.

Le paragraphe suivant doit être lu comme une introduction au résumé si l'Etat Membre concerné a transposé les modifications aux informations requises dans le Résumé apportées par la Directive 2010 Modifiant la DP.

Conformément à l'article 212-8 du règlement général de l'Autorité des marchés financiers, ce résumé doit être lu comme une introduction au Prospectus de Base et est fourni afin d'aider les investisseurs lorsqu'ils envisagent d'investir dans des Obligations, mais ne remplace pas le Prospectus de Base. Toute décision d'investir dans les Obligations doit être fondée sur un examen exhaustif du Prospectus de Base, incluant tout document incorporé par référence, tout supplément au Prospectus de Base et les Conditions Définitives concernées. A la suite de la transposition de la Directive Prospectus (y compris les changements introduits par la Directive 2010 Modifiant la DP) dans chaque Etat Membre de l'Espace Economique Européen, aucune action en responsabilité civile ne pourra être recherchée auprès des personnes qui ont présenté le présent résumé, y compris sa traduction, sauf si son contenu est trompeur, inexact ou contradictoire par rapport aux informations contenues dans les autres parties du Prospectus de Base ou qu'il ne fournit pas, quand il est lu avec les autres parties du Prospectus de Base, les informations essentielles permettant d'aider les investisseurs lorsqu'ils envisagent d'investir dans les Obligations. Lorsqu'une action concernant l'information contenue dans le présent Prospectus de Base ou tout document incorporé par référence est intentée devant un tribunal d'un Etat Membre de l'Espace Economique Européen, l'investisseur plaignant peut, selon la législation de l'Etat Membre concerné, avoir à supporter les frais de traduction du Prospectus de Base avant le début de toute procédure judiciaire.

Les personnes qui ont présenté le résumé, y compris le cas échéant sa traduction et en ont demandé la notification au sens de l'article 212-39 du règlement général de l'AMF n'engagent leur responsabilité civile que si le contenu du résumé est trompeur, inexact, or contradictoire par rapport aux autres parties du Prospectus de Base.

Les termes et expressions définis dans la section "Modalités des Obligations" auront la même signification dans le présent résumé.

Les Obligations seront émises conformément aux modalités qui seront convenues entre l'Emetteur et les Agents Placeurs concernés, et ils devront obéir aux "Modalités des Obligations" prévues aux pages 84 et suivantes telles que complétées par les stipulations des Conditions Définitives concernées.

INFORMATIONS GENERALES SUR LA FISCALITE

Il est recommandé aux investisseurs potentiels de recueillir l'avis de leurs propres conseillers fiscaux, indépendants et dûment qualifiés, s'agissant de l'application à leur situation personnelle des lois et des réglementations régissant l'achat, la détention, la vente et l'exercice des Obligations.

Prospectus de Base n°12- 311 du 28 juin 2012 HSBC France.

Émetteur : HSBC France.

PRÉSENTATION DE L'ÉMETTEUR

HSBC France est une société de droit français fondée en 1894 sous le nom de Banque Suisse et Française. En 1917, BSF, Maison Aynard et fils, et Caisse de Crédit de Nice fusionnèrent pour créer le CCF. Nationalisé en 1982 puis privatisé en 1987, le CCF a intégré le Groupe HSBC en juillet 2000.

Le CCF a adopté la marque HSBC le 1^{er} novembre 2005 et est devenu HSBC France.

HSBC, dont le siège social est à Londres, est l'un des plus importants groupes de services bancaires et financiers au monde. Son réseau international couvre environ 85 pays et territoires.

Cotées sur les Bourses de Londres, Hong Kong, New York, Paris et des Bermudes, les actions HSBC Holdings plc ("**HSBC Holdings**") sont détenues par plus de 220 000 actionnaires dans 132 pays et territoires. Les actions sont négociées sur la Bourse de New York sous la forme d'*American Depository Receipts*.

Par ailleurs, HSBC Holdings plc est un émetteur enregistré conformément à la réglementation américaine sur les valeurs mobilières et est tenu, selon cette réglementation, de publier certaines informations financières auprès de la *Securities and Exchange Commission*.

SECTEURS D'ACTIVITÉ

HSBC en France développe des activités de banque universelle au service de plus de 823.000 clients Particuliers et de plus de 116.000 clients Entreprises, grâce à l'expertise de ses 10.850 collaborateurs dans près de 400 points de vente. L'activité de HSBC France est orientée vers (i) la Banque de particuliers et gestion de patrimoine, (ii) la Banque d'entreprises, (iii) la Banque de financement, d'investissement et de marchés, la Gestion d'actifs et (iv) la Banque privée.

La **Banque de particuliers et gestion de patrimoine** offre à ses clients particuliers et professionnels un accompagnement personnalisé, ainsi qu'une approche patrimoniale et globale. HSBC en France poursuit sa politique de conquête sur son segment cible, la clientèle patrimoniale, en s'appuyant sur les atouts du Groupe HSBC.

La **Banque d'entreprises** propose une gamme étendue de produits et services domestiques et internationaux afin d'accompagner au quotidien une clientèle variée d'entreprises, de la TPE à la multinationale, notamment

en matière de *cash management*, *trade services* et d'affacturage, en s'appuyant sur un réseau spécialisé par profil et taille de clients, ainsi que des agences directes destinées aux TPE et Petites et Moyennes Associations.

La **Banque de financement, d'investissement et de marchés** accompagne les grandes entreprises et les institutionnels dans leurs projets et leurs opérations en France et dans le monde. Elle propose une gamme complète de solutions :

- (i) de banque de financement : banque d'entreprise, *payment and cash management*, financements d'acquisitions avec effet de levier, immobilier et financements structurés ;
- (ii) banque d'investissement : fusion et acquisition, introduction en bourse, augmentation de capital ;
- (iii) banque de marchés : à Paris, elle est l'une des quatre plateformes de marchés du Groupe, (avec Londres, Hong Kong et New York) et le centre d'expertise du Groupe sur trois activités : les structurés de taux, les produits liquides en euros et les dérivés actions.

En **Gestion d'actifs** : *HSBC Global Asset Management*, spécialiste de la gestion d'actifs du Groupe HSBC, propose des solutions d'investissement ciblées pour une clientèle de particuliers, d'entreprises et d'institutionnels. En France, *HSBC Global Asset Management* est reconnu comme:

- (i) un acteur majeur sur les marchés émergents ;
- (ii) l'un des distributeurs d'OPCVM les plus actifs au monde, au travers d'une gamme d'OPCVM donnant accès à l'ensemble des marchés développés et émergents et composée de stratégies de gestion actions, obligations, diversifiées, alternatives, de trésorerie et de multigestion ;
- (iii) un expert en solutions d'épargne salariale pour les entreprises.

La **Banque privée** : *HSBC Private Bank* propose une offre de produits et de services personnalisés à une clientèle fortunée résidente et internationale.

Information Clé :

L'exercice en bref¹

Groupe HSBC France

<i>(en millions d'euros)</i>	2011	2010
Résultat avant impôt	59	512
Résultat net part du groupe	123	454
Résultat avant impôt des activités du Groupe HSBC en	191	628

¹Chiffres financiers consolidés publiés – périmètre légal de HSBC France. En normes IFRS telles qu'adoptées par l'Union européenne.

France²

Au 31 décembre

Coût du risque	109	122
Résultat d'Exploitation	59	512
Trésorerie en fin de période	29.033	30.091
Fonds propres	4.821	4.832
Prêts et créances sur les établissements de crédit et sur la clientèle	82.984	95.291
Dettes envers les établissements de crédit et comptes créditeurs de la clientèle	75.234	86.055
Total du bilan	221.390	210.836

Nombre de salariés (équivalent temps plein)

10.030 10.121

Ratios prudentiels

Total des fonds propres ³	10,7%	12,0%
Ratio Tier One ³	10,7%	12,1%
Coefficient d'exploitation	90,6%	73,0%

Arrangeur :

HSBC Bank plc.

Agent placeur :

HSBC Bank plc.

Description :

Programme d'émission d'Obligations indexés sur action, panier d'actions, indice, panier d'indices, part d'*Exchange Traded Fund* (ETF) ou panier d'*Exchange Traded Fund* (ETFs), *American Depositary Receipt* (ADR)/*Global Depositary Receipt* (GDR) ou panier d'ADRs/GDRs.

² La contribution de la France aux résultats du Groupe HSBC inclut :

- le groupe HSBC France, y compris le résultat des entités appartenant légalement à HSBC France mais situées hors de France (principalement les activités de Gestion d'actifs détenues à l'étranger, CMSL au Royaume-Uni), c'est-à-dire le périmètre légal dans son intégralité, et, d'autre part, la succursale à Paris de HSBC Bank plc, qui porte les activités de dérivés sur actions ainsi que HSBC Assurances Vie (France) et HSBC Assurances IARD (France), à l'exclusion des coûts de financement et de la dette d'acquisition comptabilisée par HSBC Bank plc Paris Branch ;
- les fonds monétaires dynamiques détenus à plus de 50 % par le groupe HSBC France, consolidés depuis le 1er trimestre 2008.

³ Ratios en Bâle I jusqu'en 2007 et en Bâle II à partir de 2008

Montant d'émissions :	Limite globale de EUR 20.000.000.000.
Agent Financier, Agent Payeur Principal et Agent de Calcul :	HSBC Bank plc.
Agent Payeur à Paris :	HSBC France.
Méthode d'émission :	Les Obligations, pourront être offerts ou non au public et/ou cotés et admis ou non aux négociations, et seront dans tous les cas émis dans le cadre d'émissions syndiquées ou non-syndiquées.
Maturité :	Un mois minimum à compter de la date d'émission initiale.
Valeur(s) Nominale(s) :	Les Obligations auront les Valeurs Nominales prévues dans les Conditions Définitives concernées. Les Obligations émis sous forme dématérialisée seront émis dans une seule Valeur Nominale.
Rang de créance des Obligations :	Les Obligations, et le cas échéant, les Coupons et Reçus y afférents, constitueront des engagements directs, inconditionnels, non subordonnés et non assortis de sûretés de l'Emetteur, et viendront au même rang entre eux sans préférence, et (sous réserve des exceptions impératives du droit français) au même rang que tous les autres engagements chirographaires et non subordonnés, présents ou futurs, de l'Emetteur.
Cas d'Exigibilité Anticipée des Obligations :	Les modalités des Obligations contiendront des cas d'exigibilité anticipée tels que décrits à l'Article 11 des Modalités des Obligations.
Remboursement Optionnel des Obligations :	Les Conditions Définitives concernées pour une Tranche des Obligations pourront prévoir le remboursement anticipé des Obligations au gré de l'Emetteur (en totalité ou en partie) et/ou des porteurs et, dans ce cas, les termes applicables à tel remboursement anticipé optionnel.
Périodes d'Intérêts et Taux d'Intérêts des Obligations :	Pour chaque Souche, la durée des périodes d'intérêts des Obligations, le taux d'intérêt applicable ainsi que sa méthode de calcul pourront varier ou rester identiques, selon le cas. Les Obligations pourront comporter un taux d'intérêt maximum, un taux d'intérêt minimum ou les deux à la fois. Les Obligations pourront porter intérêt à différents taux au cours de la même période d'intérêts grâce à l'utilisation de périodes d'intérêts courus. Toutes ces informations figureront dans les Conditions Définitives concernées.
Obligations à Coupon Zéro :	Les Obligations à Coupon Zéro pourront être émises avec une décote et ne porteront pas intérêt.
Obligations Référencées sur un indice :	Les paiements en principal relatifs à des Obligations à Remboursement Référencé sur un indice ou les paiements d'intérêts relatifs aux Obligations à Coupon Référencé sur un indice seront calculés par référence à l'indice et/ou à la formule décrits dans les Conditions Définitives concernées.
Forme des Obligations :	Les Obligations peuvent être émises soit sous forme d'obligations dématérialisées (" Obligations Dématérialisées "), soit sous forme d'obligations matérialisées (" Obligations Matérialisées ").

Droit Applicable :	Droit français.
Systèmes de compensation :	Euroclear France en qualité de dépositaire central pour les Obligations Dématérialisées et, pour les Obligations Matérialisées, Clearstream, Luxembourg et Euroclear ou tout autre système de compensation que l'Emetteur, l'Agent Financier et l'Agent Placeur concerné conviendraient de désigner.
Cotation et admission aux négociations des Obligations :	Les Obligations pourront faire l'objet d'une admission aux négociations sur le marché réglementé Euronext Paris et/ou d'autres bourses et/ou d'autres marchés réglementés, comme mentionné dans les Conditions Définitives. Les Conditions Définitives concernées pourront prévoir qu'une Souche d'Obligations ne fera l'objet d'aucune admission aux négociations et cotation.
Offre au public :	Les Obligations pourront être offertes au public dans tout Etat membre de l'Espace Economique Européen, seulement lorsque cela sera indiqué dans les Conditions Définitives concernées et conformément aux lois et règlements applicables.
Notation du Programme :	L'Emetteur a fait l'objet d'une notation AA- par Standard & Poor's Ratings Services, division de The McGraw-Hill Companies, Inc., A1 par Moody's Investors Service et AA par Fitch Ratings.
Restrictions de Vente :	<p>Se reporter à la section "Souscription et Vente". Dans le cadre de l'offre et la vente d'une Tranche donnée, des restrictions de vente supplémentaires peuvent être imposées et seront alors indiquées dans les Conditions Définitives concernées.</p> <p>L'Emetteur relève de la Catégorie 2 pour les besoins de la Réglementation S de la Loi Américaine sur les Valeurs Mobilières de 1933 (<i>Regulation S under the United States Securities Act of 1933</i>), telle que modifiée (la "Loi Américaine sur les Valeurs Mobilières").</p> <p>Les Obligations Matérialisées seront émises en conformité avec la Réglementation fiscale américaine (<i>U.S. Treas. Reg.</i>) §1.163-5(c)(2)(i)(D) (les "Règles D") sauf dans le cas où (i) les Conditions Définitives concernées stipulent que ces Obligations Matérialisées seront émises en conformité avec la Réglementation fiscale américaine (<i>U.S. Treas. Reg.</i>) §1.163-5(c)(2)(i)(C) (les "Règles C"), et dans le cas où (ii) ces Obligations Matérialisées ne sont pas émises en conformité avec les Règles C ou les Règles D mais dans des conditions telles qu'elles ne constituent pas des obligations dont l'enregistrement est requis par la loi américaine de 1982 sur l'équité d'imposition et la responsabilité fiscale (<i>United States Tax Equity and Fiscal Responsibility Act of 1982</i>) ("TEFRA"), auquel cas les Conditions Définitives concernées préciseront que les règles TEFRA ne s'appliquent pas à l'opération.</p> <p>Les règles TEFRA ne s'appliquent pas aux Obligations Dématérialisées qui ne constituent pas des titres au porteur pour les besoins de la réglementation fiscale américaine.</p>
Facteurs de risque :	Facteurs de risque liés à l'Emetteur et à ses activités.

Un certain nombre de facteurs pourrait modifier parfois substantiellement les résultats réels par rapport à ceux anticipés. Les facteurs suivants ne doivent pas être regardés comme un état complet et exhaustif de tous les risques potentiels et de toutes les incertitudes auxquels pourraient faire face les activités de l'Emetteur.

- (i) Risques financiers (risque de crédit, risques de marchés, risques de taux/change structurels/ liquidité).
- (ii) Risques opérationnels (risque juridique, risque fiscal, risque informatique, continuité d'activité)

Facteurs de risque liés aux Obligations :

- (i) les risques liés à l'investissement : les Obligations pourraient ne pas être adaptés à tous les investisseurs ;
- (ii) les risques liés à la structure de certaines émissions d'Obligations ;
- (iii) les risques généraux liés aux Obligations ;
- (iv) les risques généraux relatifs aux marchés (risque de liquidité, risques de change, risque de taux et de crédit);
- (v) les risques liés au changement dans la réglementation.

Pour une description détaillée des facteurs de risques, se reporter à la section "Facteurs de Risques" ci-après.

Documents accessibles au public :

Aussi longtemps que des Obligations demeureront en circulation, des copies des documents suivants pourront être obtenues gratuitement, sur simple demande, *via* le site Internet de HSBC France (dont l'adresse est <http://www.hsbc.fr>) ou tout autre site Internet de l'Emetteur qui viendrait à lui succéder, pendant les heures ouvrables, auprès de l'établissement désigné de l'Emetteur et de l'Agent Financier concerné, à savoir :

- (i) les statuts de l'Emetteur ;
- (ii) le Contrat de Service Financier ;
- (iii) les tous derniers rapports annuels et semi-annuels et tous états financiers intermédiaires consolidés (non audités) de l'Emetteur ; et
- (iv) le présent Prospectus de Base, tout Supplément applicable et les Conditions Définitives relatifs à toute émission (également disponible sur le site Internet de l'AMF dont l'adresse est <http://www.amf-france.org>).

L'Emetteur publie des comptes semestriels et des comptes annuels.

RESUME DU PROSPECTUS DE BASE RELATIF AUX CERTIFICATS

Visa n°12-311 en date du 28 juin 2012 de l'AMF

Le paragraphe suivant doit être lu comme une introduction au résumé si l'Etat Membre concerné n'a pas encore transposé les modifications apportées par la Directive 2010/73/UE aux informations requises dans le Résumé (la "Directive 2010 Modifiant la DP").

Conformément à l'article 212-8 du règlement général de l'Autorité des marchés financiers, ce résumé doit être lu comme une introduction au Prospectus de Base, et toute décision d'investir dans les Certificats qui font l'objet de l'offre publique ou dont l'admission sur un marché réglementé est demandée doit être fondée sur un examen exhaustif du Prospectus de Base, incluant tout document incorporé par référence, tout supplément au Prospectus de Base et les Conditions Définitives concernées. A la suite de la transposition de la Directive Prospectus (Directive 2003/71/CE, à l'exception des changements introduits par la Directive 2010 Modifiant la DP), aucune action en responsabilité ne peut être intentée contre l'Emetteur sur le fondement du seul résumé ou de sa traduction, à moins que le contenu du résumé ou de sa traduction ne soit jugé trompeur, inexact ou contradictoire par rapport aux autres parties du Prospectus de Base. Lorsqu'une action concernant l'information contenue dans le présent Prospectus de Base est intentée devant un tribunal d'un Etat Membre de l'Espace Economique Européen, le plaignant peut, selon la législation nationale de l'Etat Membre concerné, avoir à supporter les frais de traduction du présent Prospectus de Base avant le début de la procédure judiciaire.

Les personnes qui ont présenté le résumé, y compris le cas échéant sa traduction et en ont demandé la notification au sens de l'article 212-41 du règlement général de l'AMF n'engagent leur responsabilité civile que si le contenu du résumé est trompeur, inexact, ou contradictoire par rapport aux autres parties du Prospectus de Base.

Le paragraphe suivant doit être lu comme une introduction au résumé si l'Etat Membre concerné a transposé les modifications aux informations requises dans le Résumé apportées par la Directive 2010 Modifiant la DP.

Conformément à l'article 212-8 du règlement général de l'Autorité des marchés financiers, ce résumé doit être lu comme une introduction au Prospectus de Base et est fourni afin d'aider les investisseurs lorsqu'ils envisagent d'investir dans des Certificats, mais ne remplace pas le Prospectus de Base. Toute décision d'investir dans les Certificats doit être fondée sur un examen exhaustif du Prospectus de Base, incluant tout document incorporé par référence, tout supplément au Prospectus de Base et les Conditions Définitives concernées. A la suite de la transposition de la Directive Prospectus (y compris les changements introduits par la Directive 2010 Modifiant la DP) dans chaque Etat Membre de l'Espace Economique Européen, aucune action en responsabilité civile ne pourra être recherchée auprès des personnes qui ont présenté le présent résumé, y compris sa traduction, sauf si son contenu est trompeur, inexact ou contradictoire par rapport aux informations contenues dans les autres parties du Prospectus de Base ou qu'il ne fournit pas, quand il est lu avec les autres parties du Prospectus de Base, les informations essentielles permettant d'aider les investisseurs lorsqu'ils envisagent d'investir dans les Certificats. Lorsqu'une action concernant l'information contenue dans le présent Prospectus de Base ou tout document incorporé par référence est intentée devant un tribunal d'un Etat Membre de l'Espace Economique Européen, l'investisseur plaignant peut, selon la législation de l'Etat Membre concerné, avoir à supporter les frais de traduction du Prospectus de Base avant le début de toute procédure judiciaire.

Les personnes qui ont présenté le résumé, y compris le cas échéant sa traduction et en ont demandé la notification au sens de l'article 212-39 du règlement général de l'AMF n'engagent leur responsabilité civile que si le contenu du résumé est trompeur, inexact, or contradictoire par rapport aux autres parties du Prospectus de Base.

Les termes et expressions définis dans la section Modalités des Certificats auront la même signification dans le présent résumé.

Les Certificats seront émis conformément aux modalités qui seront convenues entre l'Emetteur et les Agents Placeurs concernés, et ils devront obéir aux "Modalités des Certificats" prévues aux pages 147 et suivantes, telles

que complétées par les stipulations des Conditions Définitives concernées.

INFORMATIONS GENERALES SUR LA FISCALITE

Il est recommandé aux investisseurs potentiels de recueillir l'avis de leurs propres conseillers fiscaux, indépendants et dûment qualifiés, s'agissant de l'application à leur situation personnelle des lois et des réglementations régissant l'achat, la détention, la vente et l'exercice des Certificats.

Prospectus de Base n°12-311 du 28 juin 2012 HSBC France.

Émetteur : HSBC France.

PRÉSENTATION DE L'ÉMETTEUR

HSBC France est une société de droit français fondée en 1894 sous le nom de Banque Suisse et Française. En 1917, BSF, Maison Aynard et fils, et Caisse de Crédit de Nice fusionnèrent pour créer le CCF. Nationalisé en 1982 puis privatisé en 1987, le CCF a intégré le Groupe HSBC en juillet 2000.

Le CCF a adopté la marque HSBC le 1^{er} novembre 2005 et est devenu HSBC France.

HSBC, dont le siège social est à Londres, est l'un des plus importants groupes de services bancaires et financiers au monde. Son réseau international couvre environ 85 pays et territoires.

Cotées sur les Bourses de Londres, Hong Kong, New York, Paris et des Bermudes, les actions HSBC Holdings plc ("**HSBC Holdings**") sont détenues par plus de 220 000 actionnaires dans 132 pays et territoires. Les actions sont négociées sur la Bourse de New York sous la forme d'*American Depository Receipts*.

Par ailleurs, HSBC Holdings plc est un émetteur enregistré conformément à la réglementation américaine sur les valeurs mobilières et est tenu, selon cette réglementation, de publier certaines informations financières auprès de la *Securities and Exchange Commission*.

SECTEURS D'ACTIVITÉ

HSBC en France développe des activités de banque universelle au service de plus de 823.000 clients Particuliers et de plus de 116.000 clients Entreprises, grâce à l'expertise de ses 10.850 collaborateurs dans près de 400 points de vente. L'activité de HSBC France est orientée vers (i) la Banque de particuliers et gestion de patrimoine, (ii) la Banque d'entreprises, (iii) la Banque de financement, d'investissement et de marchés, la Gestion d'actifs et (iv) la Banque privée.

La **Banque de particuliers et gestion de patrimoine** offre à ses clients particuliers et professionnels un accompagnement personnalisé, ainsi qu'une approche patrimoniale et globale. HSBC en France poursuit sa politique de conquête sur son segment cible, la clientèle patrimoniale, en s'appuyant sur les atouts du Groupe HSBC.

La **Banque d'entreprises** propose une gamme étendue de produits et

services domestiques et internationaux afin d'accompagner au quotidien une clientèle variée d'entreprises, de la TPE à la multinationale, notamment en matière de *cash management*, *trade services* et d'affacturage, en s'appuyant sur un réseau spécialisé par profil et taille de clients, ainsi que des agences directes destinées aux TPE et Petites et Moyennes Associations.

La **Banque de financement, d'investissement et de marchés** accompagne les grandes entreprises et les institutionnels dans leurs projets et leurs opérations en France et dans le monde. Elle propose une gamme complète de solutions :

- (i) de banque de financement : banque d'entreprise, *payment and cash management*, financements d'acquisitions avec effet de levier, immobilier et financements structurés ;
- (ii) banque d'investissement : fusion et acquisition, introduction en bourse, augmentation de capital ;
- (iii) banque de marchés : à Paris, elle est l'une des quatre plateformes de marchés du Groupe, (avec Londres, Hong Kong et New York) et le centre d'expertise du Groupe sur trois activités : les structurés de taux, les produits liquides en euros et les dérivés actions.

En **Gestion d'actifs** : *HSBC Global Asset Management*, spécialiste de la gestion d'actifs du Groupe HSBC, propose des solutions d'investissement ciblées pour une clientèle de particuliers, d'entreprises et d'institutionnels. En France, *HSBC Global Asset Management* est reconnu comme:

- (i) un acteur majeur sur les marchés émergents ;
- (i) l'un des distributeurs d'OPCVM les plus actifs au monde, au travers d'une gamme d'OPCVM donnant accès à l'ensemble des marchés développés et émergents et composée de stratégies de gestion actions, obligations, diversifiées, alternatives, de trésorerie et de multigestion ;
- (ii) un expert en solutions d'épargne salariale pour les entreprises.

La **Banque privée** : *HSBC Private Bank* propose une offre de produits et de services personnalisés à une clientèle fortunée résidente et internationale.

Information Clé :

L'exercice en bref⁴

Groupe HSBC France

<i>(en millions d'euros)</i>	2011	2010
Résultat avant impôt	59	512
Résultat net part du groupe	123	454
Résultat avant impôt des activités	191	628

⁴Chiffres financiers consolidés publiés – périmètre légal de HSBC France. En normes IFRS telles qu'adoptées par l'Union européenne.

du Groupe HSBC en France⁵

Au 31 décembre

Coût du risque	109	122
Résultat d'Exploitation	59	512
Trésorerie en fin de période	29.033	30.091
Fonds propres	4.821	4.832
Prêts et créances sur les établissements de crédit et sur la clientèle	82.984	95.291
Dettes envers les établissements de crédit et comptes créditeurs de la clientèle	75.234	86.055
Total du bilan	221.390	210.836

Nombre de salariés (équivalent temps plein)

10.030 10.121

Ratios prudentiels

Total des fonds propres ⁶	10,7%	12,0%
Ratio Tier One ³	10,7%	12,1%
Coefficient d'exploitation	90,6%	73,0%

Arrangeur :

HSBC Bank plc.

Agent placeur :

HSBC Bank plc.

Description :

Programme d'émission de Certificats indexés sur action, panier d'actions, indice, panier d'indices, part d'*Exchange Traded Fund* (ETF) ou panier d'*Exchange Traded Fund* (ETFs), *American Depositary Receipt* (ADR)/*Global Depositary Receipt* (GDR) ou panier d'ADRs/GDRs.

⁵ La contribution de la France aux résultats du Groupe HSBC inclut :

- le groupe HSBC France, y compris le résultat des entités appartenant légalement à HSBC France mais situées hors de France (principalement les activités de Gestion d'actifs détenues à l'étranger, CMSL au Royaume-Uni), c'est-à-dire le périmètre légal dans son intégralité, et, d'autre part, la succursale à Paris de HSBC Bank plc, qui porte les activités de dérivés sur actions ainsi que HSBC Assurances Vie (France) et HSBC Assurances IARD (France), à l'exclusion des coûts de financement et de la dette d'acquisition comptabilisée par HSBC Bank plc Paris Branch ;
- les fonds monétaires dynamiques détenus à plus de 50 % par le groupe HSBC France, consolidés depuis le 1er trimestre 2008.

⁶ Ratios en Bâle I jusqu'en 2007 et en Bâle II à partir de 2008

Montant d'émissions :	Limite globale de EUR 20.000.000.000.
Agent Financier, Agent Payeur Principal et Agent de Calcul :	HSBC Bank plc.
Agent Payeur à Paris :	HSBC France.
Méthode d'émission :	Les Certificats pourront être offerts ou non au public et/ou cotés et admis ou non aux négociations, et seront dans tous les cas émis dans le cadre d'émissions syndiquées ou non-syndiquées.
Maturité :	Un mois minimum à compter de la date d'émission initiale.
Rang de créance des Certificats :	Les Certificats, et le cas échéant, les Coupons et Reçus y afférents, constitueront des engagements directs, inconditionnels, non subordonnés et non assortis de sûretés de l'Emetteur, et viendront au même rang entre eux sans préférence, et (sous réserve des exceptions impératives du droit français) au même rang que tous les autres engagements chirographaires et non subordonnés, présents ou futurs, de l'Emetteur.
Remboursement Optionnel des Certificats :	Les Conditions Définitives concernées pour une Tranche des Certificats pourront prévoir le remboursement anticipé des Certificats des porteurs et, dans ce cas, les termes applicables à tel remboursement anticipé optionnel.
Certificats à Coupon Zéro :	Les Certificats à Coupon Zéro pourront être émis avec une décote et ne porteront pas intérêt.
Certificats Référencés sur un indice :	Les paiements en principal relatifs à des Certificats à Remboursement Référencé sur un indice ou les paiements d'intérêts relatifs aux Certificats à Coupon Référencé sur un indice seront calculés par référence à l'indice et/ou à la formule décrits dans les Conditions Définitives concernées.
Forme des Certificats :	Les Certificats sont émis dans le cadre de la législation française sur la dématérialisation sous la forme au porteur.
Caractéristiques générales des Certificats :	Les caractéristiques définitives des Certificats seront définies dans les Conditions Définitives. <ul style="list-style-type: none"> • Certificats à échéance fermée • Certificats à échéance ouverte • Echéance anticipée des Certificats.
Droit Applicable :	Droit français.
Systèmes de compensation :	Euroclear France en qualité de dépositaire central pour les Certificats et, pour les Certificats Matérialisés, Clearstream, Luxembourg et Euroclear ou tout autre système de compensation que l'Emetteur, l'Agent Financier et l'Agent Placeur concerné conviendraient de désigner.

Cotation et admission aux négociations des Certificats : Les Certificats pourront faire l'objet d'une admission aux négociations sur le marché réglementé Euronext Paris et/ou d'autres bourses et/ou d'autres marchés réglementés, comme mentionné dans les Conditions Définitives. Les Conditions Définitives concernées pourront prévoir qu'une Souche de Certificats ne fera l'objet d'aucune admission aux négociations et cotation.

Offre au public : Les Certificats pourront être offerts au public dans tout Etat membre de l'Espace Economique Européen, seulement lorsque cela sera indiqué dans les Conditions Définitives concernées et conformément aux lois et règlements applicables.

Notation du Programme : L'Emetteur a fait l'objet d'une notation AA- par Standard & Poor's Ratings Services, division de The McGraw-Hill Companies, Inc., A1 par Moody's Investors Service et AA par Fitch Ratings.

Restrictions de Vente : Se reporter à la section "Souscription et Vente". Dans le cadre de l'offre et la vente d'une Tranche donnée, des restrictions de vente supplémentaires peuvent être imposées et seront alors indiquées dans les Conditions Définitives concernées.

L'Emetteur relève de la Catégorie 2 pour les besoins de la Réglementation S de la Loi Américaine sur les Valeurs Mobilières de 1933 (*Regulation S under the United States Securities Act of 1933*), telle que modifiée (la "**Loi Américaine sur les Valeurs Mobilières**").

Les Certificats Matérialisés seront émis en conformité avec la Réglementation fiscale américaine (*U.S. Treas. Reg.*) §1.163-5(c)(2)(i)(D) (les "**Règles D**") sauf dans le cas où (i) les Conditions Définitives concernées stipulent que ces Certificats Matérialisés seront émis en conformité avec la Réglementation fiscale américaine (*U.S. Treas. Reg.*) §1.163-5(c)(2)(i)(C) (les "**Règles C**"), et dans le cas où (ii) ces Certificats Matérialisés ne sont pas émis en conformité avec les Règles C ou les Règles D mais dans des conditions telles qu'ils ne constituent pas des titres dont l'enregistrement est requis par la loi américaine de 1982 sur l'équité d'imposition et la responsabilité fiscale (*United States Tax Equity and Fiscal Responsibility Act of 1982*) ("**TEFRA**"), auquel cas les Conditions Définitives concernées préciseront que les règles TEFRA ne s'appliquent pas à l'opération.

Les règles TEFRA ne s'appliquent pas aux Certificats Dématérialisés qui ne constituent pas des titres au porteur pour les besoins de la réglementation fiscale américaine.

Facteurs de risque : Facteurs de risque liés à l'Emetteur et à ses activités.

Un certain nombre de facteurs pourrait modifier parfois substantiellement les résultats réels par rapport à ceux anticipés. Les facteurs suivants ne doivent pas être regardés comme un état complet et exhaustif de tous les risques potentiels et de toutes les incertitudes auxquels pourraient faire face les activités de l'Emetteur.

(i) Risques financiers (risque de crédit, risques de marchés, risques de taux/change structurels/ liquidité).

(ii) Risques opérationnels (risque juridique, risque fiscal, risque

informatique, continuité d'activité).

Facteurs de risque liés aux Certificats :

- (i) les risques liés à l'investissement : les Certificats pourraient ne pas être adaptés à tous les investisseurs ;
- (ii) les risques liés à la structure de certaines émissions de Certificats ;
- (iii) les risques généraux liés aux Certificats ;
- (iv) les risques généraux relatifs aux marchés (risque de liquidité, risques de change, risque de taux et de crédit) ;
- (v) les risques liés au changement dans la réglementation.

Les Porteurs de Certificats ne sont pas regroupés dans une masse en vue de la protection de leurs intérêts et ne bénéficient pas des mêmes protections que les Titulaires d'Obligations.

Pour une description détaillée des facteurs de risques, se reporter à la section "Facteurs de Risques" ci-après.

Documents accessibles au public :

Aussi longtemps que des Certificats demeureront en circulation, des copies des documents suivants pourront être obtenues gratuitement, sur simple demande, *via* le site Internet de HSBC France (dont l'adresse est <http://www.hsbc.fr>) ou tout autre site Internet de l'Emetteur qui viendrait à lui succéder, pendant les heures ouvrables, auprès de l'établissement désigné de l'Emetteur et de l'Agent Financier concerné, à savoir :

- (i) les statuts de l'Emetteur ;
- (ii) le Contrat de Service Financier ;
- (iii) les tous derniers rapports annuels et semi-annuels et tous états financiers intermédiaires consolidés (non audités) de l'Emetteur ; et
- (iv) le présent Prospectus de Base, tout Supplément applicable et les Conditions Définitives relatifs à toute émission (également disponible sur le site Internet de l'AMF dont l'adresse est <http://www.amf-france.org>).

L'Emetteur publie des comptes semestriels et des comptes annuels.

RESUME DU PROSPECTUS DE BASE RELATIF AUX BONS D'OPTION

Visa n°12-311 en date du 28 juin 2012 de l'AMF

Le paragraphe suivant doit être lu comme une introduction au résumé si l'Etat Membre concerné n'a pas encore transposé les modifications apportées par la Directive 2010/73/UE aux informations requises dans le Résumé (la "Directive 2010 Modifiant la DP").

Conformément à l'article 212-8 du règlement général de l'Autorité des marchés financiers, ce résumé doit être lu comme une introduction au Prospectus de Base, et toute décision d'investir dans les Bons d'Option qui font l'objet de l'offre publique ou dont l'admission sur un marché réglementé est demandée doit être fondée sur un examen exhaustif du Prospectus de Base, incluant tout document incorporé par référence, tout supplément au Prospectus de Base et les Conditions Définitives concernées. A la suite de la transposition de la Directive Prospectus (Directive 2003/71/CE, à l'exception des changements introduits par la Directive 2010 Modifiant la DP), aucune action en responsabilité ne peut être intentée contre l'Emetteur sur le fondement du seul résumé ou de sa traduction, à moins que le contenu du résumé ou de sa traduction ne soit jugé trompeur, inexact ou contradictoire par rapport aux autres parties du Prospectus de Base. Lorsqu'une action concernant l'information contenue dans le présent Prospectus de Base est intentée devant un tribunal d'un Etat Membre de l'Espace Economique Européen, le plaignant peut, selon la législation nationale de l'Etat Membre concerné, avoir à supporter les frais de traduction du présent Prospectus de Base avant le début de la procédure judiciaire.

Les personnes qui ont présenté le résumé, y compris le cas échéant sa traduction et en ont demandé la notification au sens de l'article 212-41 du règlement général de l'AMF n'engagent leur responsabilité civile que si le contenu du résumé est trompeur, inexact, ou contradictoire par rapport aux autres parties du Prospectus de Base.

Le paragraphe suivant doit être lu comme une introduction au résumé si l'Etat Membre concerné a transposé les modifications aux informations requises dans le Résumé apportées par la Directive 2010 Modifiant la DP.

Conformément à l'article 212-8 du règlement général de l'Autorité des marchés financiers, ce résumé doit être lu comme une introduction au Prospectus de Base et est fourni afin d'aider les investisseurs lorsqu'ils envisagent d'investir dans des Bons d'Option, mais ne remplace pas le Prospectus de Base. Toute décision d'investir dans les Bons d'Option doit être fondée sur un examen exhaustif du Prospectus de Base, incluant tout document incorporé par référence, tout supplément au Prospectus de Base et les Conditions Définitives concernées. A la suite de la transposition de la Directive Prospectus (y compris les changements introduits par la Directive 2010 Modifiant la DP) dans chaque Etat Membre de l'Espace Economique Européen, aucune action en responsabilité civile ne pourra être recherchée auprès des personnes qui ont présenté le présent résumé, y compris sa traduction, sauf si son contenu est trompeur, inexact ou contradictoire par rapport aux informations contenues dans les autres parties du Prospectus de Base ou qu'il ne fournit pas, quand il est lu avec les autres parties du Prospectus de Base, les informations essentielles permettant d'aider les investisseurs lorsqu'ils envisagent d'investir dans les Bons d'Option. Lorsqu'une action concernant l'information contenue dans le présent Prospectus de Base ou tout document incorporé par référence est intentée devant un tribunal d'un Etat Membre de l'Espace Economique Européen, l'investisseur plaignant peut, selon la législation de l'Etat Membre concerné, avoir à supporter les frais de traduction du Prospectus de Base avant le début de toute procédure judiciaire.

Les personnes qui ont présenté le résumé, y compris le cas échéant sa traduction et en ont demandé la notification au sens de l'article 212-39 du règlement général de l'AMF n'engagent leur responsabilité civile que si le contenu du résumé est trompeur, inexact, or contradictoire par rapport aux autres parties du Prospectus de Base.

Les termes et expressions définis dans la section Modalités des Bons d'Option auront la même signification dans le présent résumé.

Les Bons d'Option seront émis conformément aux modalités qui seront convenues entre l'Emetteur et les Agents Placeurs concernés, et ils devront obéir aux "Modalités des Bons d'Option " prévues aux pages 190 et suivantes à, telles que complétées par les stipulations des Conditions Définitives concernées.

INFORMATIONS GENERALES SUR LA FISCALITE

Il est recommandé aux investisseurs potentiels de recueillir l'avis de leurs propres conseillers fiscaux, indépendants et dûment qualifiés, s'agissant de l'application à leur situation personnelle des lois et des réglementations régissant l'achat, la détention, la vente et l'exercice des Bons d'Option.

Prospectus de Base n°12-311 du 28 juin 2012 HSBC France.

Émetteur : HSBC France.

PRÉSENTATION DE L'ÉMETTEUR

HSBC France est une société de droit français fondée en 1894 sous le nom de Banque Suisse et Française. En 1917, BSF, Maison Aynard et fils, et Caisse de Crédit de Nice fusionnèrent pour créer le CCF. Nationalisé en 1982 puis privatisé en 1987, le CCF a intégré le Groupe HSBC en juillet 2000.

Le CCF a adopté la marque HSBC le 1^{er} novembre 2005 et est devenu HSBC France.

HSBC, dont le siège social est à Londres, est l'un des plus importants groupes de services bancaires et financiers au monde. Son réseau international couvre environ 85 pays et territoires.

Cotées sur les Bourses de Londres, Hong Kong, New York, Paris et des Bermudes, les actions HSBC Holdings plc ("**HSBC Holdings**") sont détenues par plus de 220 000 actionnaires dans 132 pays et territoires. Les actions sont négociées sur la Bourse de New York sous la forme d'*American Depository Receipts*.

Par ailleurs, HSBC Holdings plc est un émetteur enregistré conformément à la réglementation américaine sur les valeurs mobilières et est tenu, selon cette réglementation, de publier certaines informations financières auprès de la *Securities and Exchange Commission*.

SECTEURS D'ACTIVITÉ

HSBC en France développe des activités de banque universelle au service de plus de 823.000 clients Particuliers et de plus de 116.000 clients Entreprises, grâce à l'expertise de ses 10.850 collaborateurs dans près de 400 points de vente. L'activité de HSBC France est orientée vers (i) la Banque de particuliers et gestion de patrimoine, (ii) la Banque d'entreprises, (iii) la Banque de financement, d'investissement et de marchés, la Gestion d'actifs et (iv) la Banque privée.

La **Banque de particuliers et gestion de patrimoine** offre à ses clients particuliers et professionnels un accompagnement personnalisé, ainsi qu'une approche patrimoniale et globale. HSBC en France poursuit sa politique de conquête sur son segment cible, la clientèle patrimoniale, en s'appuyant sur les atouts du Groupe HSBC.

La **Banque d'entreprises** propose une gamme étendue de produits et services domestiques et internationaux afin d'accompagner au quotidien une clientèle variée d'entreprises, de la TPE à la multinationale, notamment

en matière de *cash management*, *trade services* et d'affacturage, en s'appuyant sur un réseau spécialisé par profil et taille de clients, ainsi que des agences directes destinées aux TPE et Petites et Moyennes Associations.

La **Banque de financement, d'investissement et de marchés** accompagne les grandes entreprises et les institutionnels dans leurs projets et leurs opérations en France et dans le monde. Elle propose une gamme complète de solutions :

- (i) de banque de financement : banque d'entreprise, *payment and cash management*, financements d'acquisitions avec effet de levier, immobilier et financements structurés ;
- (ii) banque d'investissement : fusion et acquisition, introduction en bourse, augmentation de capital ;
- (iii) banque de marchés : à Paris, elle est l'une des quatre plateformes de marchés du Groupe, (avec Londres, Hong Kong et New York) et le centre d'expertise du Groupe sur trois activités : les structurés de taux, les produits liquides en euros et les dérivés actions.

En **Gestion d'actifs** : *HSBC Global Asset Management*, spécialiste de la gestion d'actifs du Groupe HSBC, propose des solutions d'investissement ciblées pour une clientèle de particuliers, d'entreprises et d'institutionnels. En France, *HSBC Global Asset Management* est reconnu comme:

- (i) un acteur majeur sur les marchés émergents ;
- (ii) l'un des distributeurs d'OPCVM les plus actifs au monde, au travers d'une gamme d'OPCVM donnant accès à l'ensemble des marchés développés et émergents et composée de stratégies de gestion actions, obligations, diversifiées, alternatives, de trésorerie et de multigestion ;
- (iii) un expert en solutions d'épargne salariale pour les entreprises.

La **Banque privée** : *HSBC Private Bank* propose une offre de produits et de services personnalisés à une clientèle fortunée résidente et internationale.

Information Clé :

L'exercice en bref⁷

Groupe HSBC France

(en millions d'euros)	2011	2010
Résultat avant impôt	59	512
Résultat net part du groupe	123	454
Résultat avant impôt des activités du Groupe HSBC en	191	628

⁷Chiffres financiers consolidés publiés – périmètre légal de HSBC France. En normes IFRS telles qu'adoptées par l'Union européenne.

France⁸

Au 31 décembre

Coût du risque	109	122
Résultat d'Exploitation	59	512
Trésorerie en fin de période	29.033	30.091
Fonds propres	4.821	4.832
Prêts et créances sur les établissements de crédit et sur la clientèle	82.984	95.291
Dettes envers les établissements de crédit et comptes créditeurs de la clientèle	75.234	86.055
Total du bilan	221.390	210.836

Nombre de salariés (équivalent temps plein)

10.030 10.121

Ratios prudentiels

Total des fonds propres ⁹	10,7%	12,0%
Ratio Tier One ³	10,7%	12,1%
Coefficient d'exploitation	90,6%	73,0%

Arrangeur :

HSBC Bank plc.

Agent placeur :

HSBC Bank plc.

Description :

Programme d'émission de Bons d'Option indexés sur action, panier d'actions, indice, panier d'indices, part d'*Exchange Traded Fund* (ETF) ou panier d'*Exchange Traded Fund* (ETFs), *American Depositary Receipt* (ADR)/*Global Depositary Receipt* (GDR) ou panier d'ADRs/GDRs.

⁸ La contribution de la France aux résultats du Groupe HSBC inclut :

- le groupe HSBC France, y compris le résultat des entités appartenant légalement à HSBC France mais situées hors de France (principalement les activités de Gestion d'actifs détenues à l'étranger, CMSL au Royaume-Uni), c'est-à-dire le périmètre légal dans son intégralité, et, d'autre part, la succursale à Paris de HSBC Bank plc, qui porte les activités de dérivés sur actions ainsi que HSBC Assurances Vie (France) et HSBC Assurances IARD (France), à l'exclusion des coûts de financement et de la dette d'acquisition comptabilisée par HSBC Bank plc Paris Branch ;
- les fonds monétaires dynamiques détenus à plus de 50 % par le groupe HSBC France, consolidés depuis le 1er trimestre 2008.

⁹ Ratios en Bâle I jusqu'en 2007 et en Bâle II à partir de 2008.

Montant d'émissions :	Limite globale de EUR 20.000.000.000.
Agent Financier, Agent Payeur Principal et Agent de Calcul :	HSBC Bank plc.
Agent Payeur à Paris :	HSBC France.
Méthode d'émission :	Les Bons d'Option pourront être offerts ou non au public et/ou cotés et admis ou non aux négociations, et seront dans tous les cas émis dans le cadre d'émissions syndiquées ou non-syndiquées.
Maturité :	Un mois minimum à compter de la date d'émission initiale.
Fonctionnement des Bons d'Option :	Les Bons d'Option donnent le droit aux porteurs, et non l'obligation, d'acheter (dans le cas de Bons d'Option d'Achat) ou de vendre (dans le cas de Bons d'Option de Vente) un sous-jacent à un prix fixé à l'avance (le Prix d'Exercice). <ul style="list-style-type: none"> (i) Bons d'Option de type américain (ii) Bons d'Option de type bermudien (iii) Bons d'Option de type européen
Rang de créance des Bons d'Option :	Les Bons d'Option, et le cas échéant, les Coupons et Reçus y afférents, constitueront des engagements directs, inconditionnels, non subordonnés et non assortis de sûretés de l'Emetteur, et viendront au même rang entre eux sans préférence, et (sous réserve des exceptions impératives du droit français) au même rang que tous les autres engagements chirographaires et non subordonnés, présents ou futurs, de l'Emetteur.
Forme des Bons d'Option :	Les Bons d'Option sont émis dans le cadre de la législation française sur la dématérialisation sous la forme au porteur.
Droit Applicable :	Droit français.
Systèmes de compensation :	Euroclear France en qualité de dépositaire central pour les Bons d'Option Dématérialisés et, pour les Bons d'Option Matérialisés, Clearstream, Luxembourg et Euroclear ou tout autre système de compensation que l'Emetteur, l'Agent Financier et l'Agent Placeur concerné conviendraient de désigner.
Cotation et admission aux négociations des Bons d'Option :	Les Bons d'Option pourront faire l'objet d'une admission aux négociations sur le marché réglementé Euronext Paris et/ou d'autres bourses et/ou d'autres marchés réglementés, comme mentionné dans les Conditions Définitives. Les Conditions Définitives concernées pourront prévoir qu'une Souche de Bons d'Option ne fera l'objet d'aucune admission aux négociations et cotation.
Offre au public :	Les Bons d'Option pourront être offerts au public dans tout Etat membre de l'Espace Economique Européen, seulement lorsque cela sera indiqué dans les Conditions Définitives concernées et conformément aux lois et

règlements applicables.

Notation du Programme : L'Emetteur a fait l'objet d'une notation AA- par Standard & Poor's Ratings Services, division de The McGraw-Hill Companies, Inc., A1 par Moody's Investors Service et AA par Fitch Ratings.

Restrictions de Vente : Se reporter à la section "Souscription et Vente". Dans le cadre de l'offre et la vente d'une Tranche donnée, des restrictions de vente supplémentaires peuvent être imposées et seront alors indiquées dans les Conditions Définitives concernées.

L'Emetteur relève de la Catégorie 2 pour les besoins de la Réglementation S de la Loi Américaine sur les Valeurs Mobilières de 1933 (*Regulation S under the United States Securities Act of 1933*), telle que modifiée (la "**Loi Américaine sur les Valeurs Mobilières**").

Les Bons d'Option Matérialisés seront émis en conformité avec la Réglementation fiscale américaine (*U.S. Treas. Reg.*) §1.163-5(c)(2)(i)(D) (les "**Règles D**") sauf dans le cas où (i) les Conditions Définitives concernées stipulent que ces Bons d'Option Matérialisés seront émis en conformité avec la Réglementation fiscale américaine (*U.S. Treas. Reg.*) §1.163-5(c)(2)(i)(C) (les "**Règles C**"), et dans le cas où (ii) ces Bons d'Option Matérialisés ne sont pas émis en conformité avec les Règles C ou les Règles D mais dans des conditions telles qu'ils ne constituent pas des titres dont l'enregistrement est requis par la loi américaine de 1982 sur l'équité d'imposition et la responsabilité fiscale (*United States Tax Equity and Fiscal Responsibility Act of 1982*) ("**TEFRA**"), auquel cas les Conditions Définitives concernées préciseront que les règles TEFRA ne s'appliquent pas à l'opération.

Les règles TEFRA ne s'appliquent pas aux Bons d'Option Dématérialisés qui ne constituent pas des titres au porteur pour les besoins de la réglementation fiscale américaine.

Facteurs de risque : Facteurs de risque liés à l'Emetteur et à ses activités.

Un certain nombre de facteurs pourrait modifier parfois substantiellement les résultats réels par rapport à ceux anticipés. Les facteurs suivants ne doivent pas être regardés comme un état complet et exhaustif de tous les risques potentiels et de toutes les incertitudes auxquels pourraient faire face les activités de l'Emetteur.

- (i) Risques financiers (risque de crédit, risques de marchés, risques de taux/change structurels/ liquidité).
- (ii) Risques opérationnels (risque juridique, risque fiscal, risque informatique, continuité d'activité)

Facteurs de risque liés aux Bons d'Option

- (i) les risques liés à l'investissement : les Bons d'Option pourraient ne pas être adaptés à tous les investisseurs ;

- (ii) les risques liés à la structure de certaines émissions des Bons d'Option ;
- (iii) les risques généraux liés aux Bons d'Option ;
- (iv) les risques généraux relatifs aux marchés (risque de liquidité, risques de change, risque de taux et de crédit) ;
- (v) les risques liés au changement dans la réglementation.

Les Porteurs de Bons d'Option ne sont pas regroupés dans une masse en vue de la protection de leurs intérêts et ne bénéficient pas des mêmes protections que les Titulaires d'Obligations.

Pour une description détaillée des facteurs de risques, se reporter à la section "Facteurs de Risques" ci-après.

Documents accessibles au public :

Aussi longtemps que des Bons d'Option demeureront en circulation, des copies des documents suivants pourront être obtenues gratuitement, sur simple demande, *via* le site Internet de HSBC France (dont l'adresse est <http://www.hsbc.fr>) ou tout autre site Internet de l'Emetteur qui viendrait à lui succéder, pendant les heures ouvrables, auprès de l'établissement désigné de l'Emetteur et de l'Agent Financier concerné, à savoir :

- (i) les statuts de l'Emetteur ;
- (ii) le Contrat de Service Financier ;
- (iii) les tous derniers rapports annuels et semi-annuels et tous états financiers intermédiaires consolidés (non audités) de l'Emetteur ; et
- (iv) le présent Prospectus de Base, tout Supplément applicable et les Conditions Définitives relatifs à toute émission (également disponible sur le site Internet de l'AMF dont l'adresse est <http://www.amf-france.org>).

L'Emetteur publie des comptes semestriels et des comptes annuels.

SUMMARY OF THE BASE PROSPECTUS RELATING TO THE NOTES

Visa n°12 – 311 dated 28 June 2012 of the AMF

The following paragraph is to be read as an introduction to the summary if the relevant Member State has not yet implemented the changes to the summary requirements under the Directive 2010/73/EU (the "2010 PD Amending Directive").

In accordance with the article 212-8 of the General Regulations of the AMF, this summary must be read as an introduction to this Base Prospectus. Any decision by any investor to invest in the Notes which are subject to an offer to the public or which are to be admitted to trading on a regulated market should be based on a consideration of this Base Prospectus as a whole, including any document incorporated by reference therein, any supplement to this Base Prospectus from time to time and the relevant Final Terms. 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, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained or incorporated by reference 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.

The persons who have presented the summary, including where appropriate the translation, and who have requested the notification in accordance with Article 212-41 of the General Regulations of the AMF are subject to civil liability only if the contents of the summary are misleading, inaccurate or contradict other parts of the Prospectus.

The following paragraph is to be read as an introduction to the summary if the relevant Member State has implemented the changes to the summary requirements under the 2010 PD Amending Directive.

In accordance with the article 212-8 of the General Regulations of the AMF, this summary must be read as an introduction to this Base Prospectus and is provided as an aid to investors when considering whether to invest in the Notes, but is not a substitute for the Base Prospectus. Any decision to invest in the Notes should be based on a consideration of this Base Prospectus as a whole, including any document incorporated by reference in, any supplement to this Base Prospectus from time to time and the relevant Final Terms. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC, as amended) 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, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes. Where a claim relating to information contained or incorporated by reference 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.

The persons who have presented the summary, including where appropriate the translation, and who have requested the notification in accordance with Article 212-39 of the General Regulations of the AMF are subject to civil liability only if the contents of the summary are misleading, inaccurate or contradict other parts of the Prospectus.

Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meanings in this summary.

The Notes will be issued on such terms as shall be agreed between the Issuer and the relevant Dealer(s) and, they shall comply with the Terms and Conditions of the Notes provided on pages 84 et seq. as supplemented by the provisions of the relevant Final Terms.

GENERAL TAX INFORMATION

It is recommended to the potential investors to collect the advices of their own tax counsels, independent and duly qualified, in respect of the applicability to their personal situation of the laws and regulatory governing the purchase, the holding, the sell or the exercise of the Notes.

Base Prospectus n°12-311 dated 28 June 2012 HSBC France.

Issuer: HSBC France.

PRESENTATION OF THE ISSUER

HSBC France is incorporated under French law and was founded in 1894 under the name Banque Suisse et Française (BSF). In 1917, BSF, Maison Aynard et Fils and Caisse de Crédit de Nice merged to create CCF. Privatized in 1982, and returned to the public in 1987, CCF joined the HSBC Group in July 2000.

CCF adopted the HSBC brand name on 1 November 2005 and became HSBC France.

Headquartered in London, HSBC is one of the world's largest banking and financial services organisations. Its international network covers 85 countries and territories.

With listings on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc ("**HSBC Holdings**") are held by over 220,000 shareholders in 132 countries and territories. The shares are traded on the New York Stock Exchange in the form of American Depository Receipts.

In addition, HSBC Holdings is a reporting issuer for the purposes of certain US securities regulations and in accordance therewith is required to publish certain financial information with the offices of the Securities and Exchange Commission.

BUSINESS LINES

HSBC in France offers universal banking services more than 823,000 personal customers and 116,000 business customers, through the expertise of its 10,850 staff in almost 400 branches and offices. HSBC France's activity is focused on (i) Retail Banking and Wealth Management, (ii) Commercial Banking, (iii) Global Banking and Markets, Asset management and (iv) Private Banking.

Retail Banking and Wealth Management offers individual services to personal and business customers with a holistic approach to their financial needs. Capitalising on the HSBC Group synergies, HSBC in France continues to expand in its target segment, wealth management.

Commercial Banking offers an extensive range of domestic and international products and services providing daily support to businesses ranging from VSEs to multinationals, in particular in Cash management, Trade services and Factoring, supported by a domestic network specialized by type and size of business, and direct banking services for VSEs and

VSAAs (very small enterprises and associations).

Global Banking and Markets assists large corporations and institutional investors, their complex transactions and their expansion plans, both in France and worldwide. GBM offers a complete range of services:

- (i) Corporate finance: commercial banking, payment and cash management, leveraged acquisition finance, property and structured finance;
- (ii) Investment banking: Mergers and Acquisitions, IPO, capital increase;
- (iii) Markets: Paris is one of HSBC's four hubs (with London, Hong Kong and New York) and the Group's centre of excellence for three activities: derivatives rates, euro rates and structured equity.

In **Asset Management**, HSBC Global Asset Management, Asset Management specialist of the HSBC Group, offers investment solutions targeted for individuals, businesses and institutional. In France, HSBC Global Asset Management is recognised as:

- (i) one of the major players in emerging markets;
- (ii) one of the world's leading distributors of mutual funds, through a range of funds providing access to all developed and emerging markets and consisting of strategies of management of shares, bonds, diversified, alternatives, cash and multi-management;
- (iii) an expert in employees saving solutions for businesses.

Private Banking: HSBC Private Bank offers products and services tailored to the needs of resident and international high-net-worth individuals.

Key Information:

Financial highlights¹⁰

HSBC France group

<i>(in millions of euros)</i>	2011	2010
Profit before tax	59	512
Profit attributable to shareholders	123	454
Profit before tax for the HSBC Group's operations in France ¹¹	191	628

¹⁰ Published consolidated financial information – HSBC France legal perimeter. In accordance with IFRS as endorsed by the EU.

¹¹ The contribution of France to the results of the HSBC Group's operations, includes:

- the HSBC France group, including the results of entities legally owned by HSBC France but located outside France (mainly Asset Management businesses held abroad, CMSL in the United Kingdom), that is to say the legal scope in its entirety, and also the Paris branch of HSBC Bank plc, which is engaged in equity derivative activities, as well as HSBC Assurances Vie (France) and HSBC Assurances IARD (France), to the exclusion of the costs of funding and the debt on acquisition recognised by HSBC Bank plc Paris Branch;

At 31 December		
Cost of risks	109	122
Operating income	59	512
Cash Flow at the end of the period	29,033	30,091
Shareholders' funds	4,821	4,832
Loans and advances to customers and banks	82,984	95,291
Customers' accounts and deposits by banks	75,234	86,055
Total assets	221,390	210,836
Number of employees (full-time equivalents)	10,030	10,121
Capital ratios		
Total capital ¹²	10.7%	12.0%
Tier One capital ⁶	10.7%	12.1%
Cost efficiency ratio	90.6%	73.0%

Arranger: HSBC Bank plc.

Dealers: HSBC Bank plc.

Description: Issuance program of Equity-Linked Notes, Equity Basket-Linked Notes, Index Linked Notes, Index Basket-Linked Notes, Exchange Traded Fund, ETF Basket-Linked Notes, American Depositary Receipt (ADR)/Global Depositary Receipt (GDR) Linked Notes or ADR/GDR Basket Linked Notes.

Issuance Amount: Global limit of EUR 20,000,000,000.

Fiscal Agent, Principal Paying Agent and Calculation Agent: HSBC Bank plc.

Paris Paying Agent: HSBC France.

Method of Issue: The Notes may be offered to the public or not and/or listed and admitted to trading or not, and in each case may be issued on a syndicated or non-syndicated basis.

- dynamic money market funds in which the HSBC France group has a controlling interest, consolidated since the 1st quarter of 2008.

¹² Capital ratios under Basel I until 2007 and under Basel II from 2008.

Maturities:	Minimum maturity of one month from the date of original issue.
Denomination(s):	The Notes shall be issued in the Specified Denomination(s) set out in the relevant Final Terms. Dematerialised Notes shall be issued in one denomination only.
Status of the Notes:	The Notes, and, where applicable, any relative Coupons and Receipts, appropriate to the Notes, will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) <i>pari passu</i> with all other present or future unsecured and unsubordinated obligations of the Issuer.
Events of Default:	The terms of the Notes will contain events of default in respect of Unsubordinated Notes as set out in Article 11 of the Terms and Conditions of the Notes (<i>Modalités des Obligations</i>).
Optional Redemption of the Notes:	The Final Terms issued in respect of each issue of each Tranche will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Zero Coupon Note:	Zero Coupon Notes may be issued at a discount and will not bear interest.
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.
Form of Notes:	Notes may be issued either in dematerialised form (" Dematerialised Notes ") or in materialised form (" Materialised Notes ").
Governing Law:	French law.
Clearing Systems:	Euroclear France as central depository in relation to Dematerialised Notes and, in relation to Materialised Notes, Clearstream, Luxembourg and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s).
Listing and admission to trading:	The Notes may be subject to an application has been made to the regulated market NYSE Euronext and/or others Stock Exchange and/or others regulated markets, as mentioned in the Final Terms. The relevant Final Terms could provide that a Tranche of Financial Instruments would not be subject to any application or listing.

Offer to the public: The Notes may be offered to the public in any Member State of the EEA only if so specified in the relevant Final Terms and in accordance with any applicable laws and regulations.

Rating of the Programme: The Issuer is rated AA- by Standard & Poor's Ratings Services, division of The McGraw-Hill Companies, Inc. A1 by Moody's Investors Service and AA by Fitch Ratings.

Selling Restrictions: See "Subscription and Sale". In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

Materialised Financial Instruments will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms state that such Materialised Financial Instruments are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) such Materialised Financial Instruments are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Dematerialised Notes which are not in bearer form for US tax purposes do not require compliance with the TEFRA Rules.

Risk factors:

Risk factors relating to the Issuer and its activities

There are a number of factors which could cause the Issuer'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 Issuer's businesses.

- (i) Financial Risks financiers (credit risk, markets risks, interest/foreign exchange risk, structural risks, liquidity risks).
- (ii) Operational risks (legal risk, tax risk, IT risks, continuity of the business).

Risk factors relating to the Notes

- (i) Investment risks. The Notes may not be a suitable investment for all investors.
- (ii) Risks related to the structure of a particular issue of the Notes.
- (iii) Risks related to the Notes generally.
- (iv) Risks related to the market generally including liquidity risk, exchange rate risk, interest rate risk and credit risk.

- (v) Risks related to changes in regulation.

Please see "Risk Factors" below for further details.

Available information:

So long as the Notes will remain in circulation, copies of the following documents could be freely obtained, through a simple request, via HSBC France website (the address of which is <http://www.hsbc.fr>) or any other websites of the Issuer who will succeed him, during normal business hours at the establishment designated by the relevant Issuer and the relevant Fiscal Agent, namely:

- (i) the articles of associations of the Issuer
- (ii) Financial Services Contracts (*Contrats de Service Financier*)
- (iii) all the last annual reports and semi-annual and all unaudited interim consolidated financial statement of the Issuer; and
- (iv) this Base Prospectus, any Supplement applicable and the Final Terms related to any issue (also available on the AMF website address of which is <http://www.amf-france.org>).

The issuer publishes half year statements and annual statements.

SUMMARY OF THE BASE PROSPECTUS RELATING TO THE CERTIFICATES

Visa n°12 – 311 dated 28 June 2012 of the AMF

The following paragraph is to be read as an introduction to the summary if the relevant Member State has not yet implemented the changes to the summary requirements under the Directive 2010/73/EU (the "2010 PD Amending Directive").

In accordance with the article 212-8 of the General Regulations of the AMF, this summary must be read as an introduction to this Base Prospectus. Any decision by any investor to invest in the Certificates which are subject to an offer to the public or which are to be admitted to trading on a regulated market should be based on a consideration of this Base Prospectus as a whole, including any document incorporated by reference therein, any supplement to this Base Prospectus from time to time and the relevant Final Terms. 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, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained or incorporated by reference 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.

The persons who have presented the summary, including where appropriate the translation, and who have requested the notification in accordance with Article 212-41 of the General Regulations of the AMF are subject to civil liability only if the contents of the summary are misleading, inaccurate or contradict other parts of the Prospectus.

The following paragraph is to be read as an introduction to the summary if the relevant Member State has implemented the changes to the summary requirements under the 2010 PD Amending Directive.

In accordance with the article 212-8 of the General Regulations of the AMF, this summary must be read as an introduction to this Base Prospectus and is provided as an aid to investors when considering whether to invest in the Certificates, but is not a substitute for the Base Prospectus. Any decision to invest in the Certificates should be based on a consideration of this Base Prospectus as a whole, including any document incorporated by reference in, any supplement to this Base Prospectus from time to time and the relevant Final Terms. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC, as amended) 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, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in the Certificates. Where a claim relating to information contained or incorporated by reference 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.

The persons who have presented the summary, including where appropriate the translation, and who have requested the notification in accordance with Article 212-39 of the General Regulations of the AMF are subject to civil liability only if the contents of the summary are misleading, inaccurate or contradict other parts of the Prospectus.

Words and expressions defined in "Terms and Conditions of the Certificates" shall have the same meanings in this summary.

The Certificates will be issued on such terms as shall be agreed between the Issuer and the relevant Dealer(s) and, they shall comply with the Terms and Conditions of the Certificates provided on pages 147 et seq. as supplemented by the provisions of the relevant Final Terms.

GENERAL TAX INFORMATION

It is recommended to the potential investors to collect the advices of their own tax counsels, independent and duly qualified, in respect of the applicability to their personal situation of the laws and regulatory governing the purchase, the holding, the sell or the exercise of the Certificates.

Base Prospectus n°12-311 dated 28 June 2012 HSBC France.

Issuer: HSBC France.

PRESENTATION OF THE ISSUER

HSBC France is incorporated under French law and was founded in 1894 under the name Banque Suisse et Française (BSF). In 1917, BSF, Maison Aynard et Fils and Caisse de Crédit de Nice merged to create CCF. Privatized in 1982, and returned to the public in 1987, CCF joined the HSBC Group in July 2000.

CCF adopted the HSBC brand name on 1 November 2005 and became HSBC France.

Headquartered in London, HSBC is one of the world's largest banking and financial services organisations. Its international network covers 85 countries and territories.

With listings on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc ("**HSBC Holdings**") are held by over 220,000 shareholders in 132 countries and territories. The shares are traded on the New York Stock Exchange in the form of American Depository Receipts.

In addition, HSBC Holdings is a reporting issuer for the purposes of certain US securities regulations and in accordance therewith is required to publish certain financial information with the offices of the Securities and Exchange Commission.

BUSINESS LINES

HSBC in France offers universal banking services more than 823,000 personal customers and 116,000 business customers, through the expertise of its 10,850 staff in almost 400 branches and offices. HSBC France's activity is focused on (i) Retail Banking and Wealth Management, (ii) Commercial Banking, (iii) Global Banking and Markets, Asset management and (iv) Private Banking.

Retail Banking and Wealth Management offers individual services to personal and business customers with a holistic approach to their financial needs. Capitalising on the HSBC Group synergies, HSBC in France continues to expand in its target segment, wealth management.

Commercial Banking offers an extensive range of domestic and international products and services providing daily support to businesses ranging from VSEs to multinationals, in particular in Cash management, Trade services and Factoring, supported by a domestic network specialized by type and size of business, and direct banking services for VSEs and

VSAAs (very small enterprises and associations).

Global Banking and Markets assists large corporations and institutional investors, their complex transactions and their expansion plans, both in France and worldwide. GBM offers a complete range of services:

- (i) Corporate finance: commercial banking, payment and cash management, leveraged acquisition finance, property and structured finance;
- (ii) Investment banking: Mergers and Acquisitions, IPO, capital increase;
- (iii) Markets: Paris is one of HSBC's four hubs (with London, Hong Kong and New York) and the Group's centre of excellence for three activities: derivatives rates, euro rates and structured equity.

In **Asset Management**, HSBC Global Asset Management, Asset Management specialist of the HSBC Group, offers investment solutions targeted for individuals, businesses and institutional. In France, HSBC Global Asset Management is recognised as:

- (i) one of the major players in emerging markets;
- (ii) one of the world's leading distributors of mutual funds, through a range of funds providing access to all developed and emerging markets and consisting of strategies of management of shares, bonds, diversified, alternatives, cash and multi-management;
- (iii) an expert in employees saving solutions for businesses.

Private Banking: HSBC Private Bank offers products and services tailored to the needs of resident and international high-net-worth individuals.

Key Information:

Financial highlights¹³

HSBC France group

<i>(in millions of euros)</i>	2011	2010
Profit before tax	59	512
Profit attributable to shareholders	123	454
Profit before tax for the HSBC Group's operations in France ¹⁴	191	628

¹³ Published consolidated financial information – HSBC France legal perimeter. In accordance with IFRS as endorsed by the EU.

¹⁴ The contribution of France to the results of the HSBC Group's operations, includes:

- the HSBC France group, including the results of entities legally owned by HSBC France but located outside France (mainly Asset Management businesses held abroad, CMSL in the United Kingdom), that is to say the legal scope in its entirety, and also the Paris branch of HSBC Bank plc, which is engaged in equity derivative activities, as well as HSBC Assurances Vie (France) and HSBC Assurances IARD (France), to the exclusion of the costs of funding and the debt on acquisition recognised by HSBC Bank plc Paris Branch;

At 31 December		
Cost of risks	109	122
Operating income	59	512
Cash Flow at the end of the period	29,033	30,091
Shareholders' funds	4,821	4,832
Loans and advances to customers and banks	82,984	95,291
Customers' accounts and deposits by banks	75,234	86,055
Total assets	221,390	210,836
Number of employees (full-time equivalents)	10,030	10,121
Capital ratios		
Total capital ¹⁵	10.7%	12.0%
Tier One capital ⁶	10.7%	12.1%
Cost efficiency ratio	90.6%	73.0%

Arranger: HSBC Bank plc.

Dealers: HSBC Bank plc.

Description: Issuance program of Equity-Linked Certificates, Equity Basket-Linked Certificates, Index-Linked Certificates, Index Basket-Linked Certificates, Exchange Traded Fund, (ETF) Linked Certificates or ETF Basket-Linked Certificates, American Depositary Receipt (ADR)/Global Depositary Receipt (GDR) Linked Certificates or ADR/GDR Basket-Linked Certificates.

Issuance Amount: Global limit of EUR 20,000,000,000.

Fiscal Agent, Principal Paying Agent and Calculation Agent: HSBC Bank plc.

Paris Paying Agent: HSBC France.

Method of Issue: The Certificates may be offered to the public or not and/or listed and admitted to trading or not, and in each case may be issued on a syndicated or non-syndicated basis.

- dynamic money market funds in which the HSBC France group has a controlling interest, consolidated since the 1st quarter of 2008.

¹⁵ Capital ratios under Basel I until 2007 and under Basel II from 2008.

Maturities:	Minimum maturity of one month from the date of original issue.
Status of the Certificates:	Certificates, and, where applicable, any relative Coupons and Receipts, appropriate to the Certificates, will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) <i>pari passu</i> with all other present or future unsecured and unsubordinated obligations of the Issuer.
Optional Redemption of the Certificates:	The Final Terms issued in respect of each issue of each Tranche will state whether such Certificates may be redeemed prior to their stated maturity at the option of the holders, and if so the terms applicable to such redemption.
Zero Coupon Certificates:	Zero Coupon Certificate may be issued at a discount and will not bear interest.
Index Linked Certificates:	Payments of principal in respect of Index Linked Redemption Certificates or of interest in respect of Index Linked Interest Certificates will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.
Form of Certificates:	The Certificates are issued under the French legislation related to the dematerialised bearer form. (<i>dematerialisation sous la forme au porteur</i>).
General characteristics of the Certificates:	The final characteristics of the Certificates will be set out in the Final Terms. <ul style="list-style-type: none"> • Certificates with closed maturity • Certificates with opened maturity • Anticipated maturity of the Certificates
Governing Law:	French law.
Clearing Systems:	Euroclear France as central depository in relation to Dematerialised Certificates and, in relation to Materialised Certificates, Clearstream, Luxembourg and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s).
Listing and admission to trading:	The Certificates may be subject to an application has been made o to the regulated market NYSE Euronext and/or others Stock Exchange and/or others regulated markets, as mentioned in the Final Terms. The relevant Final Terms could provide that a Tranche of Certificates would not be subject to any application or listing.
Offer to the public:	The Certificates may be offered to the public in any Member State of the EEA only if so specified in the relevant Final Terms and in accordance with any applicable laws and regulations.
Rating of the Programme:	The Issuer is rated AA- by Standard & Poor's Ratings Services, division of The McGraw-Hill Companies, Inc. and A1 by Moody's Investors Service

and AA by Fitch Ratings.

Selling Restrictions:

See "Subscription and Sale". In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

Materialised Certificates will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms state that such Materialised Certificates are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) such Materialised Certificates are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Dematerialised Certificates which are not in bearer form for US tax purposes do not require compliance with the TEFRA Rules.

Risk factors:

Risk factors relating to the Issuer and its activities

There are a number of factors which could cause the Issuer'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 Issuer's businesses.

- (i) Financial Risks financiers (credit risk, markets risks, interest/foreign exchange risk, structural risks, liquidity risks).
- (ii) Operational risks (legal risk, tax risk, IT risks, continuity of the business)

Risk factors relating to the Certificates

There are certain additional factors which are material for the purpose of assessing the risks related to the Certificates issued under the Programme including the following:

- (i) Investment risks. The Certificates may not be a suitable investment for all investors.
- (ii) Risks related to the structure of a particular issue of the Certificates.
- (iii) Risks related to the Certificates generally.
- (iv) Risks related to the market generally including liquidity risk, exchange rate risk, interest rate risk and credit risk.

- (v) Risks related to changes in regulation.

Holders of Certificates are not grouped each in a single masse in the view of protection of their interest and do not benefit from the same protections as Holders of the Notes.

Please see "Risk Factors" below for further details.

Available information:

So long as Certificates will remain in circulation, copies of the following documents could be freely obtained, through a simple request, *via* HSBC France website (the address of which is <http://www.hsbc.fr>) or any other websites of the Issuer who will succeed him, during normal business hours at the establishment designated by the relevant Issuer and the relevant Fiscal Agent, namely:

- (i) the articles of associations of the Issuer;
- (ii) Financial Services Contracts (*Contrats de Service Financier*);
- (iii) all the last annual reports and semi-annual and all unaudited interim consolidated financial statement of the Issuer; and
- (iv) this Base Prospectus, any Supplement applicable and the Final Terms related to any issue (also available on the AMF website address of which is <http://www.amf-france.org>).

The issuer publishes half year statements and annual statements.

SUMMARY OF THE BASE PROSPECTUS RELATING TO THE WARRANTS

Visa n°12 – 311 dated 28 June 2012 of the AMF

The following paragraph is to be read as an introduction to the summary if the relevant Member State has not yet implemented the changes to the summary requirements under the Directive 2010/73/EU (the "2010 PD Amending Directive").

In accordance with the article 212-8 of the General Regulations of the AMF, this summary must be read as an introduction to this Base Prospectus. Any decision by any investor to invest in the Warrants which are subject to an offer to the public or which are to be admitted to trading on a regulated market should be based on a consideration of this Base Prospectus as a whole, including any document incorporated by reference therein, any supplement to this Base Prospectus from time to time and the relevant Final Terms. 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, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained or incorporated by reference 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.

The persons who have presented the summary, including where appropriate the translation, and who have requested the notification in accordance with Article 212-41 of the General Regulations of the AMF are subject to civil liability only if the contents of the summary are misleading, inaccurate or contradict other parts of the Prospectus.

The following paragraph is to be read as an introduction to the summary if the relevant Member State has implemented the changes to the summary requirements under the 2010 PD Amending Directive.

In accordance with the article 212-8 of the General Regulations of the AMF, this summary must be read as an introduction to this Base Prospectus and is provided as an aid to investors when considering whether to invest in the Warrants, but is not a substitute for the Base Prospectus. Any decision to invest in the Warrants should be based on a consideration of this Base Prospectus as a whole, including any document incorporated by reference in, any supplement to this Base Prospectus from time to time and the relevant Final Terms. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC, as amended) 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, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in the Warrants. Where a claim relating to information contained or incorporated by reference 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.

The persons who have presented the summary, including where appropriate the translation, and who have requested the notification in accordance with Article 212-39 of the General Regulations of the AMF are subject to civil liability only if the contents of the summary are misleading, inaccurate or contradict other parts of the Prospectus.

Words and expressions defined in "Terms and Conditions of the Warrants" shall have the same meanings in this summary.

The Warrants will be issued on such terms as shall be agreed between the Issuer and the relevant Dealer(s) and, they shall comply with the Terms and Conditions of the Warrants provided on pages 190 et seq. as supplemented by the provisions of the relevant Final Terms.

GENERAL TAX INFORMATION

It is recommended to the potential investors to collect the advices of their own tax counsels, independent and duly qualified, in respect of the applicability to their personal situation of the laws and regulatory governing the purchase, the holding, the sell or the exercise of the Warrants.

Base Prospectus n°12-311 dated 28 June 2012 HSBC France.

Issuer: HSBC France.

PRESENTATION OF THE ISSUER

HSBC France is incorporated under French law and was founded in 1894 under the name Banque Suisse et Française (BSF). In 1917, BSF, Maison Aynard et Fils and Caisse de Crédit de Nice merged to create CCF. Privatized in 1982, and returned to the public in 1987, CCF joined the HSBC Group in July 2000.

CCF adopted the HSBC brand name on 1 November 2005 and became HSBC France.

Headquartered in London, HSBC is one of the world's largest banking and financial services organisations. Its international network covers 85 countries and territories.

With listings on the London, Hong Kong, New York, Paris and Bermuda stock exchanges, shares in HSBC Holdings plc ("**HSBC Holdings**") are held by over 220,000 shareholders in 132 countries and territories. The shares are traded on the New York Stock Exchange in the form of American Depository Receipts.

In addition, HSBC Holdings is a reporting issuer for the purposes of certain US securities regulations and in accordance therewith is required to publish certain financial information with the offices of the Securities and Exchange Commission.

BUSINESS LINES

HSBC in France offers universal banking services more than 823,000 personal customers and 116,000 business customers, through the expertise of its 10,850 staff in almost 400 branches and offices. HSBC France's activity is focused on (i) Retail Banking and Wealth Management, (ii) Commercial Banking, (iii) Global Banking and Markets, Asset management and (iv) Private Banking.

Retail Banking and Wealth Management offers individual services to personal and business customers with a holistic approach to their financial needs. Capitalising on the HSBC Group synergies, HSBC in France continues to expand in its target segment, wealth management.

Commercial Banking offers an extensive range of domestic and international products and services providing daily support to businesses ranging from VSEs to multinationals, in particular in Cash management, Trade services and Factoring, supported by a domestic network specialized by type and size of business, and direct banking services for VSEs and

VSAAs (very small enterprises and associations).

Global Banking and Markets assists large corporations and institutional investors, their complex transactions and their expansion plans, both in France and worldwide. GBM offers a complete range of services:

- (i) Corporate finance: commercial banking, payment and cash management, leveraged acquisition finance, property and structured finance;
- (ii) Investment banking: Mergers and Acquisitions, IPO, capital increase;
- (iii) Markets: Paris is one of HSBC's four hubs (with London, Hong Kong and New York) and the Group's centre of excellence for three activities: derivatives rates, euro rates and structured equity.

In **Asset Management**, HSBC Global Asset Management, Asset Management specialist of the HSBC Group, offers investment solutions targeted for individuals, businesses and institutional. In France, HSBC Global Asset Management is recognised as:

- (i) one of the major players in emerging markets;
- (ii) one of the world's leading distributors of mutual funds, through a range of funds providing access to all developed and emerging markets and consisting of strategies of management of shares, bonds, diversified, alternatives, cash and multi-management;
- (iii) an expert in employees saving solutions for businesses.

Private Banking: HSBC Private Bank offers products and services tailored to the needs of resident and international high-net-worth individuals.

Key Information:

Financial highlights¹⁶

HSBC France group

<i>(in millions of euros)</i>	2011	2010
Profit before tax	59	512
Profit attributable to shareholders	123	454
Profit before tax for the HSBC Group's operations in France ¹⁷	191	628

¹⁶ Published consolidated financial information – HSBC France legal perimeter. In accordance with IFRS as endorsed by the EU.

¹⁷ The contribution of France to the results of the HSBC Group's operations, includes:

- the HSBC France group, including the results of entities legally owned by HSBC France but located outside France (mainly Asset Management businesses held abroad, CMSL in the United Kingdom), that is to say the legal scope in its entirety, and also the Paris branch of HSBC Bank plc, which is engaged in equity derivative activities, as well as HSBC Assurances Vie (France) and HSBC Assurances IARD (France), to the exclusion of the costs of funding and the debt on acquisition recognised by HSBC Bank plc Paris Branch;

At 31 December		
Cost of risks	109	122
Operating income	59	512
Cash Flow at the end of the period	29,033	30,091
Shareholders' funds	4,821	4,832
Loans and advances to customers and banks	82,984	95,291
Customers' accounts and deposits by banks	75,234	86,055
Total assets	221,390	210,836
Number of employees (full-time equivalents)	10,030	10,121
Capital ratios		
Total capital ¹⁸	10.7%	12.0%
Tier One capital ⁶	10.7%	12.1%
Cost efficiency ratio	90.6%	73.0%

Arranger: HSBC Bank plc.

Dealers: HSBC Bank plc.

Description: Issuance program of Equity Linked Warrants, Equity Basket-Linked Warrants, Index-Linked Warrants, Index Basket-Linked Warrants, Exchange Traded Fund (ETF) Linked Warrants or ETF Basket-Linked Warrants, American Depositary Receipt (ADR)/Global Depositary Receipt (GDR) Linked Warrants or ADR/GDR Basket-Linked Warrants.

Issuance Amount: Global limit of EUR 20,000,000,000.

Fiscal Agent, Principal Paying Agent and Calculation Agent: HSBC Bank plc.

Paris Paying Agent: HSBC France.

Method of Issue: The Warrants may be offered to the public or not and/or listed and admitted to trading or not, and in each case may be issued on a syndicated or non-syndicated basis.

- dynamic money market funds in which the HSBC France group has a controlling interest, consolidated since the 1st quarter of 2008.

¹⁸ Capital ratios under Basel I until 2007 and under Basel II from 2008.

Maturities:	Minimum maturity of one month from the date of original issue.
Mechanics of the Warrants:	<p>The Warrants confers a right to the holder, but not the obligation to purchase (in the case of a warrant call) or to sell (in the case of a warrant put) an underlying to a price fixed in advance (the "Exercise Price"):</p> <ul style="list-style-type: none"> • American Warrants (<i>Bons d'option de type américain</i>). • Bermudian Warrants (<i>Bons d'option de type bermudien</i>). • European Warrants (<i>Bons d'option de type européen</i>).
Status of the Warrants:	Warrants, and, where applicable, any relative Coupons and Receipts, appropriates to the Warrants, will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank pari passu without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) pari passu with all other present or future unsecured and unsubordinated obligations of the Issuer.
Form of Warrants:	The Warrants are issued under the French legislation related to the dematerialised bearer form. (<i>dematerialisation sous la forme au porteur</i>).
Governing Law:	French law.
Clearing Systems:	Euroclear France as central depository in relation to Dematerialised Warrants and, in relation to Materialised Warrants, Clearstream, Luxembourg and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer(s).
Listing and admission to trading:	The Warrants may be subject to an application has been made o to the regulated market NYSE Euronext and/or others Stock Exchange and/or others regulated markets, as mentioned in the Final Terms. The relevant Final Terms could provide that a Tranche of Warrants would not be subject to any application or listing.
Offer to the public:	The Warrants may be offered to the public in any Member State of the EEA only if so specified in the relevant Final Terms and in accordance with any applicable laws and regulations.
Rating of the Programme:	The Issuer is rated AA- by Standard & Poor's Ratings Services, division of The McGraw-Hill Companies, Inc. and A1 by Moody's Investors Service and AA by Fitch Ratings.
Selling Restrictions:	<p>See "Subscription and Sale". In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.</p> <p>The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.</p> <p>Materialised Warrants will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "D Rules") unless (i) the relevant Final Terms state that such Materialised Warrants are issued in compliance with U.S.</p>

Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) such Materialised Warrants are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Dematerialised Warrants which are not in bearer form for US tax purposes do not require compliance with the TEFRA Rules.

Risk factors:

Risk factors relating to the Issuer and its activities

There are a number of factors which could cause the Issuer'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 Issuer's businesses.

- (i) Financial Risks financiers (credit risk, markets risks, interest/foreign exchange risk, structural risks, liquidity risks).
- (ii) Operational risks (legal risk, tax risk, IT risks, continuity of the business)

Risk factors relating to the Warrants

- (i) Investment risks. The Warrants may not be a suitable investment for all investors.
- (ii) Risks related to the structure of a particular issue of the Warrants.
- (iii) Risks related to the Warrants generally.
- (iv) Risks related to the market generally including liquidity risk, exchange rate risk, interest rate risk and credit risk.
- (v) Risks related to changes in regulation.

Holder of Warrants are not grouped each in a single masse in the view of protection of their interest and do not benefit from the same protections as Holders of the Notes.

Please see "Risk Factors" below for further details.

Available information:

So long as Warrants will remain in circulation, copies of the following documents could be freely obtained, through a simple request, *via* HSBC France website (the address of which is <http://www.hsbc.fr>) or any other websites of the Issuer who will succeed him, during normal business hours at the establishment designated by the relevant Issuer and the relevant Fiscal Agent, namely:

- (i) the articles of associations of the Issuer;

- (ii) Financial Services Contracts (*Contrats de Service Financier*);
- (iii) all the last annual reports and semi-annual and all unaudited interim consolidated financial statement of the Issuer; and
- (iv) this Base Prospectus, any Supplement applicable and the Final Terms related to any issue (also available on the AMF website address of which is <http://www.amf-france.org>).

The issuer publishes half year statements and annual statements.

RISK FACTORS RELATING TO THE ISSUER

The Notes, Certificates and Warrants are issued by HSBC France, whose sole activity is the raising and borrowing of funds through the issuance of financial and other securities. The Notes, Certificates and Warrants issued by HSBC France are not currently rated. The Issuer has, and will not have any other assets other than its issued, paid-up capital, the fees due to it in connection with the issuance of financial securities and the associated hedging transactions.

The value of the Notes, Certificates and Warrants will be affected, in part, by the assessment made by investors of the Issuer's solvency. Such assessment generally takes into account the ratings given to the Issuer's securities already in issue by the various ratings agencies such as Moody's Investors Service Limited and Standard & Poor's Corporation, a division of The McGraw Hill Companies, Inc. A reduction in the rating given to the Issuer's securities already in issue by one of these ratings agencies could result in a fall in the trading value of the Notes, Certificates or Warrants.

Potential investors should closely examine, *inter alia* and in relation to their specific financial position and investment objectives, all the information included in this Base Prospectus and, in particular, when taking their investment decision, the risk factors concerning the Issuer.

The main risk factors relating to the Issuer are as follows:

- (i) financial risks (credit risk, market risk, interest rate risk/structural foreign exchange risk/liquidity risk); and
- (ii) other operational risks (legal risk, tax risk and IT risk, continuity of the business (which, since January 2012, has been expanded to include all security, fraud and business continuity issues), human resources, compliance and accounting risk),

these are detailed on pages 62 to 87 of the 2011 Registration Document, which is incorporated by reference in this Base Prospectus.

Unforeseen events such as natural disasters, terrorist attacks or other emergencies may cause a sudden interruption in the Issuer's operations and generate significant losses. Such losses could affect property assets, financial assets and trading positions and cause staffing problems. These unforeseen events may generate additional costs (such as the payment of insurance premiums). Such events may make it impossible to obtain insurance cover against certain risks, thereby increasing the Issuer's risk.

RISK FACTORS RELATING TO THE NOTES

The terms in capitals not defined in this section will have the meaning given to them in the sections entitled "Terms and Conditions of the Notes".

The following paragraphs describe the principal risk factors that the Issuer considers material to the Notes to be listed and/or admitted to trading in order to assess the market risks associated with these Notes. Potential investors should also read the detailed information set out elsewhere in this Base Prospectus and consult their own financial and legal advisors about the risks associated with investment in a particular Series of Notes and the suitability of such an investment in light of their particular circumstances. These risk factors may be supplemented in the Final Terms relating to a particular issue of Notes.

1. **The Notes may not be a suitable investment for all investors**

Each potential investor in the Notes should determine the suitability of that investment in light of its particular circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any supplement to this Base Prospectus and the relevant Final Terms;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular circumstances, an investment in the relevant Notes and the impact the relevant Notes could have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or for which the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that could affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased with the aim of reducing risk or enhancing yield with an understood, measured, appropriate addition of risk to the overall investment portfolio. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Notes expose investors to a high degree of risk, in particular interest rate risks, foreign exchange risks, risks associated with the equity markets, credit risks, political risks and, more generally, market risks. The Notes may be subject to significant price fluctuations. Investors should be aware that their Notes may lose their value and that they should be prepared to suffer, under certain circumstances, the loss of their entire investment. The risk of the loss of the entire investment on maturity signifies that, to realise a return on their investment, investors should correctly anticipate the direction, amplitude and date of fluctuations in the value of the underlying. Moreover, the risk of fluctuations in the value of the underlying signifies that, the more a Note is traded below its acquisition price and the shorter the remaining term to maturity, the greater the risk of the investor losing all or part of its investment. The only way for the Holder to recover all or part of its investment before the Maturity Date for the Notes is to sell such Note at the market price on the secondary market.

2. **Risks related to the structure of issues of Financial Instruments**

Equity Linked Notes, Equity Basket-Linked Notes, ADR/GDR Linked Notes and ADR/GDR Basket-Linked Notes.

Equity Linked Notes, Equity Basket-Linked Notes, ADR/GDR Linked Notes and ADR/GDR Basket-Linked Notes differ from other debt instruments since the amount of the principal and/or interest payable by the relevant Issuer on redemption (early or on maturity) is linked to the market value of the underlying at that time and may be less than the total amount initially invested by the investor; consequently, the investor may not receive repayment of the full amount initially invested in the Equity Linked Notes, Equity Basket-Linked Notes, ADR/GDR Linked Notes or ADR/GDR Basket-Linked Notes.

3. **Index Linked Notes and Index Basket-Linked Notes**

The Issuer may issue Index Linked Notes and Index Basket-Linked Notes whose Settlement Amount is determined by reference to an index or formula, changes in the Underlying or other factors. Potential investors should be aware that:

- (a) the market price of such Notes may be volatile;
- (b) they may not receive any interest;
- (c) they may lose all or a substantial portion of their principal;
- (d) a factor may be subject to significant changes that may not correspond to fluctuations in interest rates, exchange rates or other indices;
- (e) if a factor applied to the Notes has a multiplier greater than one or contains some other leverage factor, the impact of any movements in the factor on the principal or interest payable is likely to be magnified; and
- (f) the timing of changes in a factor may affect the actual yield to investors, even if the average yield is consistent with their expectations. In general, the earlier the change in the factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes or Index Basket-Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisors about the risk entailed by an investment in any Index Linked Notes or Index Basket-Linked Notes and the suitability of such Notes in light of its particular circumstances.

4. **ETF Linked Notes and ETF Basket-Linked Notes**

Each Issuer may issue Notes for which the amount of an ETF Unit or ETF Basket to be delivered may depend on the prices or changes in the prices of Units in one or more ETFs. Accordingly, an investment in ETF Linked Notes or ETF Basket-Linked Notes may expose investors to the same type of risks as a direct investment in an ETF and potential investors should take expert advice.

Potential investors in any such Notes should be aware that, depending on the terms and/or performances of the ETF Linked Notes and ETF Basket-Linked Notes, (i) delivery of the ETF Units may take place at a different time than expected and (ii) they may lose all or a substantial portion of their investment. In addition, the movements in the prices of units or interests in one or more ETFs may be significant and may not correlate with changes in interest rates, currencies or other indices and these changes may affect the yield to investors, even if the average level of the relevant prices is not consistent with the expectations of the investors.

If the amount of the principal or interest payable is determined in conjunction with a multiplier greater than one (1) or by reference to some other leverage factor, the effect of changes in the price of an ETF Unit or ETF Basket on the principal or interest will be magnified.

The market price of Notes may be volatile and may depend on the time remaining to the redemption date and the volatility of the price of an ETF Unit or ETF Basket. The price of an ETF Unit or ETF Basket may be affected by the economic, financial and political events in one or more countries, including factors affecting the exchanges or quotation systems on which the ETF Unit or ETF Basket is listed or traded. In addition, the price of an ETF Unit or ETF Basket may be affected by the performance of the ETF's service providers, and, in particular, the ETF's manager.

Potential investors should review carefully the Base Prospectus, the Issuer's registration document and any offering document (where relevant) relating to the ETF or ETF Basket concerned prior to investing in the Notes. None of the Issuer, any company affiliated to the Issuer or the Calculation Agent makes any representation as to the solvency of an underlying ETF or ETF Basket or of the administrative or financial managers, depositary bank or of any other advisor of the ETF or ETF Basket.

The risk of the loss of their entire investment on maturity means that, in order to realise a return on their investment, investors should correctly anticipate the direction, amplitude and date of fluctuations in the value of the Equity, Equity Basket, Index or Index Basket that constitute, where relevant, the Underlying of the Notes concerned.

Fluctuations in the price of the underlying Equity (or underlying Equity Basket) will affect the value of the Equity Linked Notes or Equity Basket-Linked Notes. Fluctuations in the level of the underlying Index (or underlying Index Basket) will affect the value of the Index Linked Notes or Index Basket-Linked Notes.

Investors risk losing the full amount of their investment if the value of the underlying does not move in the direction anticipated.

Several factors may, at the same time, affect the value of a Note such that the effect of a single risk factor, and, in particular, a combination of risk factors, on the value of a Note, is difficult to predict.

An investment in the Notes is not an investment in the underlyings of the Notes and the Owners of Notes have no rights over the underlyings concerned other than those detailed in the Base Prospectus and in the applicable Final Terms. In particular, when the underlyings of the Notes are financial securities or an index, the Owners of the Notes have no rights (such as voting rights, rights to dividends or any other rights) against the company issuing such financial securities or the promoter of such index.

5. Notes subject to optional redemption by the Issuer

Notes with an optional redemption provision are likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of such Notes will not generally rise substantially above the price at which they can be redeemed. This may also apply prior to any redemption period.

The redemption price of the Notes may be lower than the purchase price of the Notes paid by the Owners. As a consequence, part of the capital invested by the Owner may be lost, so that the Owner in such case would not receive the total amount of the capital invested.

In addition, the Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. In such circumstances, an investor generally would not be able to reinvest the redemption proceeds in financial securities that have a yield as high as the yield on the Notes being redeemed and may only be able to reinvest the redemption proceeds in financial securities that have a significantly lower yield. Potential investors should consider reinvestment risk in light of other potential investments.

6. **Fixed Rate Notes**

Investment in Notes which bear interest at a Fixed Rate involves the risk that subsequent changes in market interest rates may have a significant adverse effect on the value of the relevant tranche of Notes.

7. **Floating Rate Notes**

Investment in Notes which bear interest at a Floating Rate involves (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such reference rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the relevant final terms) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of Floating Rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate.

8. **Risk factors affecting the value and trading price of the Notes**

Before purchasing or selling Notes, Owners of the Notes are advised to examine closely, *inter alia*: (i) the trading price of the Notes, (ii) the value and volatility of the underlying, (iii) the time remaining before the Settlement Date of the Notes, (iv) the liquidity of the Notes, (v) all fluctuation(s) in interest rates and interim dividends, where relevant, (vi) all fluctuation(s) in exchange rates, where relevant, (vii) the market's capacity and the liquidity of the underlying and (viii) all costs associated with the transaction.

However, the factors described above are not restrictive and their influence on the price of a Note will, in particular, depend on the characteristics specific to such Note.

9. **No Ownership Rights**

An investment in Notes relating to a Reference Asset or Relevant Factor is not the same as an investment in the Reference Asset and does not confer any legal or beneficial interest in the Reference Asset or any voting rights, rights to receive dividends or other rights that a holder of a Reference Asset may have.

10. **Certain Considerations regarding Hedging**

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

11. **Potential Conflicts of Interest**

The Issuer or affiliates of the Issuer may advise the issuers of or obligors in respect of Reference Assets regarding transactions to be entered into by them, or engage in transactions involving Reference Assets for their proprietary accounts and for third party accounts under their management. Any such transactions may have a positive or negative effect on the value of such Reference Assets and therefore on the value of any Note to which they relate. Certain affiliates of the Issuer will also be the counterparty to the hedge of the Issuer's obligations under an issue of Notes. Accordingly, these activities may cause certain conflicts of interest to arise both between the Issuer and these affiliates and between the interests of the Issuer or these affiliates and the interests of Owners.

12. **Disruption Event**

If the Calculation Agent determines that a payment disruption event or Market Disruption Event has occurred, any consequential postponement of or any alternative provisions for the valuation provided for the Notes may have an adverse effect on the value of such Notes.

13. **Value of Baskets**

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

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

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

15. **Partly-Paid Notes**

The Issuer may issue Notes for which the issue price is payable in two or more instalments. Failure to pay any subsequent instalment could result in an investor losing some or all of its investment.

16. **Inverse Floating Rate Notes**

Inverse Floating Rate Notes have a yield equal to a fixed rate, reduced on the basis of a reference rate. The market values of such Notes are typically more volatile than the market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

17. **Fixed/Floating Rate Notes**

Fixed/Floating Rate Notes 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 could affect the secondary market and the market value of such 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 between the fixed rate and the floating rate may be less favourable than the then prevailing spreads on comparable Floating Rate Notes with the same reference rate. In addition, the new floating rate may at any time 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 the then prevailing rate on its Notes.

18. **Exchange rate risks and exchange controls**

The Issuer will pay the principal and interest on the Notes in the currency specified in the relevant Final Terms (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an

investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

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

19. **Zero Coupon Notes and Notes issued below par at a substantial discount or with a substantial issue premium**

The market values of Zero Coupon Notes and all other securities issued below par at a substantial discount or with a substantial issue premium tend to fluctuate more in relation to changes in interest rates than market values for conventional interest-bearing securities do. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

20. **Leverage risk**

Leverage involves the use of certain financial techniques to increase exposure to an underlying (equities, indices, ETFs or ADRs/GDRs), and may consequently amplify both profits and losses. Whilst use of leverage potentially enables profits to be increased (supposing a profit is made) when movements in the underlying are in the direction anticipated, it amplifies losses when movements in the underlying are contrary to expectations. If the leverage effect is adverse, the maximum loss for investors will be the amount of their initial investment in respect of the Notes.

21. **Potential lack of liquidity and secondary market of the Notes**

It is not possible to foresee at what price the Notes will be traded on any given market, or whether such market will be liquid or not. Moreover, the buyback of the Notes of a given issue will result in a reduction in the number of Notes in circulation from such issue, thereby causing a fall in the liquidity of the Notes from such issue still in circulation. The fall in the liquidity of a Note issue may, in turn, cause increased volatility linked to the issue price of the Notes.

The Issuer may, but will not be required to, buy back Notes at any time, at any price on the regulated market, by auction or over the counter. All Notes thus bought back will be retained, resold or cancelled.

The Notes may not have an established trading market when issued and it is possible that a secondary market in these Notes never develops. Even if a secondary market does develop, it may not be liquid. Thus, investors could be unable to easily dispose of their Notes or to dispose of them at a price offering a yield comparable to that of similar products for which an active secondary market has developed. This is particularly the case for Notes that are especially sensitive to interest rate, market or exchange rate risks and which are issued to meet specific investment or strategic objectives or which are structured to meet the investment requirements of a limited category of investors. This type of Note will generally have a more limited secondary market and greater price volatility than conventional debt securities. The lack of liquidity may have a significant adverse effect on the market value of the Notes.

22. **Liquidity provision**

The Notes admitted for trading on Euronext Paris are subject to a liquidity provider contract entered into by HSBC Bank plc and Euronext Paris on 9 May 2012. However, execution of this contract does not provide complete protection against liquidity risk.

- For Notes traded on a European market other than Euronext Paris, the continuous market making or fixing conditions will be specified in the Final Terms.
- For Notes traded on Euronext Paris:

(a) *Continuous trading*

HSBC Bank plc has entered into a contract with Euronext Paris SA to act as liquidity provider. This role requires the inclusion of bid and offer conditions in the Notes' order book, during the trading session, in the following circumstances:

- a maximum bid and offer spread as shown in the following table, and
- a unit amount of orders corresponding to the lower of the value in euros of 50,000 Notes and €10,000,

this being under normal conditions as regards the market, the liquidity of the underlying(s) and the operation of the electronic information and order transmission systems.

FINANCIAL INSTRUMENT

MAXIMUM SPREAD

(in euros or as a percentage of the offer price)

Structured Notes

4%

The Issuer and the liquidity provider draw the public's attention to the fact that, under the terms of the liquidity provision contract and, more generally, Euronext Paris SA's operating rules:

- prior to placing any orders relating to the Notes, it is imperative that investors fully understand the trading techniques on the stock markets and, in particular, are fully aware of the characteristics of the various stock market orders available to investors. Investors are also strongly advised to inform themselves as to the spread (prices and unit amounts) published when the liquidity provider places an order;
- the liquidity provider may temporarily suspend publication of its spread if it is unable to reliably establish the valuation of the Notes. This is particularly likely to occur when the listing of the Notes' underlying(s), or of any other parameter or market instrument required to calculate said valuation, is not published in real time and/or has been stopped;
- the liquidity provider will suspend publication of an offer price if it no longer has a sufficient number of Notes to satisfy demand;
- the liquidity provider will suspend publication of a bid price and an offer price if a very low valuation of the Notes would result in the offer price being set at a level less than or equal to the maximum spread which the liquidity provider has undertaken to maintain.

Euronext Paris SA and HSBC plc may amend the liquidity provision contract, in particular with regard to the bid and offer conditions. Such changes may lead to changes in the liquidity level of the Notes. Any change in the aforementioned bid and offer spread will require a Supplement to be issued. The contract will be automatically suspended in the event of "*force majeure*" or unforeseeable or exceptional circumstances outside the parties' control.

The Issuer and the liquidity provider hereby inform the public that they will do their utmost, under normal conditions as regards the market and the liquidity of the underlying(s), to improve the minimum liquidity provided for under the contract and, in the interests of the holders in particular, to reduce the maximum spread between the bid and offer prices.

(b) *Fixing transactions*

HSBC Bank plc publishes the fixing prices of the Notes in accordance with the provisions of the Appendix to the Euronext Cash Market Trading Manual. In such a case, the Final Terms will specify the transaction form of the Notes.

23. **Limitation of liability**

The Issuer accepts no liability in respect of:

- (a) maintaining the Shares' listing on the Stock Exchange or the availability of published listings by the Stock Exchange for said Shares; and
- (b) the calculation of any Index or the publication of any Index by the Promoter, the Index Calculation Agent or the Index Sponsor.

24. **Modification of the Terms and Conditions**

Except as otherwise provided in the Final Terms, the Owners will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse*, as defined in Condition 13, and a General Meeting can be held. The Terms and Conditions permit in certain cases defined majorities to bind all Owners including those who did not attend or vote at the relevant General Meeting and those who voted in a manner contrary to the majority. The General Meeting may also deliberate on any proposal relating to the modification of the Terms and Conditions including any proposal, whether for arbitration or settlement, relating to contested rights or rights that had been the subject of judicial decisions, as more fully described in Condition 13.

25. **EU Savings Directive**

On 3 June 2003, the Council of the European Union adopted Directive 2003/48/EC regarding the taxation of savings income (the "**Savings Directive**"). The Savings Directive requires Member States to provide to the tax authorities of other Member States details of all payments of interest and other similar income within the meaning of the Savings Directive made by a paying agent within its jurisdiction to or for the benefit of an individual resident in another Member State or of certain entities established in the other Member State. However, during a transitional period, certain Member States (Austria and Luxembourg) are not required to apply the automatic exchange of information provisions but are instead required to deduct withholding tax from all interest payments within the meaning of the Savings Directive unless the beneficiary elects for the exchange of information. Since 1 July 2011 and until the end of the transitional period, such withholding tax is deducted at the rate of 35%.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount in respect of tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payments made by a

paying agent, the Issuer will be required to maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

Investors who are in any doubt as to their position should consult their professional advisors.

26. **Changes to existing legislation**

The Terms and Conditions of the Notes are based on French law in effect as at the date of this Base Prospectus. No assurance can be given that any possible judicial decision or change to French law or administrative practice after the date of this Base Prospectus will not have an impact on the Notes.

27. **French Insolvency Law**

Except as otherwise provided in the Final Terms, Owners will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse*, as defined in Condition 13. However, under French insolvency law, as amended by ordinance no. 2008-1345 dated 18 December 2008 which came into force on 15 February 2009 and related order no. 2009-160 dated 12 February 2009, as well as law no. 2010-1249 dated 22 October 2010 which came into force on 1 March 2011 and related order no. 2011-236 dated 3 March 2011, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") in order to defend their common interests if a safeguard procedure (*procédure de sauvegarde*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*), or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is commenced in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme and regardless of the governing law of the issue contract.

The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), accelerated financial safeguard plan (*plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- (a) an increase in the burden on holders of debt securities (including the Owners) by rescheduling payments which are due and/or partially or totally abandoning their claim on the debt securities;
- (b) the establishment of unequal treatment between the holders of debt securities (including the Owners) as appropriate under the circumstances; and/or
- (c) convert the debt securities (including the Notes) into securities that give or may give access to share capital.

Decisions of the Assembly will be taken by a two-thirds majority (calculated as a proportion of the amount of debt securities held by the owners that have cast a vote at such Assembly). No quorum is required to hold or convene the Assembly.

In such circumstances, the provisions relating to the Representation of the Owners described in the Terms and Conditions of the Notes set out in this Base Prospectus and, if applicable, the relevant Final Terms will be applicable only to the extent they do not conflict with mandatory insolvency law provisions that apply in these circumstances.

28. **An Owner's actual yield may be reduced by transaction costs**

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the price of the Notes. These incidental costs may significantly

reduce or even exclude the potential to profit from the Notes. For instance, credit institutions as a rule charge commissions to their clients, which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional domestic or foreign parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Owners should take into account the fact that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Owners should also take into account any additional costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

29. Market value of the Notes

The market value of the Notes may be affected by the creditworthiness of the Issuer and by a number of additional factors, including the value of the reference assets or an index, including, but not limited to, the volatility of the reference assets or the index, dividends on the securities comprising the index, market interest rates and yields and the time remaining to the maturity date.

The value of the Notes, the reference assets or the index depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes, the reference assets, the securities comprising the index, or the index are traded. The price at which an owner will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, to the issue price or the purchase price paid by such owner. The historical prices of the reference assets or the index should not be taken as an indication of the future performance of the reference assets or the index during the term of any Note.

30. Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structural, market and additional factors described in this section, and all other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold Notes and may be revised or withdrawn by the rating agency at any time.

31. Investment laws and regulations may restrict certain investments

The investment activities of certain investors are subject to laws and regulations on investment criteria, or review or regulation by certain authorities. All potential investors should consult their legal advisors to determine whether and to what extent (1) they are authorised to invest in the Notes, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to the purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

32. The risk of withholding under the US Foreign Account Tax Compliance Act (FATCA)

Investors' attention is drawn to the fact that FATCA generally requires tax to be withheld at the rate of 30% from certain payments to the benefit of certain foreign financial institutions that do not comply with the US Internal Revenue Service (IRS) agreement to provide certain information on their U.S. holders of accounts (including the holders of debt or shares). The IRS is still in the process of drawing up and publishing recommendations on the implementation of FATCA and the framework and implications for the market of this legislation are not currently clear. Consequently, it is not certain that FATCA will ultimately impose obligations on certain Holders or Issuers.

33. **Legislation affecting Dividend Equivalent Payments**

The United States Hiring Incentives to Restore Employment Act (the "**HIRE Act**") treats a "dividend equivalent" payment as a dividend from sources within the United States. Under the HIRE Act, unless limited by an applicable tax treaty with the United States, such payments would generally be subject to U.S. withholding tax. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in the preceding clauses (i) and (ii). As from 1 January 2013, a "dividend equivalent" payment includes a payment made pursuant to any notional principal contract that falls into one of the seven categories specified by the IRS unless otherwise exempted by the IRS. Where the securities relate to an interest in a fixed basket of securities or an index, such fixed basket or index will be treated as a single security. Where the securities relate to an interest in a basket of securities or an index that may provide for the payment of dividends from sources within the United States, in the absence of final guidance from the IRS, it is uncertain whether the IRS would determine that payments in respect of the securities are substantially similar to a dividend. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to U.S. withholding tax, unless limited by an applicable tax treaty. If withholding at source is required, the Issuer will not be required to pay any additional amounts with respect to amounts already withheld.

34. **Conflicts of interest and Calculation Agent**

Since the Calculation Agent may be a company within the Issuer's group, potential conflicts of interest may arise between the Calculation Agent and the Noteholders, in particular with respect to certain determinations and judgments that the Calculation Agent must make. The Calculation Agent must carry out its duties and functions as Calculation Agent in good faith and using reasonable judgment. Moreover, investors' attention is drawn to the fact that the Calculation Agent may, in connection with its adjustments and in certain cases only, use an independent expert.

It is therefore stipulated that the Calculation Agent will determine, in a reasonable manner and as promptly as possible, the adjustments in accordance with the formulae specified in the Base Prospectus; such formulae may be amended by the Calculation Agent in the Final Terms. The Calculation Agent will use an independent expert appointed by HSBC France in the event (i) of a lack of the financial information required to calculate the relevant adjustment and (ii) the Noteholder has challenged the adjustment by sending a request to HSBC France within two months of the notification of such adjustment (as notified to the Noteholder *via* the clearing systems within seven Business Days of such adjustment); the costs of such appointment are, in cases (i) and (ii), borne by HSBC France.

GENERAL INFORMATION ON TAXATION

Potential investors are advised to consult their own independent and duly qualified tax advisors as to the application to their particular circumstances of the laws and regulations governing the purchase, holding, sale and exercise of Notes.

HSBC France Base Prospectus no. 12-311 dated 28 June 2012.

RISK FACTORS RELATING TO THE CERTIFICATES

The terms in capitals not defined in this section will have the meaning given to them in the sections entitled "Terms and Conditions of the Certificates".

The following paragraphs describe the principal risk factors that the Issuer considers material to the Certificates to be listed and/or admitted to trading in order to assess the market risks associated with these Certificates. Potential investors should also read the detailed information set out elsewhere in this Base Prospectus and consult their own financial and legal advisors about the risks associated with investment in a particular Series of Certificates and the suitability of such an investment in light of their particular circumstances. These risk factors may be supplemented in the Final Terms relating to a particular issue of Certificates.

1. The Certificates may not be a suitable investment for all investors

Each potential investor in the Certificates should determine the suitability of that investment in light of its particular circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the relevant Certificates and the information contained or incorporated by reference in this Base Prospectus or any supplement to this Base Prospectus and the relevant Final Terms;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular circumstances, an investment in the relevant Certificates and the impact the relevant Certificates could have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including Certificates with principal or interest payable in one or more currencies, or for which the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the relevant Certificates and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Certificates are complex financial instruments and such instruments may be purchased with the aim of reducing risk or enhancing yield with an understood, measured, appropriate addition of risk to the overall investment portfolio. A potential investor should not invest in Certificates which are complex financial instruments unless it has the expertise (either alone or with the help of a financial advisor) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of such Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

The Certificates expose investors to a high degree of risk, in particular interest rate risks, foreign exchange risks, risks associated with the equity markets, credit risks, political risks and, more generally, market risks. The Certificates may be subject to significant price fluctuations. Investors should be aware that their Certificates may lose their value and that they should be prepared to suffer, under certain circumstances, the loss of their entire investment. The risk of the loss of the entire investment on maturity signifies that, to realise a return on their investment, investors should correctly anticipate the direction, amplitude and date of fluctuations in the value of the underlying. Moreover, the risk of fluctuations in the value of the underlying signifies that, the more a Certificate is traded below its acquisition price and the shorter the remaining term to maturity, the greater the risk of the investor losing all or part of its investment. The only way for the Holder to recover all or part of its investment before the Maturity Date for the Certificates is to sell such Certificate at the market price on the secondary market.

2. **Risks related to the structure of issues of Certificates**

Equity Linked Certificates, Equity Basket-Linked Certificates, ADR/GDR Linked Certificates and ADR/GDR Basket-Linked Certificates differ from other debt instruments since the amount of the principal and/or interest payable by the relevant Issuer on redemption (early or on maturity) is linked to the market value of the underlying at that time and may be less than the total amount initially invested by the investor; consequently, the investor may not receive repayment of the full amount initially invested in the Equity Linked Certificates, Equity Basket-Linked Certificates, ADR/GDR Linked Certificates or ADR/GDR Basket-Linked Certificates.

3. **Index Linked Certificates and Index Basket-Linked Certificates**

The Issuer may issue Index Linked Certificates and Index Basket-Linked Certificates whose Settlement Amount is determined by reference to an index or formula, changes in the Underlying or other factors. Potential investors should be aware that:

- (a) the market price of such Certificates may be volatile;
- (b) they may not receive any interest;
- (c) they may lose all or a substantial portion of their principal;
- (d) a factor may be subject to significant changes that may not correspond to fluctuations in interest rates, exchange rates or other indices;
- (e) if a factor applied to the Certificates has a multiplier greater than one or contains some other leverage factor, the impact of any movements in the factor on the principal or interest payable is likely to be magnified; and
- (f) the timing of changes in a factor may affect the actual yield to investors, even if the average yield is consistent with their expectations. In general, the earlier the change in the factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Certificates or Index Basket-Linked Certificates. Accordingly, each potential investor should consult its own financial and legal advisors about the risk entailed by an investment in any Index Linked Certificates or Index Basket-Linked Certificates and the suitability of such Certificates in light of its particular circumstances.

4. **ETF Linked Certificates and ETF Basket-Linked Certificates**

Each Issuer may issue Certificates for which the amount of an ETF Unit or ETF Basket to be delivered may depend on the prices or changes in the prices of Units in one or more ETFs. Accordingly, an investment in ETF Linked Certificates or ETF Basket-Linked Certificates may expose investors to the same type of risks as a direct investment in an ETF and potential investors should take expert advice.

Potential investors in any such Certificates should be aware that, depending on the terms and/or performances of the ETF Linked Certificates and ETF Basket-Linked Certificates, (i) delivery of the ETF Units may take place at a different time than expected and (ii) they may lose all or a substantial portion of their investment. In addition, the movements in the prices of units or interests in one or more ETFs may be significant and may not correlate with changes in interest rates, currencies or other indices and these changes may affect the yield to investors, even if the average level of the relevant prices concerned is not consistent with the expectations of the investors.

If the amount of the principal or interest payable is determined in conjunction with a multiplier greater than one (1) or by reference to some other leverage factor, the effect of changes in the price of an ETF Unit or ETF Basket on the principal or interest will be magnified.

The market price of Certificates may be volatile and may depend on the time remaining to the redemption date and the volatility of the price of an ETF Unit or ETF Basket. The price of an ETF Unit or ETF Basket may be affected by the economic, financial and political events in one or more countries, including factors affecting the exchanges or quotation systems on which the ETF Unit or ETF Basket is listed or traded. In addition, the price of an ETF Unit or ETF Basket may be affected by the performance of the ETF's service providers, and, in particular, the ETF's manager.

Potential investors should review carefully the Base Prospectus, the Issuer's registration document and any offering document (where relevant) relating to the ETF or ETF Basket concerned prior to investing in the Certificates. None of the Issuer, any company affiliated to the Issuer or the Calculation Agent makes any representation as to the solvency of an underlying ETF or ETF Basket or of the administrative or financial managers, depositary bank or of any other advisor of the ETF or ETF Basket.

The risk of the loss of their entire investment on maturity means that, in order to realise a return on their investment, investors should correctly anticipate the direction, amplitude and date of the fluctuations in the value of the Equity, Equity Basket, Index or Index Basket that constitute, where relevant, the Underlying of the Certificates concerned.

Fluctuations in the price of the underlying Equity (or underlying Equity Basket) will affect the value of the Equity Linked Certificates or Equity Basket-Linked Certificates. Fluctuations in the level of the underlying Index (or underlying Index Basket) will affect the value of the Index Linked Certificates or Index Basket-Linked Certificates.

Investors risk losing the full amount of their investment if the value of the underlying does not move in the direction anticipated.

Several factors may, at the same time, affect the value of a Certificate such that the effect of a single risk factor, and, in particular, a combination of risk factors, on the value of a Certificate, is difficult to predict.

An investment in the Certificates is not an investment in the underlyings of the Certificates and the Owners of Certificates have no rights over the underlyings concerned other than those detailed in the Base Prospectus and in the applicable Final Terms. In particular, when the underlyings of the Certificates are financial securities or an index, the Owners of the Certificates have no rights (such as voting rights, rights to dividends or any other rights) against the company issuing such financial securities or the promoter of such index.

5. Certificates subject to optional redemption by the Issuer

Certificates with an optional redemption feature are likely to limit their market value. During any period when the Issuer may elect to redeem Certificates, the market value of such Certificates will not generally rise substantially above the price at which they can be redeemed. This may also apply prior to any redemption period.

The redemption price of the Certificates may be lower than the purchase price of the Certificates paid by the Holders and/or Owners. As a consequence, part of the capital invested by the Holder and/or Owner may be lost, so that the Holder and/or Owner in such case would not receive the total amount of the capital invested.

In addition, the Issuer may be expected to redeem Certificates when its cost of borrowing is lower than the interest rate on the Certificates. In such circumstances, an investor generally would not be able to reinvest the redemption proceeds in financial securities that have a yield as high as the yield on the Certificates

being redeemed and may only be able to reinvest the redemption proceeds in financial securities that have a significantly lower yield. Potential investors should consider reinvestment risk in light of other potential investments.

6. **Fixed Rate Certificates**

Investment in Certificates which bear interest at a Fixed Rate involves the risk that subsequent changes in market interest rates may have a significant adverse effect on the value of the relevant tranche of Certificates.

7. **Floating Rate Certificates**

Investment in Certificates which bear interest at a Floating Rate involves (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such reference rate. Typically, the relevant margin will not change throughout the life of the Certificates but there will be a periodic adjustment (as specified in the relevant final terms) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of Floating Rate Certificates may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Certificates upon the next periodic adjustment of the relevant reference rate.

8. **Exchange rate risks and exchange controls**

The Issuer will pay the principal and interest on the Certificates in the currency specified in the relevant Final Terms (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Certificates, (2) the Investor's Currency-equivalent value of the principal payable on the Certificates and (3) the Investor's Currency-equivalent market value of the Certificates.

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

9. **Risk factors affecting the value and trading price of the Certificates**

Before purchasing or selling Certificates, Owners of the Certificates are advised to examine closely, *inter alia*: (i) the trading price of the Certificates, (ii) the value and volatility of the underlying, (iii) the time remaining before the Settlement Date of the Settlement Date, (iv) the liquidity of the Certificates, (v) all fluctuation(s) in interest rates and interim dividends, where relevant, (vi) all fluctuation(s) in exchange rates, where relevant, (vii) the market's capacity and the liquidity of the underlying and (viii) all costs associated with the transaction.

However, the factors described above are not restrictive and their influence on the price of a Certificate will, in particular, depend on the characteristics specific to such Certificate.

10. **No Ownership Rights**

An investment in Certificates relating to a Reference Asset or Relevant Factor is not the same as an investment in the Reference Asset and does not confer any legal or beneficial interest in the Reference Asset or any voting rights, rights to receive dividends or other rights that a holder of a Reference Asset may

have.

11. **Certain Considerations regarding Hedging**

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

12. **Potential Conflicts of interest**

The Issuer or affiliates of the Issuer may advise the issuers of or obligors in respect of Reference Assets regarding transactions to be entered into by them, or engage in transactions involving Reference Assets for their proprietary accounts and for third party accounts under their management. Any such transactions may have a positive or negative effect on the value of such Reference Assets and therefore on the value of any Certificates to which they relate. Certain affiliates of the Issuer will also be the counterparty to the hedge of the Issuer's obligations under an issue of Certificates. Accordingly, these activities may cause certain conflicts of interest to arise both between the Issuer and these affiliates and between the interests of the Issuer or these affiliates and the interests of Holders and/or Owners.

13. **Disruption Event**

If the Calculation Agent determines that a payment disruption event or Market Disruption Event has occurred, any consequential postponement of or any alternative provisions for the valuation provided for any Certificates may have an adverse effect on the value of such Certificates.

14. **Value of Baskets**

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

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

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

16. **Partly-Paid Certificates**

The Issuer may issue Certificates for which the issue price is payable in two or more instalments. Failure to pay any subsequent instalment could result in an investor losing some or all of its investment.

17. **Variable Rate Certificates with a multiplier or other leverage factor**

Certificates with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

18. **Inverse Floating Rate Certificates**

Inverse Floating Rate Certificates have a yield equal to a fixed rate, reduced on the basis of a reference rate. The market values of such Certificates are typically more volatile than the market values of other conventional floating rate Certificates based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Certificates are more volatile because an increase in the reference rate not only decreases the interest rate of the Certificates, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Certificates.

19. **Fixed/Floating Rate Certificates**

Fixed/Floating Rate Certificates 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 could affect the secondary market and the market value of such Certificates 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 between the fixed rate and the floating rate may be less favourable than the then prevailing spreads on comparable Floating Rate Certificates with the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Certificates. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing rate on its Certificates.

20. **Zero Coupon Certificates and Certificates issued below par at a substantial discount or with a substantial issue premium**

The market values of Zero Coupon Certificates and all other securities issued below the Negotiated Calculation Base (as defined in the Final Terms) at a substantial discount or with a substantial issue premium tend to fluctuate more in relation to changes in interest rates than market values for conventional interest-bearing securities do. Generally, the longer the remaining term of the Certificates, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

21. **Potential lack of liquidity and secondary market of the Certificates**

It is not possible to foresee at what price the Certificates will be traded on any given market, or whether such market will be liquid or not. Moreover, the exercise of the Certificates of a given issue will result in a reduction in the number of Certificates in circulation from such issue, thereby causing a fall in the liquidity of the Certificates from such issue still in circulation. The fall in the liquidity of a Certificate issue may, in its turn, cause increased volatility linked to the issue price of the Certificates.

The Issuer may, but will not be required to, buy back Certificates at any time, at any price on the regulated market, by auction or over the counter. All Certificates thus bought back will be retained, resold or cancelled.

The Certificates may not have an established trading market when issued and it is possible that a secondary market in these Certificates never develops. Even if a secondary market does develop, it may not be liquid. Thus, investors could be unable to easily dispose of their Certificates or dispose of them at a price offering a yield comparable to that of similar products for which an active secondary market has developed. This is particularly the case for Certificates that are especially sensitive to interest rate, market or exchange rate risks and which are issued to meet specific investment or strategic objectives or which are structured to

meet the investment requirements of a limited category of investors. This type of Certificate will generally have a more limited secondary market and greater price volatility than conventional debt securities. The lack of liquidity may have a significant adverse effect on the market value of the Certificates.

22. **Liquidity provision**

The Certificates admitted for trading on Euronext Paris are subject to a liquidity provider contract entered into by HSBC Bank plc and Euronext Paris on 9 May 2012. However, execution of this contract does not provide complete protection against liquidity risk.

- For Certificates traded on a European market other than Euronext Paris, the continuous market making or fixing conditions will be specified in the Final Terms.
- For Certificates traded on Euronext Paris:

(a) **Continuous trading**

HSBC Bank plc has entered into a contract with Euronext Paris SA to act as liquidity provider. This role requires the inclusion of bid and offer conditions in the Certificates' order book, during the trading session, in the following circumstances:

- a maximum bid and offer spread as shown in the following table, and
- a unit amount of orders corresponding to the lower of the value in euros of 50,000 Certificates and €10,000,

this being under normal conditions as regards the market, the liquidity of the underlying(s) and the operation of the electronic information and order transmission systems.

FINANCIAL INSTRUMENT

MAXIMUM SPREAD

(in euros or as a percentage of the offer price)

Certificates

Max (€3; 5%)

The Issuer and the liquidity provider draw the public's attention to the fact that, under the terms of the liquidity provision contract and, more generally, Euronext Paris SA's operating rules:

- prior to placing any orders relating to the Certificates, it is imperative that investors fully understand the trading techniques on the stock markets and, in particular, are fully aware of the characteristics of the various stock market orders available to investors. Investors are also strongly advised to inform themselves as to the spread (prices and unit amounts) published when the liquidity provider places an order.
- the liquidity provider may temporarily suspend publication of its spread if it is unable to reliably establish the valuation of the Certificates. This is particularly likely to occur when the listing of the Certificates' underlying(s), or of any other parameter or market instrument required to calculate said valuation, is not published in real time and/or has been stopped;
- the liquidity provider will suspend publication of an offer price if it no longer has a sufficient number of Certificates to satisfy demand;

- the liquidity provider will suspend publication of a bid price and an offer price if a very low valuation of the Certificates would result in the offer price being set at a level less than or equal to the maximum spread which the liquidity provider has undertaken to maintain.

Euronext Paris SA and HSBC plc may amend the liquidity provision contract, in particular with regard to the bid and offer conditions. Such changes may lead to changes in the liquidity level of the Certificates. Any change in the aforementioned bid and offer spread will require a Supplement to be issued. The contract will be automatically suspended in the event of "*force majeure*" or unforeseeable or exceptional circumstances outside the parties' control.

The Issuer and the liquidity provider hereby inform the public that they will do their utmost, under normal conditions as regards the market and the liquidity of the underlying(s), to improve the minimum liquidity provided for under the contract and, in the interests of the holders in particular, to reduce the maximum spread between the bid and offer prices.

(b) **Fixing transactions**

HSBC Bank plc publishes the fixing prices of the Certificates in accordance with the provisions of the Appendix to the Euronext Cash Market Trading Manual. In such a case, the Final Terms will specify the transaction form of the Certificates.

23. **Leverage risk**

Leverage involves the use of certain financial techniques to increase exposure to an underlying (equities, indices, ETFs or ADRs/GDRs), and may consequently amplify both profits and losses. Whilst use of leverage potentially enables profits to be increased (supposing a profit is made) when movements in the underlying are in the direction anticipated, it amplifies losses when movements in the underlying are contrary to expectations. If the leverage effect is adverse, the maximum loss for investors will be the amount of their initial investment in respect of the Certificates.

24. **Limitation of liability**

The Issuer accepts no liability in respect of:

- (a) maintaining the Shares' listing on the Stock Exchange or the availability of published listings by the Stock Exchange for said Shares; and
- (b) the calculation of any Index or the publication of any Index by the Promoter, the Index Calculation Agent or the Index Sponsor.

25. **EU Savings Directive**

On 3 June 2003, the Council of the European Union adopted Directive 2003/48/EC regarding the taxation of savings income (the "**Savings Directive**"). The Savings Directive requires Member States to provide to the tax authorities of other Member States details of all payments of interest and other similar income within the meaning of the Savings Directive made by a paying agent within its jurisdiction to or for the benefit of an individual resident in another Member State or of certain entities established in the other Member State. However, during a transitional period, certain Member States (Austria and Luxembourg) are not required to apply the automatic exchange of information provisions but are instead required to deduct withholding tax from all interest payments within the meaning of the Savings Directive unless the beneficiary elects for the exchange of information. Since 1 July 2011 and until the end of the transitional period, such withholding tax is deducted at the rate of 35%.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount in respect of tax were to be withheld from that payment, neither the Issuer nor any

paying agent nor any other person would be obliged to pay additional amounts with respect to any Certificate as a result of the imposition of such withholding tax. If a withholding tax is imposed on payments made by a paying agent, the Issuer will be required to maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

Investors who are in any doubt as to their position should consult their professional advisors.

26. Changes to existing legislation

The Terms and Conditions of the Certificates are based on French law in effect as at the date of this Base Prospectus. No assurance can be given that any possible judicial decision or change to French law or administrative practice after the date of this Base Prospectus will not have an impact on the Certificates.

27. An Owner's actual yield may be reduced by transaction costs

When Certificates are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the price of the Certificates. These incidental costs may significantly reduce or even exclude the potential to profit from the Certificates. For instance, credit institutions as a rule charge commissions to their clients, which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional - domestic or foreign - parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders and/or Owners should take into account the fact that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Holders and/or Owners should also take into account any additional costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Certificates before investing in the Certificates.

28. Market value of the Certificates

The market value of the Certificates may be affected by the creditworthiness of the Issuer and by a number of additional factors, including the value of the reference assets or an index, including, but not limited to, the volatility of the reference assets or the index, dividends on the securities comprising the index, market interest rates and yields and the time remaining to the maturity date.

The value of the Certificates, the reference assets or the index depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Certificates, the reference assets, the securities comprising the index, or the index are traded. The price at which an owner will be able to sell the Certificates prior to maturity may be at a discount, which could be substantial, to the issue price or the purchase price paid by such owner. The historical prices of the reference assets or the index should not be taken as an indication of the future performance of the reference assets or the index during the term of any Certificate.

29. Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Certificates. The ratings may not reflect the potential impact of all risks related to structural, market and additional factors described in this section, and all other factors that may affect the value of the Certificates. A credit rating is not a recommendation to buy, sell or hold Certificates and may be revised or withdrawn by the rating agency at any time.

30. **Investment laws and regulations may restrict certain investments**

The investment activities of certain investors are subject to laws and regulations on investment criteria, or review or regulation by certain authorities. All potential investors should consult their legal advisors to determine whether and to what extent (1) they are authorised to invest in the Certificates, (2) the Certificates can be used as collateral for various types of borrowing and (3) other restrictions apply to the purchase or pledge of the Certificates. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules.

31. **Grouping of Certificate holders**

Certificateholders are not grouped into a *masse* with a view to protecting their interests and do not benefit from the same protections as Noteholders.

32. **The risk of withholding under the US Foreign Account Tax Compliance Act (FATCA)**

Investors' attention is drawn to the fact that FATCA generally requires tax to be withheld at the rate of 30% from certain payments to the benefit of certain foreign financial institutions that do not comply with the US Internal Revenue Service (IRS) agreement to provide certain information on their U.S. holders of accounts (including the holders of debt or shares). The IRS is still in the process of drawing up and publishing recommendations on the implementation of FATCA and the framework and implications for the market of this legislation are not currently clear. Consequently, it is not certain that FATCA will ultimately impose obligations on certain Holders or Issuers.

33. **Legislation affecting Dividend Equivalent Payments**

The United States Hiring Incentives to Restore Employment Act (the "**HIRE Act**") treats a "dividend equivalent" payment as a dividend from sources within the United States. Under the HIRE Act, unless limited by an applicable tax treaty with the United States, such payments would generally be subject to U.S. withholding tax. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in the preceding clauses (i) and (ii). As from 1 January 2013, a "dividend equivalent" payment includes a payment made pursuant to any notional principal contract that falls into one of the seven categories specified by the IRS unless otherwise exempted by the IRS. Where the securities relate to an interest in a fixed basket of securities or an index, such fixed basket or index will be treated as a single security. Where the securities relate to an interest in a basket of securities or an index that may provide for the payment of dividends from sources within the United States, in the absence of final guidance from the IRS, it is uncertain whether the IRS would determine that payments in respect of the securities are substantially similar to a dividend. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to US withholding tax, unless limited by an applicable tax treaty. If withholding at source is required, the Issuer will not be required to pay any additional amounts with respect to amounts already withheld.

34. **Conflicts of interest and Calculation Agent**

Since the Calculation Agent may be a company within the Issuer's group, potential conflicts of interest may arise between the Calculation Agent and the Certificateholders, in particular with respect to certain determinations and judgments that the Calculation Agent must make. The Calculation Agent must carry out its duties and functions as Calculation Agent in good faith and using reasonable judgment. Moreover, investors' attention is drawn to the fact that the Calculation Agent may, in connection with its adjustments and in certain cases only, use an independent expert.

It is therefore stipulated that the Calculation Agent will determine, in a reasonable manner and as promptly as possible, the adjustments in accordance with the formulae specified in the Base Prospectus; such formulae may be amended by the Calculation Agent in the Final Terms. The Calculation Agent will use an independent expert appointed by HSBC France in the event (i) of a lack of the financial information required to calculate the relevant adjustment and (ii) the Certificateholder has challenged the adjustment by sending a request to HSBC France within two months of the notification of such adjustment (as notified to the Certificateholder *via* the clearing systems within seven Business Days of such adjustment); the costs of such appointment are, in cases (i) and (ii), borne by HSBC France.

GENERAL INFORMATION ON TAXATION

Potential investors are advised to consult their own independent and duly qualified tax advisors as to the application to their particular circumstances of the laws and regulations governing the purchase, holding, sale and exercise of Certificates.

HSBC France Base Prospectus no. 12-311 dated 28 June 2012.

RISK FACTORS RELATING TO THE WARRANTS

The terms in capitals not defined in this section will have the meaning given to them in the sections entitled "Terms and Conditions of the Warrants".

The following paragraphs describe the principal risk factors that the Issuer considers material to the Warrants to be listed and/or admitted to trading in order to assess the market risks associated with these Warrants. Potential investors should also read the detailed information set out elsewhere in this Base Prospectus and consult their own financial and legal advisors about the risks associated with investment in a particular Series of Warrants and the suitability of such an investment in light of their particular circumstances. These risk factors may be supplemented in the Final Terms relating to a particular issue of Warrants.

1. **The Warrants may not be a suitable investment for all investors**

Each potential investor in the Warrants should determine the suitability of that investment in light of its particular circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Warrants, the merits and risks of investing in the relevant Warrants and the information contained or incorporated by reference in this Base Prospectus or any supplement to this Base Prospectus and the relevant Final Terms;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular circumstances, an investment in the relevant Warrants and the impact the relevant Warrants could have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Warrants, including Warrants with principal or interest payable in one or more currencies, or for which the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the relevant Warrants and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Warrants are complex financial instruments and such instruments may be purchased with the aim of reducing risk or enhancing yield with an understood, measured, appropriate addition of risk to the overall investment portfolio. A potential investor should not invest in Warrants which are complex financial instruments unless it has the expertise (either alone or with the help of a financial advisor) to evaluate how the Warrants will perform under changing conditions, the resulting effects on the value of such Warrants and the impact this investment will have on the potential investor's overall investment portfolio.

The Warrants expose investors to a high degree of risk, in particular interest rate risks, foreign exchange risks, risks associated with the equity markets, credit risks, political risks and, more generally, market risks. The Warrants may be subject to significant price fluctuations. Investors should be aware that their Warrants may lose their value and that they should be prepared to suffer, under certain circumstances, the loss of their entire investment. The risk of the loss of the entire investment on maturity signifies that, to realise a return on their investment, investors should correctly anticipate the direction, amplitude and date of fluctuations in the value of the underlying. Moreover, the risk of fluctuations in the value of the underlying signifies that, the more a Warrant is traded below its acquisition price and the shorter the remaining term to maturity, the greater the risk of the investor losing all or part of its investment. The only way for the Holder to recover all or part of its investment before the Maturity Date for the Warrants is to sell such Warrant at the market price on the secondary market.

2. **Risks related to the structure of issues of Financial Instruments**

Equity Linked Warrants, Equity Basket-Linked Warrants, ADR/GDR Linked Warrants and ADR/GDR Basket-Linked Warrants.

Equity Linked Warrants, Equity Basket-Linked Warrants, ADR/GDR Linked Warrants and ADR/GDR Basket-Linked Warrants differ from other debt instruments since the amount of the principal and/or interest payable by the relevant Issuer on redemption (early or on maturity) is linked to the market value of the underlying at that time and may be less than the total amount initially invested by the investor; consequently, the investor may not receive repayment of the full amount initially invested in the Equity Linked Warrants, Equity Basket-Linked Warrants, ADR/GDR Linked Warrants or ADR/GDR Basket-Linked Warrants.

3. **Index Linked Warrants and Index Basket-Linked Warrants**

The Issuer may issue Index Linked Warrants and Index Basket-Linked Warrants whose Settlement Amount is determined by reference to an index or formula, changes in the Underlying or other factors. Potential investors should be aware that:

- (a) the market price of such Warrants may be volatile;
- (b) they may not receive any interest;
- (c) they may lose all or a substantial portion of their principal;
- (d) a factor may be subject to significant changes that may not correspond to fluctuations in interest rates, exchange rates or other indices;
- (e) if a factor applied to the Warrants has a multiplier greater than one or contains some other leverage factor, the impact of any movements in the factor on the principal or interest payable is likely to be magnified; and
- (f) the timing of changes in a factor may affect the actual yield to investors, even if the average yield is consistent with their expectations. In general, the earlier the change in the factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Warrants or Index Basket-Linked Warrants. Accordingly, each potential investor should consult its own financial and legal advisors about the risk entailed by an investment in any Index Linked Warrants or Index Basket-Linked Warrants and the suitability of such Warrants in light of its particular circumstances.

4. **ETF Linked Warrants and ETF Basket-Linked Warrants**

Each Issuer may issue Warrants for which the amount of an ETF Unit or ETF Basket to be delivered may depend on the prices or changes in the prices of Units in one or more ETFs. Accordingly, an investment in ETF Linked Warrants or ETF Basket-Linked Warrants may expose investors to the same type of risks as a direct investment in an ETF and potential investors should take expert advice.

Potential investors in any such Warrants should be aware that, depending on the terms and/or performances of the ETF Linked Warrants and ETF Basket-Linked Warrants, (i) delivery of the ETF Units may take place at a different time than expected and (ii) they may lose all or a substantial portion of their investment. In addition, the movements in the prices of units or interests in one or more ETFs may be significant and may not correlate with changes in interest rates, currencies or other indices and these changes may affect the yield to investors, even if the average level of the relevant prices is not consistent with the expectations of the investors.

If the amount of the principal or interest payable is determined in conjunction with a multiplier greater than one (1) or by reference to some other leverage factor, the effect of changes in the price of an ETF Unit or ETF Basket on the principal or interest will be magnified.

The market price of Warrants may be volatile and may depend on the time remaining to the redemption date and the volatility of the price of an ETF Unit or ETF Basket. The price of an ETF Unit or ETF Basket may be affected by the economic, financial and political events in one or more countries, including factors affecting the exchanges or quotation systems on which the ETF Unit or ETF Basket is listed or traded. In addition, the price of an ETF Unit or ETF Basket may be affected by the performance of the ETF's service providers, and, in particular, the ETF's manager.

Potential investors should review carefully the Base Prospectus, the Issuer's registration document and any offering document (where relevant) relating to the ETF or ETF Basket concerned prior to investing in the Warrants. None of the Issuer, any company affiliated to the Issuer or the Calculation Agent makes any representation as to the solvency of an underlying ETF or ETF Basket or of the administrative or financial managers, depositary bank or of any other advisor of the ETF or ETF Basket.

The risk of the loss of their entire investment on maturity means that, in order to realise a return on their investment, investors should correctly anticipate the direction, amplitude and date of fluctuations in the value of the Equity, Equity Basket, Index or Index Basket that constitute, where relevant, the underlying of the Warrants concerned.

Fluctuations in the price of the underlying Equity (or underlying Equity Basket) will affect the value of the Equity Linked Warrants or Equity Basket-Linked Warrants. Fluctuations in the level of the underlying Index (or underlying Index Basket) will affect the value of the Index Linked Warrants or Index Basket-Linked Warrants.

Investors risk losing the full amount of their investment if the value of the underlying does not move in the direction anticipated.

Several factors may, at the same time, affect the value of a Warrant such that the effect of a single risk factor, and, in particular, a combination of risk factors, on the value of a Warrant, is difficult to predict.

An investment in the Warrants is not an investment in the underlying of the Warrants and the Owners of Warrants have no rights over the underlying concerned other than those detailed in the Base Prospectus and in the applicable Final Terms. In particular, when the Warrants' underlyings are financial securities or an index, the Owners of said Warrants have no rights (such as voting rights, rights to dividends or any other rights) against the company issuing such financial securities or the promoter of such index.

5. Risk factors affecting the value and trading price of the Warrants

Before purchasing or selling Warrants, Holders/Owners of the Warrants are advised to examine closely, *inter alia*: (i) the trading price of the Warrants, (ii) the value and volatility of the underlying, (iii) the time remaining before the Maturity Date of the Warrants, (iv) the liquidity of the Warrants, (v) all fluctuation(s) in interest rates and interim dividends, where relevant, (vi) all fluctuation(s) in exchange rates, where relevant, (vii) the market's capacity and the liquidity of the underlying and (viii) all costs associated with the transaction.

However, the factors described above are not restrictive and their influence on the price of a Warrant will, in particular, depend on the characteristics specific to such Warrant.

6. No Ownership Rights

An investment in Warrants relating to a Reference Asset or Relevant Factor is not the same as an investment in the Reference Asset and does not confer any legal or beneficial interest in the Reference

Asset or any voting rights, rights to receive dividends or other rights that a holder of a Reference Asset may have.

7. **Certain considerations regarding Hedging**

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

8. **Potential Conflicts of interest**

The Issuer or affiliates of the Issuer may advise the issuers of or obligors in respect of Reference Assets regarding transactions to be entered into by them, or engage in transactions involving Reference Assets for their proprietary accounts and for third party accounts under their management. Any such transactions may have a positive or negative effect on the value of such Reference Assets and therefore on the value of any Warrants to which they relate. Certain affiliates of the Issuer will also be the counterparty to the hedge of the Issuer's obligations under an issue of Warrants. Accordingly, these activities may cause certain conflicts of interest to arise both between the Issuer and these affiliates and between the interests of the Issuer or these affiliates and the interests of Holders and/or Owners.

9. **Disruption Event**

If the Calculation Agent determines that a payment disruption event or Market Disruption Event has occurred, any consequential postponement of or any alternative provisions for the valuation provided for the Warrants may have an adverse effect on the value of such Warrants.

10. **Value of Baskets**

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

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

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

12. **Exercise of Warrants – Submission of Exercise Notice**

American-style and European-style Warrants will not be exercised automatically when they result in Physical Settlement, but must be exercised by submission of an Exercise Notice to the relevant clearing system (or to the relevant Authorised Financial Intermediary), with a copy to the Fiscal Agent, before

10 am on the relevant Exercise Date. In the case of American-style Warrants and European-style Warrants resulting in Physical Settlement, investors should ensure that they do not exceed the Maturity Date of the Warrants; if they omit to fill in and submit an Exercise Notice within the required timeframe, their Warrants will expire without having been exercised and will have no value.

13. Exercise of Warrants – Minimum Exercise Amount

Warrantholders must exercise a number of Warrants at least equal to the Minimum Exercise Amount specified in the Final Terms, where relevant. Warrantholders holding a fewer number of Warrants than said Minimum Exercise Amount must, to enable them to recover all or part of their investment, either (i) sell their Warrants, or (ii) purchase additional Warrants so that the total number of Warrants they each hold is at least equal to the Minimum Exercise Amount; in each case they will incur transaction costs. Moreover, Warrantholders who decide to sell their Warrants or purchase additional Warrants run the risk that differences will arise between (a) the trading price of a Warrant and (b) the Settlement Amount (in the case of Warrants resulting in Cash Settlement) or the trading price of the Number of Shares Due (in the case of Warrants resulting in Physical Settlement), applicable to such Warrant.

14. Exercise of Warrants – Maximum Exercise Amount

In the case of American-style Warrants, the number of Warrants that can be exercised on any date (other than the Maturity Date) will be limited to the Maximum Exercise Amount specified in the Final Terms, where relevant. If the total number of Warrants exercised on any date (other than the Maturity Date) exceeds the Maximum Exercise Amount, the Warrantholders risk being unable to exercise on such date all the Warrants they wish to exercise.

In such a case, (i) the number of Warrants scheduled to be exercised on that date will be reduced such that the total number of Warrants exercised on that date no longer exceeds the Maximum Exercise Amount, and (ii) the Warrants presented for exercise but not exercised on that date will be automatically exercised on the next date on which Warrants may be exercised, subject to compliance with the Maximum Exercise Amount.

15. Physical Settlement of Warrants

If the Final Terms specify that the Warrants may be subject to "Cash Settlement or Physical Settlement (at the Issuer's option)" and if the Issuer opts for Physical Settlement of the Warrants, Holders may only receive the Number of Shares Due if they have paid an amount equal to the Exercise Price multiplied by the Quantity (including all exercise expenses).

16. Potential time lag following exercise of Sets of Warrants

Should a Market Deregulation Event occur, it is possible that a time lag could arise between the date on which the Warrantholder gives exercise instructions and the date the Settlement Amount is calculated. Moreover, a time lag may occur in the event of (i) the postponement of the exercise of Warrants resulting from a daily limit on the maximum number of Warrants that can be exercised or (ii) the occurrence of an on-going delivery problem during the delivery period, in the event of the Physical Settlement of Warrants.

The Settlement Amount may vary significantly during this time lag and this change may result in a fall in the Settlement Amount of the Warrants exercised and may even reduce it to zero.

17. Potential lack of liquidity and secondary market of the Warrants

It is not possible to foresee at what price the Warrants will be traded on any given market, or whether such market will be liquid or not. Moreover, the exercise of the Warrants of a given issue will result in a reduction in the number of Warrants in circulation from such issue, thereby causing a fall in the liquidity of the Warrants from such issue still in circulation. The fall in the liquidity of a Warrant issue may, in turn, cause increased volatility linked to the issue price of the Warrants.

The Issuer may, but will not be required to, buy back Warrants at any time, at any price on the regulated market, by auction or over the counter. All Warrants thus bought back will be retained, resold or cancelled.

In the event of an issue of American-style Warrants lacking liquidity, investors could be required to exercise their Warrants to recover all or part of their investment.

The Warrants may not have an established trading market when issued and it is possible that a secondary market in these Warrants never develops. Even if a secondary market does develop, it may not be liquid. Thus, investors could be unable to easily dispose of their Warrants or to dispose of them at a price offering a yield comparable to that of similar products for which an active secondary market has developed. This is particularly the case for Warrants that are especially sensitive to interest rate, market or exchange rate risks and which are issued to meet specific investment or strategic objectives or which are structured to meet the investment requirements of a limited category of investors. This type of Warrant will generally have a more limited secondary market and greater price volatility than conventional debt securities. The lack of liquidity may have a significant adverse effect on the market value of the Warrants.

18. **Liquidity provision**

The Warrants admitted for trading on Euronext Paris are subject to a liquidity provider contract entered into by HSBC Bank plc and Euronext Paris on 9 May 2012. However, execution of this contract does not provide complete protection against liquidity risk.

- For Warrants traded on a European market other than Euronext Paris, the continuous market making or fixing conditions will be specified in the Final Terms.
- For Warrants traded on Euronext Paris:

(a) Continuous trading

HSBC Bank plc has entered into a contract with Euronext Paris SA to act as liquidity provider. This role requires the inclusion of bid and offer conditions in the Warrants' order book, during the trading session, in the following circumstances:

- a maximum bid and offer spread as shown in the following table, and
- a unit amount of orders corresponding to the lower of the value in euros of 50,000 Warrants and €10,000,

this being under normal conditions as regards the market, the liquidity of the underlying(s) and the operation of the electronic information and order transmission systems.

UNDERLYINGS	MAXIMUM SPREAD
	(in euros or as a percentage of the offer price)
CAC 40 [®] , Dow Jones EURO Stoxx 50 [®] , Dow Jones Industrial Average [®] , Nikkei 225, Nasdaq 100 [®] , FTSEurofirst 80 [®] , S&P 500 and DAX [®] indices	(€0.03; 3%) Max
Other indices	(€0.05; 5%) Max
Equity	(€0.07; 5%) Max

Basket of equities	(€0.05; 5%) Max
Interest rates	(€0.05; 5%) Max
Currencies	(€0.05; 5%) Max
Others	(€0.15; 5%) Max

The Issuer and the liquidity provider draw the public's attention to the fact that, under the terms of the liquidity provision contract and, more generally, Euronext Paris SA's operating rules:

- prior to placing any orders relating to the Warrants, it is imperative that investors fully understand the trading techniques on the stock markets and, in particular, are fully aware of the characteristics of the various stock market orders available to investors. Investors are also strongly advised to inform themselves as to the spread (prices and unit amounts) published when the liquidity provider places an order;
- the liquidity provider may temporarily suspend publication of its spread if it is unable to reliably establish the valuation of the Warrants. This is particularly likely to occur when the listing of the Warrants' underlying(s), or of any other parameter or market instrument required to calculate said valuation, is not published in real time and/or has been stopped;
- the liquidity provider will suspend publication of an offer price if it no longer has a sufficient number of Warrants to satisfy demand;
- the liquidity provider will suspend publication of a bid price and an offer price if a very low valuation of the Warrants would result in the offer price being set at a level less than or equal to the maximum spread which the liquidity provider has undertaken to maintain.

Euronext Paris SA and HSBC plc may amend the liquidity provision contract, in particular with regard to the bid and offer conditions. Such changes may lead to changes in the liquidity level of the Warrants. Any change in the aforementioned bid and offer spread will require a Supplement to be issued. The contract will be automatically suspended in the event of "*force majeure*" or unforeseeable or exceptional circumstances outside the parties' control.

The Issuer and the liquidity provider hereby inform the public that they will do their utmost, under normal conditions as regards the market and the liquidity of the underlying(s), to improve the minimum liquidity provided for under the contract and, in the interests of the holders in particular, to reduce the maximum spread between the bid and offer prices.

(b) Fixing transactions

HSBC Bank plc publishes the fixing prices of the Warrants in accordance with the provisions of the Appendix to the Euronext Cash Market Trading Manual. In such a case, the Final Terms will specify the transaction form of the Warrants.

19. **Leverage risk**

Leverage involves the use of certain financial techniques to increase exposure to an underlying (equities, indices, ETFs or ADRs/GDRs), and may consequently amplify both profits and losses. Whilst use of leverage potentially enables profits to be increased (supposing a profit is made) when movements in the underlying are in the direction anticipated, it amplifies losses when movements in the underlying are

contrary to expectations. If the leverage effect is adverse, the maximum loss for investors will be the amount of their initial investment in respect of the Warrants.

20. **Limitation of liability**

The Issuer accepts no liability in respect of:

- (a) maintaining the Shares' listing on the Stock Exchange or the availability of published listings by the Stock Exchange for said Shares; and
- (b) the calculation of any Index or the publication of any Index by the Promoter, the Index Calculation Agent or the Index Sponsor.

21. **EU Savings Directive**

On 3 June 2003, the Council of the European Union adopted Directive 2003/48/EC regarding the taxation of savings income (the "**Savings Directive**"). The Savings Directive requires Member States to provide to the tax authorities of other Member States details of all payments of interest and other similar income within the meaning of the Savings Directive made by a paying agent within its jurisdiction to or for the benefit of an individual resident in another Member State or of certain entities established in the other Member State. However, during a transitional period, certain Member States (Austria and Luxembourg) are not required to apply the automatic exchange of information provisions but are instead required to deduct withholding tax from all interest payments within the meaning of the Savings Directive unless the beneficiary elects for the exchange of information. Since 1 July 2011 and until the end of the transitional period, such withholding tax is deducted at the rate of 35%.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount in respect of tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Warrant as a result of the imposition of such withholding tax. If a withholding tax is imposed on payments made by a paying agent, the Issuer will be required to maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

Investors who are in any doubt as to their position should consult their professional advisors.

22. **Changes to existing legislation**

The Terms and Conditions of the Warrants are based on French law in effect as at the date of this Base Prospectus. No assurance can be given that any possible judicial decision or change to French law or administrative practice after the date of this Base Prospectus will not have an impact on the Warrants.

23. **A Holder's and/or Owner's actual yield may be reduced by transaction costs**

When Warrants are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the price of the Warrants. These incidental costs may significantly reduce or even exclude the potential to profit from the Warrants. For instance, credit institutions as a rule charge commissions to their clients, which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional - domestic or foreign - parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders and/or Owners should take into account the fact that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Holders and/or Owners should also take into account any additional costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Warrants before investing in the Warrants.

24. **Market value of the Warrants**

The market value of the Warrants may be affected by the creditworthiness of the Issuer and by a number of additional factors, including the value of the reference assets or an index, including, but not limited to, the volatility of the reference assets or the index, dividends on the securities comprising the index, market interest rates and yield rates and the time remaining to the maturity date.

The value of the Warrants, the reference assets or the index depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Warrants, the reference assets, the securities comprising the index, or the index are traded. The price at which an owner will be able to sell the Warrants prior to maturity may be at a discount, which could be substantial, to the issue price or the purchase price paid by such owner. The historical prices of the reference assets or the index should not be taken as an indication of the future performance of the reference assets or the index during the term of any Note.

25. **Exchange rate risks and exchange controls**

The Issuer will pay the principal and interest on the Warrants in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Warrants, (2) the Investor's Currency-equivalent redemption value of the Warrants and (3) the Investor's Currency-equivalent market value of the Warrants.

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

26. **Credit ratings may not reflect all risks**

One or more independent credit rating agencies may assign credit ratings to the Warrants. The ratings may not reflect the potential impact of all risks related to structural, market and additional factors described in this section, and all other factors that may affect the value of the Warrants. A credit rating is not a recommendation to buy, sell or hold Warrants and may be revised or withdrawn by the rating agency at any time.

27. **Investment laws and regulations may restrict certain investments**

The investment activities of certain investors are subject to laws and regulations on investment criteria, or review or regulation by certain authorities. All potential investors should consult their legal advisors to determine whether and to what extent (1) they are authorised to invest in the Warrants, (2) the Warrants can be used as collateral for various types of borrowing and (3) other restrictions apply to the purchase or pledge of the Warrants. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Warrants under any applicable risk-based capital or similar rules.

28. **The risk of withholding under the US Foreign Account Tax Compliance Act (FATCA)**

Investors' attention is drawn to the fact that FATCA generally requires tax to be withheld at the rate of 30% from certain payments to the benefit of certain foreign financial institutions that do not comply with the US Internal Revenue Service (IRS) agreement to provide certain information on their U.S. holders of accounts (including the holders of debt or shares). The IRS is still in the process of drawing up and publishing recommendations on the implementation of FATCA and the framework and implications for the market of this legislation are not currently clear. Consequently, it is not certain that FATCA will ultimately impose obligations on certain Holders or Issuers.

29. **Legislation affecting Dividend Equivalent Payments**

The United States Hiring Incentives to Restore Employment Act (the "**HIRE Act**") treats a "dividend equivalent" payment as a dividend from sources within the United States. Under the HIRE Act, unless limited by an applicable tax treaty with the United States, such payments would generally be subject to US withholding tax. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in the preceding clauses (i) and (ii). As from 1 January 2013, a "dividend equivalent" payment includes a payment made pursuant to any notional principal contract that falls into one of the seven categories specified by the IRS unless otherwise exempted by the IRS. Where the securities relate to an interest in a fixed basket of securities or an index, such fixed basket or index will be treated as a single security. Where the securities relate to an interest in a basket of securities or an index that may provide for the payment of dividends from sources within the United States, in the absence of final guidance from the IRS, it is uncertain whether the IRS would determine that payments in respect of the securities are substantially similar to a dividend. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to US withholding tax, unless limited by an applicable tax treaty. If withholding at source is required, the Issuer will not be required to pay any additional amounts with respect to amounts already withheld.

30. **Additional risk factors relating to the exercise of Warrants**

Risk factors relating to the Warrants' valuation

The Warrants are valued using a model based on the Cox Ross Rubinstein model. Consequently, the issue price and then the price of each Warrant during its listing period depend on the following factors: the relationship between the level of the underlying and the Exercise Price, the maturity, the value of the underlying, the interest rates, the estimated dividends and the level of volatility. The influence of the above factors, all other things being equal, will depend on the characteristics of each Warrant, and therefore its own sensitivity factors.

Nevertheless, from a theoretical point of view, the influence of the aforementioned factors is as follows:

For Call Warrants, in theory, and all other things being equal:

- The higher a Call Warrant's Exercise Price in comparison to the value of the underlying, the lower the theoretical value of the Call Warrant.
- The theoretical value of a Call Warrant will reduce in accordance with the time remaining to maturity.
- An increase in the price of the underlying will cause an increase in the theoretical value of the Call Warrant, and vice versa.

- An increase in interest rates will cause an increase in the theoretical value of the Call Warrant, and vice versa.
- An increase in forecast dividends will cause a fall in the theoretical value of the Call Warrant, and vice versa.
- An increase in the forecast volatility will cause an increase in the theoretical value of the Call Warrant, and vice versa.

For Put Warrants, in theory, and all other things being equal:

- The higher a Put Warrant's Exercise Price in comparison to the value of the underlying, the higher the theoretical value of the Put Warrant.
- The theoretical value of a Put Warrant will reduce in accordance with the time remaining to maturity.
- An increase in the price of the underlying will cause a fall in the theoretical value of the Put Warrant, and vice versa.
- An increase in interest rates will cause a fall in the theoretical value of the Put Warrant, and vice versa.
- An increase in forecast dividends will cause an increase in the theoretical value of the Put Warrant, and vice versa.
- An increase in the forecast volatility will cause an increase in the theoretical value of the Put Warrant, and vice versa.

31. **Conflicts of interest and Calculation Agent**

Since the Calculation Agent may be a company within the Issuer's group, potential conflicts of interest may arise between the Calculation Agent and the Warranholders, in particular with respect to certain determinations and judgments that the Calculation Agent must make. The Calculation Agent must carry out its duties and functions as Calculation Agent in good faith and using reasonable judgment. Moreover, investors' attention is drawn to the fact that the Calculation Agent may, in connection with its adjustments and in certain cases only, use an independent expert.

It is therefore stipulated that the Calculation Agent will determine, in a reasonable manner and as promptly as possible, the adjustments in accordance with the formulae specified in the Base Prospectus; such formulae may be amended by the Calculation Agent in the Final Terms. The Calculation Agent will use an independent expert appointed by HSBC France in the event (i) of a lack of the financial information required to calculate the relevant adjustment and (ii) the Warranholder has challenged the adjustment by sending a request to HSBC France within two months of the notification of such adjustment (as notified to the Warranholder *via* the clearing systems within seven Business Days of such adjustment); the costs of such appointment are, in cases (i) and (ii), borne by HSBC France.

GENERAL INFORMATION ON TAXATION

Potential investors are advised to consult their own independent and duly qualified tax advisors as to the application to their particular circumstances of the laws and regulations governing the purchase, holding, sale and exercise of Warrants.

HSBC France Base Prospectus no. 12-311 dated 28 June 2012.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus shall be read and construed in conjunction with the following sections identified in the table of incorporation by reference of the following documents which have been filed with the French securities regulator (*Autorité des marchés financiers* – the "AMF") in its capacity as competent authority under the Prospectus Directive and which are incorporated by reference and form an integral part of the Base Prospectus. These sections are incorporated and form an integral part of the Base Prospectus:

- (a) the sections identified in the cross reference table of the French version of the 2011 Registration Document filed with the AMF on 25 April 2012 under number D.12-0413 (the "**2011 Registration Document**") and the related notes, except that the third paragraph of the attestation by the person responsible for the Registration Document containing an annual financial report by Christophe de Baker, the Issuer's Chief Executive Officer, which refers, *inter alia*, to the completion letter (*letter de fins de travaux*) from the Issuer's auditors and any reference thereto shall not be regarded as being incorporated by reference;
- (b) the sections identified in the cross reference table of the French version of the 2010 Registration Document filed with the AMF on 26 April 2011 under number D.11-0365 (the "**2010 Registration Document**") and the related notes, except that the third paragraph of the attestation by the person responsible for the Registration Document containing an annual financial report by Christophe de Baker, the Issuer's Chief Executive Officer, which refers, *inter alia*, to the completion letter (*letter de fins de travaux*) from the Issuer's auditors and any reference thereto shall not be regarded as being incorporated by reference.

The Issuer shall make available, without charge, at the designated offices of each Paying Agent during normal opening hours, a copy of the document(s) incorporated by reference (the "**Documents Incorporated by Reference**"). All the Documents Incorporated by Reference in the Base Prospectus shall also be available on the website of the AMF (www.amf-france.org) and on the website of HSBC France (www.hsbc.fr).

The following table of incorporation by reference refers to the pages of the Documents Incorporated by Reference. Any information not listed in the table of incorporation by reference but included in the Documents Incorporated by Reference is provided for information purposes only.

CROSS REFERENCE TABLE

Information about the Issuer

INFORMATION INCORPORATED BY REFERENCE	REFERENCE
Appendix XI of European Regulation 809/2004/EC	
2. STATUTORY AUDITORS	2011 Registration Document page 257. 2010 Registration Document page 256.
3. INFORMATION ABOUT THE ISSUER	
<u>3.1. History and development of the Issuer</u>	2011 Registration Document page 237.

<u>3.1.2. Issuer's place of incorporation and registration number</u>	2011 Registration Document page 235.
<u>3.1.5. Recent developments</u>	2011 Registration Document page 255.
4. BUSINESS OVERVIEW	
<u>4.1. Principal activities</u>	2011 Registration Document pages 2 to 7.
<u>4.1.2. New product and/or activities</u>	2011 Registration Document pages 2 to 7.
<u>4.1.3. Principal markets</u>	2011 Registration Document pages 2 to 7.
5. ORGANISATIONAL STRUCTURE	2011 Registration Document pages 2 to 7, 182 to 185 and 200 to 224.
6. TREND INFORMATION	2011 Registration Document page 255.
7. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES	2011 Registration Document pages 8 to 20.
Names, business addresses and functions in the company of the members of the administrative, management and supervisory bodies and details of the principal activities performed by them outside the company	2011 Registration Document pages 8 to 20.
8. MAJOR SHAREHOLDERS	2011 Registration Document pages 21 and 240.
9. FINANCIAL INFORMATION ABOUT THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
<u>Audited financial information for the year ended 31 December 2011:</u>	
- Balance sheet	2011 Registration Document page 92.
- Income statement	2011 Registration Document pages 90 and 91.
- Cash flow statement	2011 Registration Document page 94.
- Notes	2011 Registration Document pages 96 to 179.

- Auditors' report	2011 Registration Document pages 180 and 181.
<u>Audited financial information for the year ended 31 December 2010:</u>	
- Balance sheet	2010 Registration Document page 92.
- Income statement	2010 Registration Document pages 91 and 90.
- Cash flow statement	2010 Registration Document page 94.
- Notes	2010 Registration Document pages 96 to 173.
- Auditors' report	2010 Registration Document pages 174 and 175.
10. MATERIAL CONTRACTS	2011 Registration Document page 237.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, as supplemented in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes. In the case of Dematerialised Notes, the text of the terms and conditions shall not be endorsed on physical documents of title but shall be constituted by the following text as supplemented by the relevant Final Terms. In the case of Materialised Notes, either (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms (subject to any simplification by the deletion of non-applicable provisions) or (ii) these terms and conditions as so supplemented shall be endorsed on physical documents of title. All capitalised terms that are not defined in these Terms and Conditions shall have the meanings given to them in the relevant Final Terms. References below to "**Conditions**" are, unless the context requires otherwise, to the numbered paragraphs below. References in the Terms and Conditions to "**Notes**" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued by HSBC France (the "**Issuer**") in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical with the exception of the first interest payment), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms and conditions of each Tranche (including, but not limited to, the aggregate nominal amount, issue price, redemption price thereof, and interest, if any, payable in respect of the Notes and supplemented, where necessary, with supplemental terms and conditions which, with the exception of the issue date, issue price, first interest payment and nominal amount of the Tranche, shall be identical to the terms of other Tranches of the same Series) shall be determined by the Issuer and the relevant Dealer(s) at the time of the issue and shall be set out in the final terms of such Tranche (the "**Final Terms**").

The Notes shall be issued in accordance with an agency agreement (the "**Agency Agreement**") to be entered into between the Issuer, HSBC Bank plc as fiscal agent, principal paying agent and calculation agent and the other agents named therein. The fiscal agent, the paying agent(s) and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent) and the "**Calculation Agent(s)**". In addition, the Principal Paying Agent may (with the prior written consent of the Issuer) delegate certain of its functions and duties in relation to the Physical Delivery Notes (as defined below) to a settlement agent (the "**Settlement Agent**"). The holders of interest coupons (the "**Coupons**") relating to interest bearing Materialised Notes and, where applicable in the case of such Notes, talons (the "**Talons**") enabling further Coupons to be obtained and the holders of receipts for the payment of instalments of principal (the "**Receipts**") relating to Materialised Notes of which the principal is redeemable in instalments are respectively referred to below as the "**Couponholders**" and the "**Receiptholders**".

Capitalised terms not defined in this section ("**Terms and Conditions of the Notes**") shall have the meaning given to them, when the context so allows, in the ISDA (International Swaps and Derivatives Association) definitions applicable to the Financial Instrument in question.

For the purposes of these Terms and Conditions, "**Regulated Market**" means any regulated market situated in a Member State of the European Economic Area ("**EEA**") as defined in the Markets in Financial Instruments Directive 2004/39/EC.

1. **Form, Denomination, Title and Redenomination**

(a) Form

Notes may be issued either in dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**"), as specified in the relevant Final Terms.

- (i) Title to Dematerialised Notes shall be evidenced by book entries (*inscription en compte*), in accordance with Articles L.211-3 *et seq.* of the French Monetary and Financial Code. No physical document of title (including depositary receipts (*certificats représentatifs*) pursuant to

Article R.211-7 of the French Monetary and Financial Code) shall be issued in respect of the Dematerialised Notes.

Dematerialised Notes may be issued, at the option of the Issuer, either in bearer form (*au porteur*), recorded in the books of Euroclear France (acting as central depositary) which shall credit the accounts of the Account Holders, or in registered form (*au nominatif*) and, in such case, at the option of the relevant holder, either in administered registered form (*au nominatif administré*), in which case they shall be recorded in the books of an Account Holder designated by the relevant holder, or in fully registered form (*au nominatif pur*), in which case they shall be recorded in an account maintained by the Issuer or by a registration agent (indicated in the relevant Final Terms) acting on behalf of the Issuer (the "**Registration Agent**").

For the purpose of these Terms and Conditions, "**Account Holder**" means any financial intermediary authorised to hold accounts, directly or indirectly, with Euroclear France, and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and the depositary bank for Clearstream Banking, ("**Clearstream, Luxembourg**"), a limited company (*société anonyme*).

- (ii) Materialised Notes are issued in bearer form only. Materialised Notes represented by Definitive Materialised Notes (the "**Definitive Materialised Notes**") are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Terms and Conditions are not applicable. "**Instalment Notes**" are issued with one or more Receipts attached.

In accordance with Articles L.211-3 et seq. of the French Monetary and Financial Code, securities (such as Notes constituting obligations under French law) in materialised form and governed by French law shall be issued outside the French territory.

Materialised Notes and Dematerialised Notes may also be cleared through one or more clearing system(s) other than or in addition to Euroclear France, Euroclear and/or Clearstream Luxembourg, as specified in the relevant Final Terms.

- (iii) The Notes may be "**Fixed Rate Notes**", "**Floating Rate Notes**", "**Zero Coupon Notes**", "**Index Linked Notes or Index Basket-Linked Notes**" (including both "**Index Linked Coupon Notes and Index Basket-Linked Coupon Notes**", in respect of which amounts of interest shall be calculated by reference to an index or Index Basket and/or a formula, and "**Index Linked Redemption Notes and Index Basket-Linked Redemption Notes**" in respect of which the principal to be redeemed shall be calculated by reference to an index or Index Basket and/or a formula), Equity Linked Notes or Equity Basket-Linked Notes (including "**Equity Linked Coupon Notes and Equity Basket-Linked Coupon Notes**" in respect of which amounts of interest shall be calculated by reference to the price of the Equity or the value of the Equity Basket and/or a formula and "**Equity Linked Redemption Notes and Equity Basket-Linked Redemption Notes**" in respect of which the principal to be redeemed shall be calculated by reference to the price of the Equity or the value of the Equity Basket and/or a formula), ADR/GDR Linked Notes or ADR/GDR Basket-Linked Notes (including "**ADR/GDR Linked Coupon Notes and ADR/GDR Basket-Linked Coupon Notes**" in respect of which amounts of interest shall be calculated by reference to the price of the ADR/GDR or to the value of the ADR/GDR Basket and/or a formula and "**ADR/GDR Linked Redemption Notes and ADR/GDR Basket-Linked Redemption Notes**" in respect of which the principal to be redeemed shall be calculated by reference to the price of the ADR/GDR or the value of the ADR/GDR Basket and/or a formula), ETF Linked Notes or ETF Basket-Linked Notes (including "**ETF Linked Coupon Notes and ETF Basket-Linked Coupon Notes**" in respect of which amounts of interest shall be calculated by reference to the value of the ETF Unit or the value of the ETF Basket and/or a formula and "**ETF Linked Redemption Notes and ETF Basket-Linked Redemption Notes**" in respect of which the principal to be redeemed shall be calculated by reference to the value of the ETF Unit or the value of the ETF Basket and/or a formula), "**Dual Currency Notes**" or "**Partly Paid Notes**" or

a combination of any of the foregoing, depending on the Interest Basis (as defined in the relevant Final Terms) and the redemption methods specified in the relevant Final Terms.

(b) Denomination(s)

The Notes shall be issued in the specified denomination(s) as set out in the relevant Final Terms (the "**Specified Denomination(s)**"), it being understood that all Notes which are to be admitted to trading on a Regulated Market within the EEA and/or offered to the public in any EEA Member State in circumstances which require the publication of a prospectus under the Prospectus Directive may have a denomination of less than €1,000 (or its equivalent in any other currency) or such higher amount as may be allowed or required by the relevant monetary authority or any laws or regulations applicable to the relevant Specified Currency.

Notes having a maturity of less than one year in respect of which the issue proceeds are to be accepted in the United Kingdom shall constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.

Dematerialised Notes shall be issued in one Specified Denomination only.

(c) Title

- (i) Title to Dematerialised Notes in bearer form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Account Holders. Title to Dematerialised Notes in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts maintained by the Issuer or by the Registration Agent.
- (ii) Title to Definitive Materialised Notes which have, where appropriate, Receipt(s), Coupons and/or a Talon attached on issue, shall pass by delivery.
- (iii) Except as ordered by a court of competent jurisdiction or as required by the prevailing legislation, the holder of any Note (as defined below), or of any Coupon, Receipt or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, any right over it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

In these Terms and Conditions:

"**Holder**" or, as the case may be, "**holder of any Note**" means (a) in the case of Dematerialised Notes, the person whose name appears on the account of the relevant Account Holder, the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes and (b) in the case of Materialised Notes, the bearer of any Physical Note and the Coupons, Receipts or Talons relating to it.

"**outstanding**" means, in relation to the Notes of any Series, all the Notes issued other than (a) those that have been redeemed in accordance with these Terms and Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption, Arrears of Interest, as the case may be, and any interest payable after such date) have been duly paid in accordance with the provisions of Condition 9, (c) those which have become non enforceable or in respect of which claims have become prescribed, (d) those which have been repurchased and cancelled as provided in the Terms and Conditions, (e) in the case of Definitive Materialised Notes (i) those mutilated or defaced Definitive Materialised Notes that have been surrendered

in exchange for replacement Definitive Materialised Notes, (ii) (for the purpose only of determining how many such Definitive Materialised Notes are outstanding and without prejudice to their status for any other purpose) those Definitive Materialised Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Definitive Materialised Notes have been issued and (iii) any Temporary Global Certificate to the extent that it has been exchanged for one or more Definitive Materialised Notes, pursuant to its provisions.

Capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such terms is not applicable to the Notes.

(d) Redenomination

- (i) The Issuer may (if so specified in the relevant Final Terms), on any date, without the consent of the holder of any Note, Coupon, Receipt or Talon, by giving at least 30 (thirty) calendar days' prior notice in accordance with Condition 17 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a Member State of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community (the "**EC**"), as amended (the "**Treaty**")) or events have occurred which have substantially the same effects (in either case, the "**EMU**"), redenominate all, but not some only, of the Notes of each Series into euros and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly, as described more fully below. The date on which such redenomination becomes effective shall be referred to in these Terms and Conditions as the "**Redenomination Date**".
- (ii) Unless specified otherwise in the relevant Final Terms, the redenomination of the Notes pursuant to Condition 1(d)(i) shall be made by converting the principal amount of each Note from the relevant national currency into euros using the fixed exchange rate between said national currency and the euro as established by the Council of the European Union pursuant to applicable provisions of the Treaty and rounding the resulting figure to the nearest one-hundredth of a euro (with EUR 0.005 being rounded up to the nearest one-hundredth of a euro). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed exchange rate between the relevant national currency and the euro may be rounded down to the nearest euro. The euro denominations of the Notes so determined shall be notified to the holders of any Notes in accordance with Condition 17. Any balance with a value of more than EUR 0.01 remaining from the redenomination shall be paid by way of cash adjustment rounded to the nearest one-hundredth of a euro (with EUR 0.005 being rounded up to the nearest one-hundredth of a euro). Such cash adjustment shall be payable in euros on the Redenomination Date in the manner notified by the Issuer to the holders of any Notes.
- (iii) Upon redenomination of the Notes, any reference herein to the relevant national currency shall be construed as a reference to the euro.
- (iv) Unless specified otherwise in the relevant Final Terms, the Issuer may, with the prior approval of the Fiscal Agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 16, without the consent of the holders of any Notes, Receipts, Coupons or Talons, make any changes or additions to these Terms and Conditions or Condition 14 (including, but not limited to, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest calculation basis or benchmark), taking into account market practice in respect of Euromarket debt obligations denominated in euros and which it believes are not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the holders of any Notes, Receipts, Coupons and Talons and shall be notified to the holders of any Notes in accordance with Condition 17 as soon as practicable thereafter.
- (v) Neither the Issuer nor any Paying Agent shall be liable to the holder of any Note, Receipt, Coupon or Talon or any other person for any commissions, costs, losses or expenses in relation to or

resulting from a credit or transfer in euros or any currency conversion or rounding effected in connection therewith.

2. **Conversions and exchanges of Notes**

(a) Dematerialised Notes

- (i) Dematerialised Notes issued in bearer form (*au porteur*) may not be converted into Dematerialised Notes in registered form (for this purpose, registered form is deemed to include fully registered form (*au nominatif pur*) and administered registered form (*au nominatif administré*)).
- (ii) Dematerialised Notes issued in registered form (*au nominatif*) may not be converted into Dematerialised Notes in bearer form (*au porteur*).
- (iii) Dematerialised Notes issued in fully registered form (*au nominatif pur*) may, at the option of the holder of such Notes, be converted into Notes in administered registered form (*au nominatif administré*) and vice versa. The exercise of any such option by such Holder should be made in accordance with Article R.211-4 of the French Monetary and Financial Code. The Holder concerned shall bear the costs of any such conversion.

(b) Materialised Notes

Materialised Notes of one Specified Denomination may not be exchanged for Materialised Notes of another Specified Denomination.

3. **Status**

The Notes and, where applicable, any related Receipts and Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer (subject to Condition 4) and rank and shall rank *pari passu* without any preference among themselves and (subject to such exceptions as are mandatory under French law) *pari passu* with all other present or future unsecured and unsubordinated obligations of the Issuer.

4. **Maintaining the status of the Notes**

So long as any of the Notes or, if applicable, any Receipts or Coupons relating to them, remain outstanding (as defined below), the Issuer shall not create or permit to subsist any mortgage, charge, pledge, lien or other security interest (*sûreté réelle*) upon the whole or any part of its assets, present or future, to secure any Indebtedness (as defined below) incurred or guaranteed *pari passu* by it (whether before or after the issue of Notes) unless the Issuer's obligations under the Notes, Receipts and Coupons are equally and rateably secured therewith.

For the purposes of this Condition the term "outstanding" has the meaning given to it in Condition 1(c).

"**Indebtedness**" means any present or future debt in the form of notes or other debt securities, which are currently or would be capable of being quoted, admitted to trading or traded on any stock exchange, over-the counter market or other market.

5. **Interest and other calculations**

Definitions

In these Terms and Conditions, unless the context requires otherwise, the following defined terms shall have the meanings set out below:

"Business Day" means:

- (a) in the case of the euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer payment system (the "**TARGET 2 System**") or any successor thereto is operating (a "**TARGET Business Day**"), and/or
- (b) in the case of a Specified Currency other than the euro, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency, and/or
- (c) in the case of a Specified Currency and/or one or more additional business centre(s) as specified in the relevant Final Terms (the "**Business Centre(s)**"), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the currency of the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres so specified.

"Coupon Amount" means the amount of interest payable and, in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

"Coupon Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the day falling two (2) TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is the euro or (ii) the first day of such Interest Accrual Period if the Specified Currency is sterling or (iii) the day falling two (2) Business Days prior to the first day of such Interest Accrual Period in the city specified in the relevant Final Terms for the Specified Currency if the Specified Currency is neither sterling nor the euro.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last day) (whether or not such period constitutes an Interest Period, the "**Calculation Period**"):

- (a) if "**Actual/365**", "**Actual/365 - FBF**" or "**Actual/Actual - ISDA**" is specified in the relevant Final Terms, the actual number of days elapsed in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in the Calculation Period falling in a non-leap year divided by 365);
- (b) if "**Actual/Actual - ICMA**" is specified in the relevant Final Terms:
 - (i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (ii) if the Calculation Period is longer than one (1) Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

in each case, where "**Determination Period**" means the period from and including a Coupon Determination Date in any year to but excluding the next Coupon Determination Date and "**Coupon Determination Date**" means the date specified as such in the relevant Final Terms or, if none is so specified, the Coupon Payment Date;

- (c) if "**Actual/Actual - FBF**" is specified in the relevant Final Terms, the fraction whose numerator is the actual number of days elapsed during such period and whose denominator is 365 (or 366 if 29 February falls within the Calculation Period). If the Calculation Period is of a duration of more than one (1) year, the basis is calculated as follows:
 - (x) the number of complete years is counted back from the last day of the Calculation Period,
 - (y) this number is increased by the fraction for the relevant period calculated as set out in the first paragraph of this definition;
- (d) if "**Actual/365 (Fixed)**" is specified in the relevant Final Terms, the actual number of days elapsed in the Calculation Period divided by 365;
- (e) if "**Actual/360**" is specified in the relevant Final Terms, the actual number of days elapsed in the Calculation Period divided by 360;
- (f) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Final Terms, the number of days elapsed in the Calculation Period divided by 360 (i.e. the number of days shall be calculated on the basis of a year of 360 days with twelve (12) months of thirty (30) days each (unless (a) the last day of the Calculation Period is the 31st day of a month and the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a month of thirty (30) days, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a month of thirty (30) days));
- (g) if "**30/360 - FBF**" or "**Actual 30A/360 (American Bond Basis)**" is specified in the relevant Final Terms, in respect of each Calculation Period, the fraction whose denominator is 360 and whose numerator is the number of days calculated as for the 30E/360-FBF basis, subject to the following exception:

where the last day of the Calculation Period is the 31st and the first day is neither the 30th nor the 31st, the last month of the Calculation Period shall be deemed to be a month of thirty-one (31) days,

using the same abbreviations as for 30E/360-FBF below, the fraction is:

if $dd2 = 31$ and $dd1 \neq (30,31)$,

then:

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + (dd2 - dd1)]$$

or

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + \text{Min}(dd2, 30) - \text{Min}(dd1, 30)];$$

- (h) if "**30E/360**" or "**Eurobond Basis**" is specified in the relevant Final Terms, the number of days elapsed in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve (12) months of thirty (30) days, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a month of thirty (30) days);

Day Count Fraction =

$$\frac{1}{360} \times [(360 \times (Y2 - Y1)) + [30 \times (M2 - M1)] + (D2 - D1)];$$

where:

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

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

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

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

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

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30.

- (i) if "**30E/360 - FBF**" is specified in the relevant Final Terms, in respect of each Calculation Period, the fraction whose denominator is 360 and whose numerator is the number of days elapsed during such period, calculated on the basis of a year comprising twelve (12) months of thirty (30) days, subject to the following exception:

if the last day of the Calculation Period is the last day of the month of February, the number of days elapsed during such month shall be the actual number of days,

where:

D1 (dd1, mm1, yy1) is the date of the beginning of the period

D2 (dd2, mm2, yy2) is the date of the end of the period

the fraction is:

$$\frac{1}{360} \times [(yy2 - yy1) \times 360 + (mm2 - mm1) \times 30 + \text{Min}(dd2, 30) - \text{Min}(dd1, 30)].$$

- (j) if "**30E/360 - ISDA**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

Day Count Fraction:

$$\text{Mathematical formula} = \frac{1}{360} \times [(360 \times (Y2 - Y1)) + (30 \times (M2 - M1)) + (D2 - D1)]$$

where:

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

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

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

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

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

"Effective Date" means, with respect to any Floating Rate to be determined on a Coupon Determination Date, the date specified in the relevant Final Terms or, if none is so specified, the first day of the Interest Accrual Period to which such Coupon Determination Date relates.

"Euro Zone" means the region comprised of the European Union Member States that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997).

"FBF Definitions" means the definitions set out in the 2007 FBF Master Agreement relating to transactions on forward financial instruments as supplemented by the Technical Schedules (*Additifs Techniques*) as published by the French Banking Federation (*Fédération Bancaire Française*) (together the **"FBF Master Agreement"**), unless specified otherwise in the relevant Final Terms.

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the relevant Final Terms.

"Interest Payment Date" means the date(s) specified in the relevant Final Terms.

"Interest Accrual Period Date" means each Interest Payment Date unless specified otherwise in the relevant Final Terms.

"ISDA Definitions" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (formerly called the International Swap Dealers Association, Inc.), unless specified otherwise in the relevant Final Terms.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Accrual Period Date and each successive period beginning on (and including) an Interest Accrual Period Date and ending on (but excluding) the following Interest Accrual Period Date.

"Rate of Interest" means the interest rate payable in respect of the Notes and that is either specified or calculated in accordance with the provisions of the relevant Final Terms.

"Reference Banks" means the institutions specified as such in the relevant Final Terms or, if no institution is specified, four leading banks selected by the Calculation Agent in the interbank market (or, if appropriate, the money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR or EONIA is the relevant Benchmark, shall be the euro-zone, and if LIBOR is the relevant Benchmark, shall be London).

"Reference Rate" means the Benchmark for a Representative Amount of the Specified Currency for a period equal to the Specified Duration commencing on the Effective Date (if such duration is applicable to or compatible with the Benchmark).

"Relevant Date" means, in respect of any Note, Receipt or Coupon, the date on which payment in respect of it first became due or (if any amount of the money payable is improperly withheld or if payment thereof is unjustifiably delayed) the date on which payment in full of the amount outstanding is made or (in the case of Materialised Notes if earlier) the date seven (7) calendar days after that on which notice is duly given to the Holders of such Materialised Notes that, upon further presentation of the Materialised Notes, Receipts or Coupons being made in accordance with the Terms and Conditions, such payment shall be made, provided that payment is in fact made upon such presentation.

"Relevant Financial Centre" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on a Coupon Determination Date, the financial centre as may be specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR or EONIA, shall be the euro-zone, and in the case of LIBOR, shall be London) or, if none is so connected, Paris.

"Relevant Time" means, with respect to any Coupon Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose **"local time"** means, with respect to Europe and the euro-zone as a Relevant Financial Centre, 11:00 a.m. (Brussels time).

"Representative Amount" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on a Coupon Determination Date, the amount specified as such in the relevant Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

"Screen Page" means any page, section, caption, column or other part of a document provided by a particular information service (including, but not limited to, Reuters Markets 3000 ("**Reuters**")) as may be specified for the purpose of providing a Reference Rate, or any other page, section, caption, column or other part of a document of said information service or any other information service as may replace it, in each case as may be nominated by the entity or organisation providing or ensuring the dissemination of the information appearing there for the purpose of displaying rates or prices comparable to that Reference Rate.

"Specified Currency" means the currency specified in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated.

"Specified Duration" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on a Coupon Determination Date, the duration specified in the relevant Final Terms or, if none is specified, a period of time equal to the Interest Accrual Period, ignoring any adjustment pursuant to Condition 7(b).

6. **Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date unless provided otherwise in the relevant Final Terms.

If a fixed amount of interest ("**Fixed Coupon Amount**") or a broken amount of interest ("**Broken Amount**") is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date shall be equal to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and, in the case of the Broken Amount, shall be payable on the Interest Payment Date(s) specified in the relevant Final Terms.

7. **Interest on Floating Rate Notes, Index Linked Notes, Index Basket-Linked Notes, Equity Linked Notes, Equity Basket-Linked Notes, ADR/GDR Linked Notes, ADR/GDR Basket-Linked Notes, ETF Linked Notes and ETF Basket-Linked Notes**

(a) Interest Payment Dates

Each Floating Rate Note and Index Linked Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date, unless provided otherwise in the Final Terms. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as the Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls at the end of the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(b) Business Day Convention

If any date referred to in these Terms and Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the applicable Business Day Convention is (A) the "**Floating Rate Business Day Convention**", such date shall be postponed to the following Business Day unless it would thereby fall into the next calendar month, in which case (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the "**Following Business Day Convention**", such date shall be postponed to the next Business Day, (C) the "**Modified Following Business Day Convention**", such date shall be postponed to the next Business Day unless it would thereby fall into the next calendar month, in which case such date shall be brought forward to the immediately preceding Business Day or (D) the "**Preceding Business Day Convention**", such date shall be brought forward to the immediately preceding Business Day. Notwithstanding the foregoing, if the relevant Final Terms specify that the applicable Business Day Convention is to be applied on an "unadjusted" basis, the Coupon Amount payable on any date shall not be subject to adjustment under any Business Day Convention.

(c) Rate of Interest for Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in accordance with the method specified in the relevant Final Terms and the provisions below relating to either FBF Determination, ISDA Determination or Screen Rate Determination shall apply, depending on the option specified in the relevant Final Terms.

(i) FBF Determination for Floating Rate Notes

Where FBF Determination is specified in the relevant Final Terms as the method to be used to determine the Rate of Interest, the Rate of Interest for each Interest Accrual Period shall be determined by the Agent as a rate equal to the relevant FBF Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "**FBF Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction (*Echange*) in the relevant Specified Currency incorporating the FBF Definitions and under which:

- (A) the Floating Rate is as specified in the relevant Final Terms; and
- (B) the Floating Rate Determination Date is as specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Agent**" and "**Floating Rate Determination Date**" are translations of the French terms "*Taux Variable*", "*Agent*" and "*Date de Détermination du Taux Variable*", respectively, which have the meanings given to those terms in the FBF Definitions.

(ii) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the relevant Final Terms as the method to be used to determine the Rate of Interest, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this sub-paragraph (B), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent for a Swap Transaction entered into under the terms of an agreement incorporating the ISDA Definitions and under which:

- (A) the Floating Rate Option is as specified in the relevant Final Terms;
- (B) the Designated Maturity is as specified in the relevant Final Terms; and
- (C) the relevant Reset Date is the first day of that Interest Accrual Period unless specified otherwise in the relevant Final Terms.

For the purposes of this sub-paragraph (B), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(iii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the relevant Final Terms as the method to be used to determine the Rate of Interest, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Coupon Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (A) if the Primary Source for the Floating Rate is a Screen Page, subject as provided below, the Rate of Interest shall be:
 - (1) the Reference Rate (where such Reference Rate on such Screen Page is a composite quotation or is customarily supplied by one entity), or
 - (2) the arithmetic mean of the Reference Rates of the institutions whose Reference Rates appear on that Screen Page,

in each case as appearing on such Screen Page at the Relevant Time on the Coupon Determination Date, as specified in the relevant Final Terms, plus or minus (as indicated in the relevant Final Terms) the Margin (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (A)(1) applies and no Reference Rate appears on the Screen Page at the Relevant Time on the Coupon Determination Date or if sub-paragraph (A)(2) applies and fewer than two Reference Rates appear on the Screen Page at the Relevant Time on the Coupon Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Reference Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Coupon Determination Date, as determined by the Calculation Agent, plus or minus (as indicated in the relevant Final Terms) the Margin (if any); and

(C) if paragraph (B) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Reference Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is the euro, in the euro-zone as selected by the Calculation Agent (the "**Principal Financial Centre**") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date and equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are quoting such rates to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; it being understood that, if fewer than two such banks are quoting such rates to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Coupon Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(d) Rate of Interest on Index Linked Notes, Index Basket-Linked Notes, Equity Linked Notes, Equity Basket-Linked Notes, ADR/GDR Linked Notes, ADR/GDR Basket-Linked Notes, ETF Linked Notes and ETF Basket-Linked Notes.

The Rate of Interest in respect of Index Linked Notes for each Interest Accrual Period shall be determined in accordance with the method specified in the relevant Final Terms and interest shall be calculated by reference to an Index or Formula as specified in the relevant Final Terms.

(e) Zero Coupon Notes

Where a Note, the Interest Basis of which is specified to be Zero Coupon, is redeemable prior to its Maturity Date pursuant to the exercise of an Issuer's Option or, if so specified in the relevant Final Terms, pursuant to Condition 8(e) or otherwise and is not redeemed when due, the amount due and payable prior to the Maturity Date shall, unless provided otherwise in the relevant Final Terms, be the Early Redemption Amount. As from the Maturity Date, the interest rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Rate of Yield (as described in Condition 8(e)(i)).

(f) Dual Currency Notes

In the case of Dual Currency Notes, the Rate of Exchange, Rate of Exchange calculation method and Rate of Interest or Coupon Amount payable shall be determined in the manner specified in the relevant Final Terms.

(g) Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest shall accrue as aforesaid on the paid-up nominal amount of such Notes and in any other manner specified in the relevant Final Terms.

(h) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless (i) in the case of Dematerialised Notes, redemption on such due date, or (ii) in the case of Materialised Notes, redemption upon due presentation, is improperly withheld or refused, in which case interest shall continue to accrue (both before and after any judgment) at the Rate of Interest in the manner provided in Condition 5 to the Relevant Date.

(i) Deferral of Interest

Interest shall be payable on each Compulsory Coupon Payment Date (as defined below) in respect of the interest accrued in the Interest Period ending on the day immediately preceding such Compulsory Coupon Payment Date. On any Optional Coupon Payment Date (as defined below) there may be paid (if the Issuer so elects) the interest accrued in the Interest Period ending on the day immediately preceding such Optional Coupon Payment Date but the Issuer shall not have any obligation to make such payment. Notice of any Optional Coupon Payment Date shall be given to the Noteholders in accordance with Condition 17 and to the Regulated Market(s) on which the Notes are admitted to trading, as the case may be. Such notice shall be given at least seven (7) days prior to the relevant Optional Coupon Payment Date. Any interest not paid on an Optional Coupon Payment Date shall, so long as the interest remains unpaid, constitute "Arrears of Interest", which term shall include interest on the unpaid interest referred to above. Arrears of Interest may, at the option of the Issuer, be paid in whole or in part at any time provided Noteholders are given at least seven (7) days prior notice in accordance with Condition 17, in which case all Arrears of Interest on all Notes outstanding shall become due in full on the earlier of:

- (i) the Interest Payment Date immediately following the first Ordinary General Meeting (*Assemblée Générale Ordinaire*) of the Issuer's shareholders at which a resolution was passed to pay a dividend on all classes of the Issuer's share capital; or
- (ii) the date of (a) a court judgment declaring the cessation of the business or judicial liquidation (*liquidation judiciaire*) of the Issuer or (b) the liquidation of the Issuer for any other reason.

If the Issuer gives notice of its intention to pay the whole or part of the Arrears of Interest, it shall be obliged to do so upon the expiry of such notice. When Arrears of Interest are paid in part only, each such payment shall be applied in or towards satisfaction of the amount of the Arrears of Interest accrued in respect of the most recent Interest Period in respect of which Arrears of Interest have accrued and have not been paid in full. Arrears of Interest shall (to the extent permitted by law) bear interest accruing (but only, in accordance with Article 1154 of the French Civil Code (*Code civil*), after such interest has accrued for a period of one (1) year) and compounding at the prevailing interest rate on the Notes on the basis of the exact number of days which have elapsed in respect of each relevant Interest Period. For these purposes the following expressions shall have the following meanings:

"Compulsory Coupon Payment Date" means any Interest Payment Date, unless at the Ordinary General Meeting of the Issuer's shareholders immediately preceding such date and which was held for the purpose of approving the Issuer's annual financial statements for the fiscal year last ended, a resolution was not passed to pay a dividend on any class of the Issuer's share capital in respect of such fiscal year.

"Optional Coupon Payment Date" means any Interest Payment Date other than a Compulsory Coupon Payment Date, including, but not limited to, any Interest Payment Date if at the Ordinary General Meeting

of the shareholders immediately preceding such date and which was held for the purpose of approving the Issuer's annual financial statements for the fiscal year last ended, a resolution was not passed to pay a dividend on any class of the Issuer's share capital in respect of such fiscal year.

(j) Margin, Minimum/Maximum Rate of Interest, Instalment Amounts and Redemption Amounts, and Rounding

- (i) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods in the case of (y), calculated in accordance with Condition 7 above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject to the provisions of the next paragraph.
- (ii) If any Minimum or Maximum Rates of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, each such Rate of Interest, Instalment Amount or Redemption Amount may not exceed such maximum or be below such minimum, as the case may be.
- (iii) For the purposes of any calculation required pursuant to these Terms and Conditions (unless specified otherwise), (w) if FBF Determination is specified in the relevant Final Terms, all percentages resulting from such calculations shall be rounded, if necessary, to the nearest ten-thousandth of a percentage point (with halves being rounded up), (x) in all other cases, the percentages resulting from such calculations shall be rounded, if necessary, to the nearest fifth decimal (with halves being rounded up), (y) all figures shall be rounded to seven decimal places (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), except in the case of the yen, which shall be rounded down to the nearest yen. For the purposes of this Condition, "**unit**" means the lowest amount of such currency that is legal tender in the country of such currency.

(k) Calculations

The amount of interest payable in respect of each Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding principal amount of such Note by the Day Count Fraction, unless a Coupon Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Coupon Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(l) Determination and publication of Rates of Interest, Coupon Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts

As soon as practicable on the date on which the Calculation Agent could be required to calculate any rate or amount, obtain any quotation, determine any amount or make calculations, it shall determine such rate and calculate the Coupon Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period. It shall also calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain the corresponding quotation or make such determination or calculation, as may be necessary. It shall then cause the Rate of Interest and the Coupon Amounts for each Interest Period and the relevant Interest Payment Date and, if required, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Holders and any other Calculation Agent appointed in connection with the Notes to make further calculations upon receipt of such information. If the Notes are listed on a Regulated Market and the rules applicable to that Regulated Market so require, it shall also communicate such information to said Regulated Market as soon as possible after its

determination and no later than (i) the commencement of the relevant Interest Period, if such information is determined prior to such time, in the case of notification to such Regulated Market of a Rate of Interest and Coupon Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Accrual Period Date is subject to adjustment pursuant to Condition 7(b), the Coupon Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of each rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(m) **Calculation Agent and Reference Banks**

The Issuer shall ensure that there shall at all times be four Reference Banks (or such other number as may be required) with at least one office in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Notes are outstanding (as defined above). If any Reference Bank (acting through its designated office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where several Calculation Agents are appointed in respect of the Notes, any references in these Terms and Conditions to the Calculation Agent shall be construed as referring to each Calculation Agent performing its respective duties under these Terms and Conditions. If the Calculation Agent is unable or unwilling to continue to act as such or if the Calculation Agent is unable to establish the Rate of Interest for any Interest Period or Interest Accrual Period or to calculate any Coupon Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, the money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office, or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid. So long as the Notes are admitted to trading on a Regulated Market and the applicable rules of, or applicable to, that Regulated Market so require, notice of any change of Calculation Agent shall be given in accordance with Condition 17.

8. Redemption, purchase and options

(a) **Final Redemption**

Unless previously redeemed, repurchased or cancelled as provided below or its maturity is extended pursuant to the exercise of any Issuer's option in accordance with Condition 8(c) or any Noteholder's option in accordance with Condition 8(d), each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless provided otherwise, is its nominal amount) or, in the case of a Note falling within Condition 8(b) below, its final Instalment Amount. Notwithstanding the above, in the case of Physical Delivery Notes where the applicable Final Terms specify that such Notes shall be redeemed by payment and/or delivery of a Physical Delivery Amount, then each Note shall be finally redeemed by the payment and the delivery of the Physical Delivery Amount specified in, or determined in accordance with, Condition 9 and/or as specified in the applicable Final Terms.

(b) **Redemption by Instalments**

Unless previously redeemed, repurchased or cancelled as provided in this Condition 8 or the relevant Instalment Date (being one of the dates specified for this purpose in the relevant Final Terms) is extended pursuant to the exercise of any Issuer's or Noteholder's option in accordance with Condition 8(c) or (d), each Note whose terms and conditions provide for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the corresponding Instalment

Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, by such proportion) with effect from the Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused (i) in the case of Dematerialised Notes, on the date specified for such payment or (ii) in the case of Materialised Notes, on presentation of the related Receipt, in which case such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(c) Redemption at the Option of the Issuer, Exercise of Issuer's Options and Partial Redemption

If a Call Option is specified in the relevant Final Terms, the Issuer may, subject to compliance by the Issuer with all the relevant laws, regulations and directives and provided it gives not less than fifteen (15) nor more than thirty (30) calendar days' irrevocable prior notice in accordance with Condition 17 to the Holders (or such other notice period as may be specified in the relevant Final Terms), redeem all or, as appropriate, some, of the Notes on any Call Option Date, which shall not be less than five (5) years. Any such redemption of Notes shall be at their Optional Redemption Amount plus interest, if any, accrued to the date fixed for redemption (including, where applicable, any Arrears of Interest). Any such redemption should relate to Notes of a nominal amount at least equal to the minimum redemption amount as specified in the relevant Final Terms and may not exceed the maximum redemption amount as specified in the relevant Final Terms.

If any other Issuer's Option (as described in the relevant Final Terms) is specified in the relevant Final Terms, the Issuer may, subject to compliance by the Issuer with all the relevant laws, regulations and directives and provided it gives not less than fifteen (15) nor more than thirty (30) calendar days' irrevocable prior notice in accordance with Condition 17 to the Holders (or such other notice period as may be specified in the relevant Final Terms) exercise any Issuer's Option in relation to all or, as appropriate, some, of the Notes on any Option Exercise Date. Any such exercise should relate to Notes of a nominal amount at least equal to the minimum redemption amount in respect of which such option has been exercised as specified in the relevant Final Terms and may not exceed the maximum redemption amount in respect of which such option has been exercised as specified in the relevant Final Terms.

In the case of a partial redemption or a partial exercise of an Issuer's Option in respect of Materialised Notes, the notice sent to holders of such Materialised Notes shall also contain the number of the Definitive Materialised Notes to be redeemed or in respect of which such option has been exercised. The Notes shall have been selected in such manner as may be fair and objective in the circumstances, taking account of prevailing market practices and subject to compliance with the prevailing legislation and Regulated Market or unregulated market regulations.

In the case of a partial redemption of, or a partial exercise of, an Issuer's Option in respect of Dematerialised Notes, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Notes in a given Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full, or applying the option to, some only of such Dematerialised Notes and, in such latter case, the choice between those Dematerialised Notes that shall be fully redeemed or in respect of which such Option shall be exercised and those Dematerialised Notes that shall not be redeemed or in respect of which such Option shall not be exercised shall be made in accordance with Article R.213-16 of the French Monetary and Financial Code and the provisions of the relevant Final Terms, subject to compliance with the prevailing legislation and Regulated Market or unregulated market regulations.

So long as the Notes are admitted to trading on Euronext Paris and the rules in force or applicable to that Regulated Market so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published (i) as long as such Notes are admitted to trading on Euronext Paris and the rules of such Regulated Market so permit, on the AMF's website (www.amf-france.org) or (ii) in a daily financial newspaper with general circulation in the city where the Regulated Market on which such Notes are admitted to trading is located, which in the case of Euronext Paris is expected to be *La Tribune* or *Les Echos*, a notice specifying the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes, a list of any Materialised Notes drawn for redemption but not yet surrendered.

(d) Holder Put and Exercise of Holders' Options

If a Put Option is specified in the relevant Final Terms, the Issuer shall, at the option of the Holder, and provided the Holder gives not less than fifteen (15) nor more than thirty (30) calendar days' prior notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms), redeem such Note on the Put Option Date(s) at its Optional Redemption Amount plus, where applicable, interest accrued to the date fixed for redemption including, where applicable, any Arrears of Interest.

If any other Holder's Option (as described in the relevant Final Terms) is specified in the relevant Final Terms, the Issuer shall, at the option of the Holder, and provided the Holder gives not less than fifteen (15) nor more than thirty (30) calendar days' advance notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) exercise any Holder's Option in relation to such Note on the Option Exercise Date at its Optional Redemption Amount plus, where applicable, interest accrued to the date fixed for redemption including, where applicable, any Arrears of Interest.

To exercise such option or any other option offered to Holders that may be set out in the relevant Final Terms the Holder should deposit with a Paying Agent at its specified office a duly completed option exercise notice (the "**Exercise Notice**") in the form that may be obtained during normal business hours from the Paying Agent or the Registration Agent, as the case may be, within the specified notice period. In the case of Materialised Notes, the Exercise Notice shall have attached to it the relevant Notes (together with all unmatured Receipts and Coupons and unexchanged Talons). In the case of Dematerialised Notes, the Holder should transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Paying Agent with an office in Paris, as specified in the Exercise Notice. Any option so exercised and, where applicable, any Note so deposited or transferred, may not be withdrawn without the prior written consent of the Issuer.

(e) Early Redemption

(i) *Zero Coupon Notes*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 8(f), 8(g) or 8(j) or upon it becoming due and payable as provided in Condition 11, shall be equal to the Amortised Nominal Amount (calculated as provided below) of such Note unless specified otherwise in the relevant Final Terms.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Nominal Amount of any Note shall be equal to the Final Redemption Amount of such Note on the Maturity Date, discounted at a rate per annum (expressed as a percentage) equal to the Rate of Yield (which, unless specified otherwise in the relevant Final Terms, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date (the "**Rate of Yield**")) compounded annually (the "**Amortised Nominal Amount**").
- (C) If the Amortised Nominal Amount payable in respect of each Note upon its redemption pursuant to Condition 8(f), 8(g) or 8(j) or upon its early redemption as provided in Condition 11 is not paid when due, the Early Redemption Amount payable in respect of such Note shall be the Amortised Nominal Amount of such Note as defined in sub-paragraph (B) above, it being understood that such sub-paragraph shall have effect as though the date on which said Note becomes payable is the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (both before and after any judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date plus any accrued interest, in accordance with Condition 5.

Where such calculation is to be made for a period of less than one (1) year, it shall be made on the basis of the Day Count Fraction as provided in the relevant Final Terms.

(ii) *Physical Delivery Notes*

In the case of Physical Delivery Notes, in accordance with Condition 9(b) and as determined in the method specified in the applicable Final Terms.

(iii) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than the Notes described in (i) above), upon redemption of such Note pursuant to Condition 8(f), 8(g) or 8(j) or upon it becoming due and payable as provided in Condition 11, shall be equal to the Final Redemption Amount plus all interest accrued to the date fixed for redemption (including, where applicable, any Arrears of Interest) unless specified otherwise in the relevant Final Terms.

(f) **Redemption for Taxation Reasons**

(i) If, by reason of any change in French law or regulations, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer is, on the occasion of the next redemption of principal or payment of interest due in respect of the Notes, required to pay the additional amounts as specified in Condition 10(b) below, the Issuer may, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, subject to having given not more than forty-five (45) nor less than thirty (30) days' notice to the Holders (which notice shall be irrevocable), in accordance with Condition 17, redeem all, but not some only, of the Notes at their Early Redemption Amount plus, unless specified otherwise in the relevant Final Terms, any interest accrued to the date set for redemption (including, where applicable, any Arrears of Interest) provided that the date set for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without being required to withhold French taxes.

(ii) If the Issuer, on the next redemption of principal or payment of interest in respect of the Notes, is prevented by French law from making payment to the Holders or, if applicable, Couponholders of the full amounts then payable, notwithstanding the undertaking to pay all additional amounts laid down in Condition 10(b) below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to giving not less than seven (7) calendar days' prior notice to the Holders in accordance with Condition 17, redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount plus, unless specified otherwise in the relevant Final Terms, any interest accrued to the date set for redemption (including, where applicable, any Arrears of Interest) on (A) the latest Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes, provided that if such notice expires after such Interest Payment Date, the date for redemption of Holders shall be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount then due in respect of the Notes and (ii) fourteen (14) calendar days after giving notice to the Fiscal Agent or (B) if so specified in the relevant Final Terms, on any date, provided that the scheduled date for redemption of which notice hereunder shall be given shall be the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Notes, or, if applicable, the Receipts or Coupons or, if that date is passed, as soon as practicable thereafter.

(g) **Partly-Paid Notes**

Partly-Paid Notes shall be redeemed, whether at maturity, by early redemption or otherwise, in accordance with the provisions of this Condition 8 and the provisions specified in the relevant Final Terms.

(h) Repurchases

In compliance with the prevailing laws and regulations, the Issuer shall have the right at all times to repurchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) on regulated markets or on or off exchange (including by tender offer) at any price.

Unless specified otherwise in the relevant Final Terms, Notes so repurchased by the Issuer may, at the Issuer's option, be held and resold in accordance with Article L.213-1 A of the French Monetary and Financial Code for the purpose of improving the liquidity of the Notes.

(i) Cancellation

All Notes repurchased by or on behalf of the Issuer to be cancelled in accordance with Condition 8(h) above shall be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Notes, by surrendering the relevant Temporary Global Certificate or the Definitive Materialised Notes in question, together with all unmatured Receipts and Coupons and all unexchanged Talons, if applicable, to the Fiscal Agent and, in each case, if so transferred or surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Notes and, in the case of Definitive Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(j) Illegality

If, due to any new legislation or regulations coming into effect in France, or any change to a French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, it would become unlawful for the Issuer to perform or comply with its obligations under the Notes, the Issuer shall, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' notice to the Holders (which notice shall be irrevocable), in accordance with Condition 17, redeem all, but not some only, of the Notes at their Early Redemption Amount plus any interest accrued to the date set for redemption (including, where applicable, any Arrears of Interest).

9. **Payments and Talons**

For the purposes of this Condition 9, references to the payment or redemption (as the case may be) of principal and/or interest and any other similar expressions shall, where the context so admits, be deemed also to refer to the delivery of any Physical Delivery Amount.

(a) Dematerialised Notes

All payments of principal and interest in respect of Dematerialised Notes shall (i) in the case of Dematerialised Notes in bearer (*au porteur*) or administered registered (*au nominatif administré*) form, be made by transfer to an account denominated in the relevant currency with the Account Holders for the benefit of the Noteholders, and (ii) in the case of Dematerialised Notes in fully registered form (*au nominatif pur*), to an account denominated in the relevant currency with a Bank (as defined below) designated by the relevant Noteholder. All payments validly made to such Account Holders or Bank shall discharge the Issuer from its payment obligations.

(b) Definitive Materialised Notes

(i) *Method of payment*

- (A) Subject as provided below, all payments in a Specified Currency shall be made by credit or transfer to an account denominated in the Specified Currency, or to which the Specified Currency may be credited or transferred (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account), maintained by the payee or, at the option of the payee, by a cheque in such Specified Currency drawn on a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is the euro, shall be a country in the euro-zone, and, if the Specified Currency is the Australian dollar or New Zealand dollar, shall be Sydney or Auckland, respectively).
- (B) In the case of Physical Delivery Notes which are settled by way of delivery, on the date scheduled for redemption, the Issuer shall deliver, or procure the delivery of, the documents evidencing the number of thereof, and/or constituting the Physical Delivery Amount, to the order of the Holder in accordance with the Holder's instructions contained in the Transfer Notice (as defined below). The Physical Delivery Amount shall be evidenced in the manner described in the applicable Final Terms.
- (C) In the case of Physical Delivery Notes, the applicable Final Terms may also contain provisions for variation of settlement pursuant to an option to such effect or where the Issuer or the holder of a Physical Delivery Note (as the case may be) is not able to deliver, or take delivery of (as the case may be), the Underlying Assets or where a Settlement Disruption Event (as described in the applicable Final Terms) has occurred, all as provided in the applicable Final Terms.

(ii) Presentation and surrender of Definitive Materialised Notes, Receipts and Coupons

All payments of principal in respect of Definitive Materialised Notes shall (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of partial payment of any sum due, annotation) of the corresponding Notes, and all payments of interest in respect of Definitive Materialised Notes shall (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the corresponding Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

All payments of instalments of principal (if any) in respect of the Definitive Materialised Notes, other than the final instalment, shall (subject as provided below) be made in the manner provided in paragraph (i) above against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the corresponding Receipt in accordance with the preceding paragraph. Payment of the final instalment shall be made in the manner provided in paragraph (i) above only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the corresponding Note in accordance with the preceding paragraph. Each Receipt should be presented for payment of the relevant instalment together with the Definitive Materialised Note to which it relates. Any Receipts presented for payment without the Definitive Materialised Note to which they relate shall render the Issuer's obligations non enforceable.

On the date on which any Definitive Materialised Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become non enforceable and payment shall not be made in respect thereof.

Fixed Rate Notes represented by Definitive Materialised Notes (other than Dual Currency Notes and Index Linked Notes) should be presented for payment together with the unmatured Coupons relating thereto (which expression shall for this purpose include Coupons falling to be issued in exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of a partial payment, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) shall be deducted from the sum due for payment. Each amount of principal so deducted shall be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of a period of ten (10) years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become prescribed under Condition 12) or, if later, before the expiry of a period of five (5) years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note represented by a Definitive Materialised Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) relating thereto shall become non enforceable and further Coupons shall not be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note or Index Linked Note represented by a Definitive Materialised Note becomes due and repayable prior to its Maturity Date, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become non enforceable and payment or, as the case may be, exchange for further Coupons shall not be made in respect thereof.

If the due date for redemption of any Definitive Materialised Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date, shall be payable only against presentation and surrender (if appropriate) of the relevant Definitive Materialised Note.

(c) Payments in the United States

Notwithstanding the foregoing, if any Materialised Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at such offices is prohibited or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then authorised by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence for the Issuer.

(d) Payments subject to tax laws

All payments shall be subject to any laws, regulations and directives, including in relation to tax laws, but without prejudice to the provisions of Condition 10. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Fiscal Agent, the Paying Agents and the Registration Agent initially appointed by the Issuer and their respective specified offices are listed at the end of the Base Prospectus relating to the Issuer's Notes Programme. The Fiscal Agent, the Paying Agents and the Registration Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent expert(s) and, in each case, do not assume any obligation or relationship of agency for any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any Paying Agent, Calculation Agent or Registration Agent and to appoint another Fiscal Agent or other Paying Agent(s), Calculation Agent(s) or Registration Agent(s) or additional Paying Agent(s), Calculation Agent(s) or Registration Agent(s),

provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Terms and Conditions so require, (iii) a Paying Agent having specified offices in at least two major European cities (and providing financial services in respect of the Notes in Luxembourg so long as the Notes are admitted to trading on Euronext Paris and so long as the regulations applicable to such market so require, and in such other city where the Notes are admitted to trading on another Regulated Market so long as the Notes are admitted to trading on such other Regulated Market), (iv) in the case of Materialised Notes, a Paying Agent having its office in an EU Member State that shall not require it to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other EU Directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income or in accordance with any law implementing or complying with, or introduced in order to comply with, such Directive (which may be any of the Paying Agents referred to in (iii) above), (v) in the case of Dematerialised Notes in fully registered form, a Registration Agent and (vi) any other agents as may be required by the rules of any other Regulated Market on which the Notes may be admitted to trading.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Notes denominated in U.S. dollars in the circumstances described in paragraph 9(c) above.

Notice of any such change or any change of any specified office shall be given promptly to the Noteholders in accordance with Condition 17.

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for such further Coupon sheet) (but excluding any Coupons that may have been cancelled pursuant to Condition 12).

(g) Business Days for payment

If any payment date in respect of any Note or Coupon is not a business day, the Noteholder, Receiptholder or Couponholder shall not be entitled to any payment until the following business day unless specified otherwise in the relevant Final Terms, nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France operates or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the financial centre of the place in which the security is presented for payment, (B) on which banks and foreign exchange markets are open for business in such countries as shall be specified as "**Financial Centres**" in the relevant Final Terms and (C) (i) in the case of a payment in a currency other than the euro, where payment is to be made by transfer to an account maintained with a bank in the Specified Currency, on which foreign exchange transactions may be carried out in such currency in the principal financial centre of the country in which such currency is legal tender or (ii) in the case of a payment in euros, which is a TARGET Business Day.

The relevant Final Terms shall contain provisions relating to the procedure for the delivery of any Physical Delivery Amount in respect of Physical Delivery Notes (including, but not limited to, liability for the transfer costs of the Underlying Assets). The Underlying Assets shall be delivered at the risk of the relevant Noteholder in the manner specified in the Transfer Notice and no additional payment or delivery shall be due to a Noteholder where any Underlying Assets are delivered after their due date in circumstances beyond the control of either the Issuer or the Settlement Agent.

(h) Bank

For the purpose of this Condition 9, "**Bank**" means a bank operating in the principal financial centre in which the specified currency is legal tender or, in the case of payments in euros, in a city in which banks have access to the TARGET System.

10. **Taxation**

(a) Tax exemption

All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes shall be made without any withholding or deduction at source for any taxes or duties of any kind imposed, levied or collected by or on behalf of France or any of its authorities having power to levy tax, unless such withholding or deduction at source is required by law.

(b) Additional amounts

If French law should require that payments of principal or interest in respect of any Note, Receipt or Coupon be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer undertakes, to the fullest extent permitted by law, to pay such additional amounts as shall result in receipt by the Noteholders, Receiptholders or Couponholders of all amounts as would have been received by them had no such withholding or deduction been required, it being specified that the Issuer shall not be required to pay any such additional amounts with respect to any Note, Receipt or Coupon in the following circumstances:

(i) *Other connection*

the holder of Notes or Coupons, or a third party on behalf of the holder, is liable for such taxes or duties in France for some reason other than the mere property of the Notes, Receipts or Coupons; or

(ii) *More than thirty (30) calendar days have elapsed since the Relevant Date*

in the case of Definitive Materialised Notes, more than thirty (30) calendar days have elapsed since the Relevant Date, unless the holder of such Notes, Receipts or Coupons would have been entitled to such additional amounts on presenting them for payment on the thirtieth such day; or

(iii) *Payment to individuals*

such withholding or deduction is imposed on a payment to an individual and made pursuant to European Council Directive 2003/48/EC or any other EU Directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income or in accordance with any law implementing or complying with, or introduced in order to comply with, such Directive; or

(iv) *Payment by another Paying Agent*

in the case of Definitive Materialised Notes presented for payment, such withholding or deduction is made by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent located in an EU Member State.

References in these Terms and Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 8 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Coupon Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

(c) Supply of information

Each Noteholder shall be responsible for supplying to the Paying Agent, in a reasonable and timely manner, any information as may be required in order to comply with the identification and reporting obligations imposed on it by European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council Meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing such Directive.

11. **Early Redemption Events**

The Representative (as defined in Condition 13) acting on behalf of the *Masse* (as defined in Condition 13), upon request of any Noteholder, or in the event the Noteholders of any Series have not been grouped into a *Masse*, any Noteholder, may, upon written notice to the Fiscal Agent (with copy to the Issuer) given before the default in question shall have been remedied, cause the principal amount of all Notes, and not some only, held by such Noteholder to become immediately due and payable, plus any accrued interest (including Arrears of Interest if any) thereon, as of the date on which such notice for payment is received by the Fiscal Agent if any of the following events (each an "Early Redemption Event") shall occur:

- (i) the Issuer is in default in the payment of the principal of, or interest on, any Note (including the payment of any additional amounts mentioned in Condition 10(b)) and such default continues for more than thirty (30) calendar days after such amount becomes due and payable; or
- (ii) the Issuer is in default in the performance of any of its other obligations under the Notes and such default has not been remedied within forty-five (45) calendar days after the receipt by the Fiscal Agent of the written notice of such default given by the Representative or a Noteholder; or
- (iii) the Issuer sells, transfers or otherwise disposes of, directly or indirectly, the whole or a substantial part of its assets, or the Issuer enters into voluntary liquidation, except in the case of a dissolution, liquidation, merger or other reorganisation following which all or substantially all of the Issuer's assets are transferred to a legal entity which assumes all of the Issuer's liabilities including the Notes and whose purpose is the continuation of, and which effectively continues, the Issuer's activities; or
- (iv) the Issuer applies for or is subject to a request for the appointment of an ad hoc representative (*mandataire ad hoc*) or enters into a conciliation procedure (*procédure de conciliation*) with its creditors or into an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*) or into a safeguard procedure (*procédure de sauvegarde*) or a judgement is rendered for its judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the Issuer's business (*cession totale de l'entreprise*) or the Issuer makes any assignment for the benefit of, or enters into any agreement with, its creditors.

12. **Prescription**

Claims against the Issuer in respect of the Notes, Receipts and Coupons (excluding Talons for the purposes of this Condition) shall become prescribed and be cancelled unless made within ten (10) years (in the case of principal) or five (5) years (in the case of interest) from the appropriate Relevant Date.

13. **Representation of Noteholders**

Except as provided otherwise in the relevant Final Terms, Holders shall, in respect of all Tranches in a given Series, be grouped automatically for the defence of their common interests into a *masse* (in each case, the "**Masse**").

The Masse shall be governed by the provisions of the French Commercial Code (*Code de commerce*, the "**Code**") with the exception of Articles L.228-48, L.228-59, L.228-65 I (1°), (3°) and (4°), L.228-71, R.228-63, R.228-67 and R.228-69 subject to the following provisions:

(a) Legal personality

The Masse shall be a separate legal entity and shall act in part through a representative (the "**Representative**") and in part through a general meeting of the Holders (the "**General Meeting**").

The Masse alone, to the exclusion of all individual Holders, may exercise and enforce the common rights, actions and benefits which now or in the future may accrue to or be derived from the Notes.

(b) Representative

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (i) the Issuer, the members of its Board of Directors (*Conseil d'Administration*), its general managers (*directeurs généraux*), its statutory auditors, its employees and their ascendants, descendants and spouses; or
- (ii) companies guaranteeing all or some of the obligations of the Issuer, their respective managers (*gérants*), general managers, members of their Board of Directors, Executive Board or Supervisory Board, their statutory auditors, employees and their ascendants, descendants and spouses; or
- (iii) companies holding 10 per cent or more of the Issuer's share capital or companies having 10 per cent or more of their share capital held by the Issuer; or
- (iv) persons prohibited from working as bankers or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The names and addresses of the Masse's Representative and its alternate Representative shall be set out in the relevant Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes shall be the Representative of the single Masse of all Tranches in such Series.

The Representative shall be entitled to such remuneration in connection with its functions and duties as set out in the relevant Final Terms, if any is specified.

In the event of the death, resignation or removal from office of the Representative, such Representative shall be replaced by the alternate Representative. In the event of the death, resignation or removal from office of the alternate Representative, another alternate shall be elected by the General Meeting.

All interested parties shall at all times have the right to obtain the names and addresses of the Representative and the alternate Representative from the Issuer at its address and from the specified offices of any of the Paying Agents.

(c) Representative's Powers

The Representative shall (in the absence of any decision to the contrary by the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Holders or initiated by them should be brought by or against the Representative.

The Representative may not be involved in the management of the Issuer's affairs.

(d) General Meeting

A General Meeting may be held at any time, when convened by either the Issuer or the Representative. One or more Holders, holding together at least one-thirtieth of the nominal amount of the Notes outstanding, may address to the Issuer and the Representative a request for a General Meeting to be convened. If such General Meeting has not been convened within two (2) months after such request, the Holders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) to convene the General Meeting.

Notice of the date, time, place and agenda of any General Meeting shall be published as provided under Condition 17.

Each Holder has the right to participate in General Meetings in person, by proxy, correspondence or, if the Issuer's Articles of Association (*statuts*) so specify, videoconference or any other means of telecommunication facilitating the identification of the participating Holders. Each Note gives the Holder the right to one vote or, in the case of Notes issued with several Specified Denominations, one vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such Note.

In accordance with Article R.228-71 of the French Commercial Code, the rights of each Holder to participate in General Meetings shall be evidenced by registration in an account held with the relevant Account Holder in the name of such Holder at midnight (Paris time) on the third Paris business day preceding the date set for the relevant General Meeting.

(e) General Meeting's powers

The General Meeting is empowered to deliberate on the removal from office and replacement of the Representative and the alternate Representative and may also act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue to or derive from the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may in addition deliberate on any proposal relating to the modification of the Terms and Conditions including any proposal, whether for arbitration or settlement, relating to contested rights or which was the subject of a judicial decision, it being specified, however, that the General Meeting may not increase amounts payable by Holders, nor establish any unequal treatment between the Holders.

General Meetings may deliberate validly on first convocation only if the Holders present or represented hold at least one-fifth of the nominal amount of the Notes then outstanding. On second convocation, a quorum shall not be required. Decisions at meetings shall be taken by a two-thirds majority of the votes cast by Holders attending such General Meetings, whether in person or by proxy.

Decisions of General Meetings shall be published in accordance with the provisions set forth in Condition 17.

(f) Information to Noteholders

Each Noteholder or representative thereof shall have the right, during the period of fifteen (15) calendar days preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which shall be available for inspection by the relevant Holders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

(g) Expenses

The Issuer shall pay all expenses relating to the operation of the Masse, including expenses relating to the convening and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be deducted from interest payable under the Notes.

(h) Single Masse

The Noteholders of a given Series or Tranche, and the Noteholders of any other Series or Tranche which have been assimilated (*assimilables* for the purpose of French Law) with the Notes of such aforementioned Tranche or Series in accordance with Condition 16, shall, for the defence of their common interests, be grouped into a single Masse. The Representative appointed in respect of the first Tranche of a Series or Tranche of Notes shall be the Representative of the single Masse of such Series.

In respect of each Tranche of Notes issued or deemed to be issued outside France, this Condition 13 may, if so specified in the relevant Final Terms, be amended, supplemented or waived and, in respect of any Tranche issued inside France, this Condition 13 shall be waived in its entirety and replaced by the full provisions of the Code relating to the Masse.

14. **Modifications**

These Terms and Conditions may be amended or modified in relation to any Series of Notes by the terms of the relevant Final Terms relating to such Series.

The Issuer may, without the agreement of the Holders or Couponholders, modify or waive certain stipulations of the Final Terms relating to a specific Series with the aim of rectifying a manifest error contained in the Final Terms provided that, in its reasonable opinion, the interests of the Holders and Couponholders are not prejudiced.

15. **Replacement of Definitive Materialised Notes, Receipts, Coupons and Talons**

In the case of Materialised Notes, any Definitive Materialised Note, Receipt, Coupon or Talon that is lost, stolen, mutilated, defaced or destroyed, in whole or in part, may be replaced, subject to compliance with the applicable legislation, regulations and rules of the relevant Regulated Market, at the office of the Fiscal Agent or such other Paying Agent as may from time to time be appointed by the Issuer for this purpose and notice of whose appointment is given to Holders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and subject to conditions concerning evidence, security and compensation (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Definitive Materialised Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer, at its request, the amount payable by the Issuer in respect of such Definitive Materialised Notes, Coupons or further Coupons). Mutilated or defaced Materialised Notes, Receipts, Coupons or Talons shall be surrendered before replacements are issued.

16. **Further issues and consolidation**

(a) Further issues

Unless provided otherwise in the relevant Final Terms, the Issuer shall have the right, without the consent of the Noteholders, Receiptholders or Couponholders, to create and issue further Notes to be assimilated (*assimilables* for the purpose of French Law) with the Notes provided such Notes and the further Notes entitle their holders to rights identical in all respects (or identical in all respects with the exception of the first interest payment) and that the terms and conditions of such Notes provide for such assimilation, and references in these Terms and Conditions to "Notes" shall be construed accordingly.

(b) Consolidation

Unless provided otherwise in the relevant Final Terms, the Issuer, with the prior approval of the Fiscal Agent (which shall not be unreasonably withheld), shall have the right on each Interest Payment Date occurring on or after the Redenomination Date on giving not less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 17, without the consent of the Noteholders or Couponholders, to consolidate the Notes of one Series denominated in euros with the Notes of one or more other Series issued by it, whether or not such Notes were originally issued in one of the European national currencies or in euros, provided such other Notes have been redenominated in euros (if not originally denominated in euros) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

17. Notices

- (a) Notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either, (i) mailed to them at their respective addresses, in which case they shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing or (ii) published in a leading daily financial newspaper of general circulation in Europe (which is expected to be the *Financial Times*). It is specified that, so long as such Notes are admitted to trading on any Regulated Market and the applicable rules of that Regulated Market so require, notices shall only be deemed valid if they are published in a daily financial newspaper with general circulation in the city/ies where such Notes are admitted to trading, which, in the case of Euronext Paris, is expected to be *Les Echos* and in any other required manner, where appropriate, in accordance with the rules applicable to said market.
- (b) Notices sent to the holders of Materialised Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if published in a daily financial newspaper of general circulation in Europe (which is expected to be the *Financial Times*) and so long as such Notes are admitted to trading on a Regulated Market and the applicable rules of that Regulated Market so require, notices shall also be published in a daily financial newspaper with general circulation in the city/ies where the Regulated Market(s) on which such Notes are admitted to trading is/are located, which in the case of Euronext Paris is expected to be *Les Echos* and in any other manner, where appropriate, in accordance with the rules applicable to said market.
- (c) If any such publication is not practicable, notice shall be deemed validly given if published in a leading daily financial newspaper with general circulation in Europe, it being specified that, as long as the Notes are admitted to trading on any regulated market, notices shall be published in any manner required, where appropriate, by the rules applicable to said regulated market. Holders shall be deemed to have knowledge of the content of such notices on their publication date, or, in the case of a notice published several times or on different dates, on the date of first publication as described above. Couponholders shall be deemed, under all circumstances, to have been informed of the contents of any notice given to the Holders of Materialised Notes in accordance with this Condition.
- (d) Notices required to be sent to the holders of Dematerialised Notes (whether in registered or in bearer form) (*au porteur or au nominatif*) pursuant to these Terms and Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 17(a), (b) and (c) above, provided however that (i) so long as such Notes are admitted to trading on any regulated market and the applicable rules of that market so require, notices shall also be published in a daily financial newspaper with general circulation in the city/ies where the Notes are admitted to trading, which, in the case of Euronext Paris, is expected to be *Les Echos* and in any other required manner, where appropriate, in accordance with the rules applicable to said market, and (ii) notices relating to the convocation and decisions of General Meetings pursuant to Condition 13 shall also be published in a daily financial newspaper with general circulation in Europe.

18. **Governing Law, language and jurisdiction**

(a) Governing Law

The Notes, Receipts, Coupons and Talons are governed by, and shall be construed in accordance with, French law.

(b) Language

This Base Prospectus has been prepared in French and English but only the French version shall be regarded as binding.

(c) Jurisdiction

Any claim against the Issuer in connection with any Notes, Receipts, Coupons or Talons shall be brought before any competent court in Paris.

19. **Additional terms relating to Equity-Linked Notes or Equity Basket-Linked Notes, an Index Linked Notes or Index Basket-Linked Notes, ETF Linked Notes or ETF Basket-Linked Notes, ADR/GDR Linked Notes or ADR/GDR Basket-Linked Notes**

(a) Definitions

As used in this Condition 19, and unless otherwise provided in the relevant Final Terms, the following expressions shall have the following meanings:

"Additional Disruption Event" has the meaning ascribed thereto in Condition 19(h);

"American Depositary Receipt(s)" or **"ADR"** means any Security specified as such in the relevant Final Terms provided that if the relevant Deposit Agreement is terminated at any time, any reference to any ADR(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it determines to be appropriate to the relevant Notes and determine the effective date of such adjustment;

"ADR/GDR Linked Notes" means a Series of Equity-Linked Notes which relate to one or more Securities which are ADRs/GDRs;

"Automatic Early Redemption Amount" means (a) an amount in the relevant currency specified in the relevant Final Terms or if such amount is not specified, (b) the product of (i) the nominal amount of one Note and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date;

"Automatic Early Redemption Date(s)" means each of the date(s) specified as such in the relevant Final Terms, subject in each case to adjustment in accordance with the Business Day Convention specified in the relevant Final Terms;

"Automatic Early Redemption Event" means (unless otherwise specified in the relevant Final Terms) that the price of the relevant Security or, as the case may be, the level of the Index, in either case as determined by the Calculation Agent as of the (or any) Valuation Date is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Price, or as the case may be, the Automatic Early Redemption Level;

"Automatic Early Redemption Level" means the level of the Index specified as such or otherwise determined in the relevant Final Terms;

"Automatic Early Redemption Notes" means a Series of Notes in respect of which the relevant Final Terms specifies that Automatic Early Redemption is applicable;

"Automatic Early Redemption Price" means the price per Security specified as such or otherwise determined in the relevant Final Terms;

"Automatic Early Redemption Rate" means, in respect of any Automatic Early Redemption Date, the rate specified as such in the relevant Final Terms;

"Automatic Early Redemption Valuation Date(s)" means each of the date(s) specified as such in the relevant Final Terms or, if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, subject to the provisions of Condition 19(e)(i) which shall apply as if such Automatic Early Redemption Valuation Date were a Valuation Date;

"Averaging Date" means, in respect of each Valuation Date, each date specified as such or otherwise determined as provided in the relevant Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of Condition 19(e)(ii);

"Cash Equity Note" means a Series of Notes in respect of which the amount payable at maturity is calculated by reference to the value of a Security or Securities and/or a formula (as indicated in the relevant Final Terms);

"Cash Settlement" means, in relation to a Series of Notes, that the relevant Noteholder is entitled to receive from the Issuer on the Maturity Date an amount calculated in accordance with the relevant Final Terms in the Specified Currency;

"Component Security" means, with respect to an Index, each component security of that Index;

"Conversion" means, in respect of any Securities, any irreversible conversion by the Underlying Company of such Securities into other securities;

"Delisting" means that the Exchange announces that, pursuant to the rules of such Exchange, the Securities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union);

"Delivery Disruption Event" means, as determined by the Calculation Agent, the failure by the Issuer to deliver or to procure delivery on the relevant Settlement Date the Securities Transfer Amount under the relevant Note due to illiquidity in the market for such Securities;

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

"Depositary" means, in relation to a ADR/GDR, the issuer of such ADR/GDR as appointed under the Deposit Agreement, including its successors from time to time;

"Disrupted Day" means (a) any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred; or (b) if the Notes are Multiple Exchange Index-Linked Notes, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred or (c) any Scheduled Trading Day on which the Index Sponsor fails to publish the Index;

"EMU Event" means the occurrence of any of the following, as determined by the Calculation Agent:

- (a) the redenomination of any security into euro;
- (b) the change by any organised market, exchange or clearing system, payment or settlement system in the unit of account of its operating procedures to the euro;
- (c) any change in the currency of denomination of any Index; or
- (d) any change in the currency in which some or all of the securities or other property comprising any Index is denominated;

"Early Closure" means (a) the closure on any Exchange Business Day of the relevant Exchange (in the case of Equity-Linked Notes or Cash Equity Notes) or any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index-Linked Notes) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or (b) if the Notes are Multiple Exchange Index-Linked Notes, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day;

"Equity-Linked Note" means a Series of Notes in respect of which either an amount, which shall be calculated by reference to the value of a Security or Securities and/or a formula, is payable or a Securities Transfer Amount is deliverable (as indicated in the relevant Final Terms);

"Exchange Traded Fund" or **"ETF"** means the exchange traded fund as specified in the relevant Final Terms;

"ETF Adviser" means, with respect to an ETF, any person appointed in the role of discretionary investment manager or non-discretionary investment manager (including a non-discretionary investment manager to a discretionary investment manager or to another non-discretionary investment manager), as provided in the related ETF Documents;

"ETF Documents" means, in relation to any ETF, the constitutive and governing documents, subscription agreements and other agreements of such ETF specifying the terms and conditions relating to such ETF, in each case as amended and supplemented from time to time;

"Exchange" means (a) with respect to a Security or an Index, each exchange or quotation system specified as such in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Security or the components of the Index, as the case may be, has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Security or components of the Index, as the case may be, as on the original Exchange); or (b) in the case of a Multiple Exchange Index and each relevant Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent (which exchange or quotation system as of the Issue Date may be specified as such in the relevant Final Terms);

"Exchange Business Day" means (a) any Scheduled Trading Day on which each Exchange and any relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; or (b) with respect to a Multiple Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time;

"Exchange Disruption" means (a) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Securities on the Exchange (in the case of an Equity-Linked Note or Cash Equity Note) or on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of an Index-Linked Note), or (ii) to effect transactions in, or obtain market values for, future or options contracts relating to the Securities (in the case of an Equity-Linked Note or Cash Equity Note) or the relevant Index (in the case of an Index-Linked Note) on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (i) any Component Security on the Exchange in respect of such Component Security or (ii) futures or options contracts relating to the Index on the relevant Related Exchange;

"Exchange Rate" means, in respect of a relevant date and time, the currency exchange rate of one currency against another currency, as specified in the Final Terms, quoted by the relevant exchange rate provider on such date, as displayed on the Reuters Page specified in the Final Terms and as determined by the Calculation Agent. If such Exchange Rate cannot be or ceases to be determined, then the Calculation Agent shall select another Reuters page or determine in good faith such Exchange Rate by reference to such sources as it may select in its absolute discretion;

"Extraordinary Dividend" means the amount per Security specified or otherwise determined as provided in the relevant Final Terms or, if no such amount is so specified or determined, any dividend or the portion of any dividend which the Calculation Agent determines should be characterised as an Extraordinary Dividend;

"Extraordinary Event" means (a) in all cases other than where the Final Terms specify that the Securities are Units in an ETF, a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting (b) in the case where the Final Terms specify that the Securities are Units in an ETF, a Merger Event, Nationalisation, Insolvency, Delisting or Extraordinary ETF Event;

"Extraordinary ETF Event" means, in the determination of the Calculation Agent, the occurrence or existence of any of the following:

- (a) the ETF (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C)(1) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator,

provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (A) to (E) above;

- (b) the ETF has violated any leverage restriction that is applicable to, or affecting, such ETF or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the ETF Documents or any contractual restriction binding on or affecting the ETF or any of its assets;
- (c) the resignation, termination or replacement of the ETF Adviser (as defined below);
- (d) any change or modification of the ETF Documents that could reasonably be expected to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Issue Date;
- (e) any breach or violation of any strategy or investment guidelines stated in the ETF Documents that is reasonably likely to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent);
- (f) the Issuer, or any of its affiliates, is unable, or it is impractical for it, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (1) any restrictions or increase in charges or fees imposed by the ETF on any investor's ability to redeem the Units, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Units, or (2) any mandatory redemption, in whole or in part, of such Units imposed by the ETF (in each case other than any restriction in existence on the Issue Date);
- (g) cancellation, suspension or revocation of the registration or approval of the Units or the ETF by any governmental, legal or regulatory entity with authority over the Units or the ETF, (B) any change in the legal, tax, accounting or regulatory treatments of the ETF or the ETF Adviser that is reasonably likely to have an adverse impact on the value of the Units or on any investor therein (as determined by the Calculation Agent), or (C) the ETF or the ETF Adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the ETF;
- (h) the occurrence of any event affecting the Units that, in the determination of the Calculation Agent, would make it impossible or impracticable to determine the value of the Units, and such event is likely, in the determination of the Calculation Agent, to continue for the foreseeable future; or (B) any failure of the ETF to deliver, or cause to be delivered (1) information that the ETF has agreed to deliver, or cause to be delivered to the Issuer and/or Calculation Agent or (2) information that has been previously delivered to the Issuer and/or Calculation Agent in accordance with the ETF's, or its authorised representative's, normal practice and that the Issuer and/or Calculation Agent deems necessary for it to monitor the ETF's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the Units;
- (i) on or after the Strike Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any

change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (X) it has become illegal to hold, acquire or dispose of the Units, or (Y) the Issuer will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

- (j) the Issuer would incur a materially increased (as compared with circumstances existing on the Strike Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Extraordinary ETF Event; and
- (k) the cancellation or cessation of any Underlying Index or (B) a material change in the formula for or the method of calculating or any other material modification to any Underlying Index (other than a modification prescribed in that formula or method to maintain such Underlying Index in the event of changes in constituent stock and capitalisation and other routine events) or (C) the relevant sponsor of any Underlying Index fails to calculate and announce such Underlying Index.

"Final Index Level" means, with respect to an Index and a Valuation Date, the level determined as provided in the relevant Final Terms or, if no such level is so provided (a) the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Valuation Date or (b) with respect to a Multiple Exchange Index, the official closing level of the Index on the Valuation Date as calculated and published by the Index Sponsor or (c) if Averaging Dates are specified in the relevant Final Terms in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant currency in which the Index is published, one half of a unit being rounded upwards) of the Reference Levels on such Averaging Dates;

"Final Price" means, with respect to a Security and a Valuation Date, the price determined as provided in the relevant Final Terms, or if no such price is so provided (a) the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on such Valuation Date or (b) if Averaging Dates are specified in the relevant Final Terms in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant currency in which the Security is valued, one half of a unit being rounded upwards) of the Reference Prices on such Averaging Dates;

"Global Depositary Receipt(s)" or "GDR" means, any Security specified as such in the relevant Final Terms provided that if the relevant Deposit Agreement is terminated at any time, any reference to any GDR(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it determines to be appropriate to the relevant Notes and determine, the effective date of such adjustment;

"Government Bonds" means, in relation to a Series of Notes, bonds or any other debt securities issued by a government, government agency or subdivision or a transnational or supranational organisation as specified in the relevant Final Terms and **"Government Bond"** shall be construed accordingly;

"Index" means, in relation to a Series of Notes, the index to which such Notes relates, as specified in the relevant Final Terms, subject to adjustment pursuant to this Condition 19, and **"Indices"** shall be construed accordingly;

"Index-Linked Note" means a Series of Notes in respect of which an amount calculated by reference to an Index or Indices and/or a formula is payable (as indicated in the relevant Final Terms);

"Index Rules" has the meaning ascribed to it in the applicable Final Terms;

"Index Sponsor" means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Scheduled Trading Day (which corporation or entity as of the Issue Date may be specified as such in the relevant Final Terms);

"Initial Index Level" means, with respect to an Index, the level specified as such or otherwise determined as provided in the relevant Final Terms or, if no such level is so specified or otherwise determined, the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date or, with respect to a Multiple Exchange Index, the official closing level of the Index on the Strike Date as calculated and published by the Index Sponsor;

"Initial Price" means, with respect to a Security, the price specified as such or otherwise determined as provided in the relevant Final Terms or, if no such price is so specified or otherwise determined, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date;

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting an Underlying Company, (A) all the Securities of that Underlying Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Securities of that Underlying Company become legally prohibited from transferring them;

"Knock-in Determination Day" means each Scheduled Trading Day during the Knock-in Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-in Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-in Determination Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-in Determination Day is a Disrupted Day. In that case, that eighth (8th) Scheduled Trading Day shall be deemed to be the Knock-in Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is also a Disrupted Day in accordance with the provisions of Condition 19(e)(iii)(A), (B) or (C), as the case may be;

"Knock-in Determination Period" means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date;

"Knock-in Event" means (a) the event or occurrence specified as such in the relevant Final Terms; and (b) (unless otherwise specified in the relevant Final Terms) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Price or, as the case may be, the Knock-in Level;

"Knock-in Level" means the level of the Index specified as such or otherwise determined in the relevant Final Terms;

"Knock-in Period Beginning Date" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-in Determination Day" above;

"Knock-in Period Ending Date" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-in Determination Day" above;

"Knock-in Price" means the price per Security specified as such or otherwise determined in the relevant Final Terms;

"Knock-in Valuation Time" means the time or period of time on any Knock-in Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time;

"Knock-out Determination Day" means each Scheduled Trading Day during the Knock-out Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-out Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-out Determination Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-out Determination Day is a Disrupted Day. In that case, that eighth (8th) Scheduled Trading Day shall be deemed to be the Knock-out Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is a Disrupted Day in accordance with the provisions of Condition 19(e)(iii)(A), (B) or (C), as the case may be;

"Knock-out Determination Period" means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date;

"Knock-out Event" means that (i) the event or occurrence specified as such in the relevant Final Terms; and (ii) (unless otherwise specified in the relevant Final Terms) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Price or, as the case may be, Knock-out Level;

"Knock-out Level" means the level of the Index specified as such or otherwise determined in the relevant Final Terms;

"Knock-out Period Beginning Date" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-out Determination Day" above;

"Knock-out Period Ending Date" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-out Determination Day" above;

"Knock-out Price" means the price per Security specified as such or otherwise determined in the relevant Final Terms;

"Knock-out Valuation Time" means the time or period of time on any Knock-out Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time;

"Market Disruption Event" means (a) the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one-hour period that ends at the relevant Valuation Time, Knock-in Valuation Time or Knock-out

Valuation Time, as the case may be or (iii) an Early Closure provided that for the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a component of the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event; or (b) with respect to a Multiple Exchange Index, either

- (a) (1) the occurrence or existence, in respect of any Component Security, of (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded, OR (cc) an Early Closure; AND (2) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR
- (b) the occurrence or existence, in respect of futures or options contracts relating to the Index of: (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Related Exchange; or (cc) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Multiple Exchange Index at any time, if a Market Disruption Event occurs in respect of a Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data";

"Merger Event" means in respect of any relevant Securities, any (i) reclassification or change of such Securities that results in a transfer of or an irrevocable commitment to transfer all of such Securities outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Underlying Company with or into another entity or person (other than a consolidation, amalgamation or merger in which such Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Securities of the Underlying Company that results in a transfer of or an irrevocable commitment to transfer all such Securities (other than such Securities owned or controlled by such other entity or person); or (iv) consolidation, amalgamation, merger or binding share exchange of the Underlying Company or its subsidiaries with or into another entity in which the Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding but results in the outstanding Securities (other than Securities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Securities immediately following such event, in each case if the closing date of a Merger Event (or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent) is on or before, in the case of any Equity-Linked Note which is to be redeemed by delivery of a Securities Transfer Amount, the Maturity Date or, in any other case, the final Valuation Date;

If the Notes are ADRs/GDRs Linked Notes, "Merger Event" shall include the occurrence of any of the events described in (i) to (iv) (inclusive) above in relation to the relevant Underlying Securities;

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

"Multiple Exchange Index-Linked Notes" means Notes which relate to a Multiple Exchange Index;

"Nationalisation" means that all the Securities (or, if the Notes are ADR/GDR Linked Notes, the relevant Underlying Securities) or all or substantially all the assets of an Underlying Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity;

"Notional Sale Date" has the meaning given in the definition of Settlement Date below;

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

"Potential Adjustment Event" means (i) a subdivision, consolidation or reclassification of relevant Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Securities to existing holders whether by way of bonus, capitalisation or similar issue; or (ii) a distribution, issue or dividend to existing holders of the relevant Securities of (A) such Securities or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Company equally or proportionately with such payments to holders of such Securities or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent in its sole and absolute discretion; or (iii) an Extraordinary Dividend; or (iv) a call by the Underlying Company in respect of relevant Securities that are not fully paid; or (v) a repurchase by the Underlying Company or any of its subsidiaries of relevant Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vi) in respect of the Underlying Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Underlying Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Securities; or (viii) any other event specified as such in the relevant Final Terms.

With respect to ADRs/GDRs, "Potential Adjustment Event" shall also include (x) the occurrence of any of the events described in (i) to (viii) (inclusive) above in respect of the relevant Underlying Securities and (y) the making of any amendment or supplement to the terms of the Deposit Agreement;

"Reference Level" means, unless otherwise specified in the relevant Final Terms (a) in respect of an Index and an Averaging Date, the level of such Index as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date and (b) in respect of a Multiple Exchange Index and an Averaging Date, the official closing level of such Multiple Exchange Index on such Averaging Date as calculated and published by the Index Sponsor;

"Reference Price" means, unless otherwise specified in the relevant Final Terms, in respect of a Security and an Averaging Date, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date;

"Related Exchange" means, subject to the provision below, in respect of a Security or an Index, each exchange or quotation system specified as such for such Security or Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Security or Index, as the case may be, has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Security or Index, as the case may be, as on the original Related Exchange) provided, however, that where "All Exchanges" is specified as the Related Exchange in the relevant Final Terms, **"Related Exchange"** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Security or Index, as the case may be;

"Residual Amount" means, in relation to a Noteholder and a Note, the fraction of a Security rounded down pursuant to Condition 19(b), as determined by the Calculation Agent or such amount as otherwise specified in the relevant Final Terms;

"Residual Cash Amount" means, in respect of a Residual Amount, the product of such Residual Amount and the fraction of which the numerator is the Final Price and the denominator is the Strike Price;

"Scheduled Closing Time" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

"Scheduled Trading Day" means (a) any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading for their respective regular trading sessions; or (b) with respect to a Multiple Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session or (c) any day on which the Index Sponsor is scheduled to publish the level of the Index;

"Scheduled Valuation Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

"Securities" means, in relation to a Series of Notes or in relation to an Index, the equity securities, ADRs/GDRs, Units of ETF or other securities or property, as adjusted pursuant to this Condition 19, to which such Notes or Index, as the case may be, relate, as specified in the relevant Final Terms and **"Security"** shall be construed accordingly;

"Securities Transfer Amount" means the number of Securities per Note as specified in the relevant Final Terms or if no such number is so specified, the number of Securities per Note calculated by the Calculation Agent and equal to the fraction of which the numerator is the Denomination and the denominator is the Strike Price;

"Settlement Cycle" means, in respect of a Security or an Index, the period of Clearing System Business Days following a trade in the relevant Security or the securities underlying such Index, as the case may be, on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period);

"Settlement Date" means, in relation to Securities to be delivered in respect of an Equity-Linked Note (a) in the case of Equity-Linked Notes which relate to equity securities and unless otherwise specified in the relevant Final Terms, the later of (i) the Maturity Date and (ii) the date that falls one Settlement Cycle after the Exchange Business Day following the Valuation Date (the **"Notional Sale Date"**) (or if such day is not a Clearing System Business Day, the next following Clearing System Business Day) subject to the provisions of Condition 19(b) or, (b) in any other case, and unless otherwise specified in the relevant Final Terms, the date specified as such in the relevant Final Terms, subject to adjustment in accordance with the Following Business Day Convention unless another Business Day Convention (as defined in Condition 7(b)) is specified in the relevant Final Terms. In each case, if a Settlement Disruption Event prevents delivery of such Securities on that day, then the Settlement Date shall be determined in accordance with Condition 19(b)(ii);

"Settlement Disruption Event" in relation to a Security or a Component Security, means an event which the Calculation Agent determines to be beyond the control of the Issuer or relevant obligor and to be an event as a result of which the relevant Clearing System cannot clear the transfer of such Security or Component Security;

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

"Strike Price" has the meaning ascribed thereto in the relevant Final Terms;

"Successor Index" has the meaning given in Condition 19(f)(i);

"Tender Offer" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Underlying Company, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant;

"Trading Disruption" means (a) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Securities on the Exchange (in the case of an Equity-Linked Note or Cash Equity Note) or on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index-Linked Notes); or (ii) in futures or options contracts relating to the Securities or the relevant Index on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to any Component Security on the Exchange in respect of such Component Security, or (ii) in futures or options contracts relating to the Index on any relevant Related Exchange;

"Transfer Expenses" means, with respect to any Notes, all taxes, including the French financial transaction tax, any duties, including stamp duties, any assignment, issue registration or transfer duties, and any other similar taxes or duties, and/or all expenses, fees, including safe-keeping charges, operational or exercise fees, taxes and registration fees payable on the date of and/or by the reason of, or in connection with the Notes, including their redemption, assignment, delivery, and/or the acquisition, transfer, or delivery of the Securities and/or any disposition by the transferor for the benefit of the relevant Holders of any security;

"Transfer Notice" means a notice in the form from time to time approved by the Issuer, which must:

- (a) specify the name and address of the Noteholder;
- (b) specify the number of Notes in respect of which it is the Noteholder;
- (c) specify the number of the Noteholder's account at Euroclear France, Euroclear, Clearstream, Luxembourg, and/or any other relevant clearing system, as the case may be, to be debited with such Notes;
- (d) irrevocably instruct and authorise Euroclear France, Euroclear, Clearstream, Luxembourg, and/or any other relevant clearing system, as the case may be, (A) to debit the Noteholder's account with such Notes on the Settlement Date, if the Issuer elects (or has elected) Physical Delivery or otherwise on the Maturity Date and (B) that no further transfers of the Notes specified in the Transfer Notice may be made;
- (e) contain a representation and warranty from the Noteholder to the effect that the Notes to which the Transfer Notice relates are free from all liens, charges, encumbrances and other third party rights;
- (f) specify the number and account name of the account at the Clearing System to be credited with the Securities if the Issuer elects (or has elected) Physical Settlement;
- (g) contain an irrevocable undertaking to pay the Transfer Expenses (if any) and an irrevocable instruction to Euroclear France, Euroclear, Clearstream, Luxembourg, and/or any other relevant

clearing system, as the case may be, to debit on or after the Settlement Date the cash or other account of the Noteholder with Euroclear France, Euroclear, Clearstream, Luxembourg, and/or any other relevant clearing system, as the case may be, specified in the Transfer Notice with such Transfer Expenses;

- (h) include a certificate of non-US beneficial ownership in the form required by the Issuer; and
- (i) authorise the production of the Transfer Notice in any applicable administrative or legal proceedings;

"Underlying Company" means the issuer of the Security as specified in the relevant Final Terms and, if the Notes are ADR/GDR Linked Notes, each of the Depositary and the issuer of the relevant Underlying Security, in each case subject to adjustment in accordance with Condition 19(g);

"Underlying Index", in relation to an ETF, has the meaning given to it in the relevant Final Terms;

"Underlying Security" means, with respect to ADR/GDR Linked Notes, the security and any other property to which such ADR/GDR relates;

"Unit", in relation to an ETF, has the meaning given to it in the relevant Final Terms;

"Valid Date" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur;

"Valuation Date" means each date specified or otherwise determined as provided in the relevant Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), in each case subject to Condition 19(e); and

"Valuation Time" means (a) in relation to each Security to be valued or each Index the level of which falls to be determined on any date, the time on such date specified as such in the relevant Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on such date in relation to such Security or Index, as applicable or such scheduled time as set out in the Index Rules. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or (b) in relation to a Multiple Exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (a) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

- (b) Physical Delivery

In relation to Equity-Linked Notes which are to be redeemed by the delivery of a Securities Transfer Amount, and subject to the other provisions of these Conditions and the relevant Final Terms:

- (i)
 - (A) Each Noteholder shall, on or before the date five calendar days before the Maturity Date (or such earlier date as the Issuer shall determine is necessary for the Issuer, the Paying Agents, Euroclear France, Euroclear, Clearstream, Luxembourg, and/or any other relevant clearing system to perform their respective obligations in relation to the Notes and notify to the Paying Agents and the Noteholders) send to Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, in accordance with its then applicable operating procedures, and copied to the Principal Paying Agent, a duly completed Transfer Notice.

- (B) A Transfer Notice, once delivered to Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Noteholder may not transfer any Note which is the subject of a Transfer Notice following delivery of such Transfer Notice to Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system. A Transfer Notice shall only be valid to the extent that Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system have not received conflicting prior instructions in respect of the Notes which are the subject of the Transfer Notice.
- (C) Failure properly to complete and deliver a Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided shall be made by the Principal Paying Agent and shall be conclusive and binding on the Issuer and the Noteholder.
- (D) The Principal Paying Agent shall promptly on the local banking day following receipt of a Transfer Notice send a copy thereof to the Issuer or such person as the Issuer may previously have specified.
- (E) Delivery of the Securities will be *via* the relevant Clearing System. The delivery or transfer of Securities to each Noteholder is at the relevant Noteholder's risk and if delivery occurs later than the earliest possible date for delivery, no additional amounts will be payable by the Issuer.
- (F) the Issuer shall discharge its obligation to redeem the relevant proportion of the Notes by delivering, or procuring the delivery of, the Securities Transfer Amount on the Settlement Date to the Clearing System for credit to the account with the Clearing System specified in the Transfer Notice of the relevant Noteholder.
- (G) The amount of Securities to be delivered to or for the account of each Noteholder shall be an amount of Securities equal to the number of Notes in respect of which such Noteholder is the holder as specified in the relevant Transfer Notice multiplied by the Securities Transfer Amount *provided, however, that* if a Noteholder would become entitled to a number of Securities which is not equal to a board lot of the Securities at such time, as determined by the Calculation Agent, or an integral multiple thereof, then the Noteholder's entitlement to delivery of Securities shall be rounded down to the nearest whole Security.
- (H) In relation to each Noteholder, the Calculation Agent shall calculate the Residual Amount and the Residual Cash Amount. The Residual Cash Amount shall be paid by the Issuer to the relevant Noteholder on the Settlement Date.
- (I) Each Noteholder shall be required as a condition of its entitlement to delivery of Securities in respect of any Notes to pay all Transfer Expenses in respect of such Notes.
- (J) After delivery to or for the account of a Noteholder of the relevant Securities Transfer Amount and for such period of time as the transferor or its agent or nominee shall continue to be registered in any clearing system as the owner of the Securities comprised in such Securities Transfer Amount (the "**Intervening Period**"), none of such transferor or any agent or nominee for the Issuer or such transferor shall (i) be under any obligation to deliver to such Noteholder or any other person any letter, certificate, notice, circular, dividend or any other document or payment whatsoever received by the Issuer or such transferor, agent or nominee in its capacity as holder of such Securities, (ii) be under any obligation to exercise any rights (including voting rights) attaching to such Securities during the Intervening Period, or (iii) be under any liability to such Noteholder or any other person in respect of any loss or damage which the Noteholder or any other person

may sustain or suffer as a result, whether directly or indirectly, of the Issuer or such transferor, agent or nominee being registered in such clearing system during such Intervening Period as legal owner of such Securities.

- (K) All dividends on Securities to be delivered will be payable to the party that would receive such dividends according to market practice for a sale of the Securities executed on the Notional Sale Date to be delivered in the same manner as such Securities. Any such dividends will be paid to or for credit to the account specified by the Noteholder in the relevant Transfer Notice. No right to dividends on the Securities will accrue to Noteholders prior to the Notional Sale Date.
- (ii) the Calculation Agent shall determine whether or not at any time a Settlement Disruption Event has occurred and where it determines such an event has occurred and so has prevented delivery of Securities on the original day that but for such Settlement Disruption Event would have been the Settlement Date, then the Settlement Date will be the first succeeding day on which delivery of such Securities can take place through the relevant Clearing System unless a Settlement Disruption Event prevents settlement on each of the eight relevant Clearing System Business Days immediately following the original date (or during such other period (the "**Disruption Period**") specified in the relevant Final Terms) that, but for the Settlement Disruption Event, would have been the Settlement Date. In that case, if the Securities are debt securities, the Issuer shall use reasonable efforts to deliver such Securities promptly thereafter in a commercially reasonable manner (as determined by the Calculation Agent) outside the Clearing System and in all other cases (a) if such Securities can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent), then the Settlement Date will be the first Business Day on which settlement of a sale of Securities executed on that eighth relevant Clearing System Business Day, or during such other period specified in the relevant Final Terms, customarily would take place using such other commercially reasonable manner (as determined by the Calculation Agent) of delivery (which other manner of delivery will be deemed the relevant Clearing System for the purposes of delivery of the relevant Securities), and (b) if such Securities cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent), then the Settlement Date will be postponed until delivery can be effected through the relevant Clearing System or in any other commercially reasonable manner.

For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Securities comprised in a basket, the Settlement Date for Securities not affected by the Settlement Disruption Event will be the first day on which settlement of a sale of such Securities executed on the Maturity Date customarily would take place through the relevant Clearing System.

- (iii) if the Calculation Agent determines that a Delivery Disruption Event has occurred, it shall notify the Issuer who shall promptly notify the relevant Noteholder(s) and the Issuer may then:
 - (A) determine that the obligation to deliver the relevant Securities Transfer Amount will be terminated and the Issuer will pay such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the non-delivery of the Securities Transfer Amount, in which event the entitlements of the respective Noteholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount; or
 - (B) deliver on the Settlement Date such amount of the Securities Transfer Amount (if any) as it can deliver on that date and pay such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the non-delivery of the remainder of the Securities Transfer Amount, in which event the entitlements of the respective Noteholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Notes shall be satisfied in full upon payment of such amount.

Where this Condition 19(b)(iii) fails to be applied, insofar as the Calculation Agent determines to be practical, the same shall be applied as between the Noteholders on a *pro rata* basis, but subject to such rounding down (whether of the amount of a payment or of a number of Securities to be delivered) and also to such other adjustments as the Calculation Agent determines to be appropriate to give practical effect to such provisions.

(c) Automatic Early Redemption

This Condition 19(c) is applicable only to Automatic Early Redemption Notes.

If on any Automatic Early Redemption Valuation Date, the Automatic Early Redemption Event occurs, then unless previously redeemed or purchased and cancelled, the Notes will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date and the Redemption Amount payable by the Issuer on such date upon redemption of each Note shall be an amount in the relevant currency equal to the relevant Automatic Early Redemption Amount.

(d) Knock-in and Knock-out Provisions

If "Knock-in Event" or "Knock-out Event" is specified as applicable in the Final Terms in relation to any Cash Equity Note, Equity-Linked Note or Index-Linked Note, then each payment and/or delivery in respect of which a Knock-in Event or Knock-out Event (respectively) applies, as specified in the relevant Final Terms, shall be conditional upon the occurrence of such Knock-in Event or Knock-out Event (respectively).

(e) Consequences of Disrupted Days

For the purposes of this Condition 19(e) "**Limit Valuation Date**" shall mean, if any Valuation Date in respect of a Note is a Disrupted Day, the eighth Scheduled Trading Day following such Valuation Date, notwithstanding the Market Disruption Event, *provided that*:

- (i) if, as a result of the foregoing, the Valuation Date would be deemed to fall less than five (5) local banking days prior to the Maturity Date, a relevant Interest Payment Date or (as the case may be) any due date for payment of any amount due in respect of such Note, the Limit Valuation Date shall be deemed to fall on the day which is five (5) local banking days prior to the Maturity Date, such Interest Payment Date or (as the case may be) due date for payment of any amount due in respect of such Note or, if such local banking day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day; and
- (ii) if the Scheduled Valuation Date falls on a day which is five (5) local banking days or less prior to the Maturity Date, a relevant Interest Payment Date or (as the case may be) any due date for payment of any amount due in respect of such Note, the Limit Valuation Date shall be deemed to be such Scheduled Valuation Date,

in each case notwithstanding the fact that such day is a Disrupted Day.

(iii) If any Valuation Date is a Disrupted Day, then:

(A) in the case of an Equity-Linked Note, a Cash Equity Note or an Index-Linked Note which, in each case, relates to a single Security or Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, provided that the Valuation Date shall not fall after the Limit Valuation Date. In that case:

- (1) in respect of an Index-Linked Note, the Calculation Agent shall determine that either:

- (aa) the Valuation Date shall be the Limit Valuation Date; or
- (bb) the Valuation Date shall be the first (1st) succeeding Exchange Business Day on which there is no Market Disruption Event,

and, in the case of (aa) above, the Calculation Agent shall determine the level of the Index as of the Valuation Time on the Limit Valuation Date determined in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Limit Valuation Date of each security or other property comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other property on the Limit Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on the Limit Valuation Date); and

- (2) in respect of an Equity-Linked Note or a Cash Equity Note, the Limit Valuation Date shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and the Calculation Agent shall determine its good faith estimate of the value for the relevant Security as of the Valuation Time on that Limit Valuation Date;

- (B) in the case of an Index-Linked Note which relates to a basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, unless each of the succeeding Scheduled Trading Days up to and including the Limit Valuation Date is a Disrupted Day relating to that Index. In that case, the Calculation Agent shall determine that either:

- (1) the Limit Valuation Date shall be the Valuation Date for the relevant Index notwithstanding the fact that such day is Disrupted Day relating to that Index; or
- (2) the Valuation Date shall be the first (1st) succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index,

and, in the case of (1) above, the Calculation Agent shall determine the level of that Index, as of the Valuation Time on the Limit Valuation Date in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Limit Valuation Date of each security or other property comprised in the relevant Index (or, if an event giving rise to a Disrupted Day has occurred in respect to the relevant security or other property on the Limit Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on the Limit Valuation Date); and

- (C) in the case of an Equity-Linked Note or a Cash Equity Note which, in each case, relates to a basket of Securities, the Valuation Date for each Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Security affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Security, unless each of the Scheduled Trading Days (up to and including the Limit Valuation Date) immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Security. In that case, (1) the Limit Valuation Date shall be deemed to be the Valuation Date for the relevant Security, notwithstanding the fact that such day is a

Disrupted Day, and (2) the Calculation Agent shall determine its good faith estimate of the value for that Security as of the Valuation Time on the Limit Valuation Date.

(iv) If Averaging Dates are specified in the relevant Final Terms, then notwithstanding any other provisions of these Conditions, the following provisions will apply to the valuation of the relevant Index or Securities:

(A) The Final Price or Final Index Level will be, in relation to any Valuation Date:

(1) in respect of an Index-Linked or an Equity-Linked Note settled by way of Cash Settlement or a Cash Equity Note which, in each case, relates to a single Security or Index (as the case may be), the arithmetic mean of the Reference Price of the Security or (as the case may be) of the Reference Level of the Index on each Averaging Date;

(2) in respect of an Index-Linked Note settled by way of Cash Settlement or a Cash Equity Note which, in each case, relates to a basket of Indices, the arithmetic mean of the amounts for such basket determined by the Calculation Agent as provided in the relevant Final Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Index Level is so provided, the arithmetic mean of the amounts for such basket calculated on each Averaging Date as the sum of the Reference Level of each Index comprised in such basket (weighted or adjusted in relation to each Index as provided in the relevant Final Terms); and

(3) in respect of an Equity-Linked Note settled by way of Cash Settlement or a Cash Equity Note which relates to a basket of Securities, the arithmetic mean of the prices for such basket determined by the Calculation Agent as provided in the relevant Final Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Price is so provided, the arithmetic mean of the prices for such basket calculated on each Averaging Date as the sum of the values calculated for the Securities of each Underlying Company as the product of (aa) the Reference Price of such Security and (bb) the number of such Securities comprised in such basket (weighted or adjusted in relation to each Security as provided in the relevant Final Terms).

(B) If any Averaging Date is a Disrupted Day, then, if the consequence specified in the relevant Final Terms in relation to "**Averaging Date Market Disruption**" is:

(1) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Final Price or Final Index Level, as applicable, *provided that*, if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Condition 19(e)(i) will apply for purposes of determining the relevant level, price or amount on the final Averaging Date in respect of that Valuation Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date;

(2) "**Postponement**", then Condition 19(e)(i) will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether,

pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the relevant Notes. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date; or

(3) "**Modified Postponement**", then:

(a) in the case of an Index-Linked Note or an Equity-Linked Note or a Cash Equity Note which relates to a single Index or Security, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the Limit Valuation Date immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date (the "**Scheduled Final Averaging Date**") in relation to the relevant Scheduled Valuation Date, then:

(i) in respect of an Index-Linked Note, the Calculation Agent shall determine that either:

(a) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date); or

(b) the Averaging Date shall be the first succeeding Valid Date,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 19(e)(iii)(A)(1); and

(ii) in respect of an Equity-Linked Note or a Cash Equity Note, the Limit Valuation Date shall be the Averaging Date (irrespective of whether the Limit Valuation Date is already an Averaging Date), and the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with Condition 19(e)(iii)(A)(2); and

(b) in the case of an Index-Linked Note, an Equity-Linked Note or a Cash Equity Note which relates to a basket of Indices or Securities, the Averaging Date for each Index or Security not affected by the occurrence of a Disrupted Day shall be the day specified in the relevant Final Terms as an Averaging Date in relation to the relevant Valuation Date (the "**Scheduled Averaging Date**") and the Averaging Date for an Index or Security affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index or Security. If the first succeeding Valid Date in relation to such Index or Security has not occurred as of the Valuation Time on the Limit Valuation Date immediately following the Scheduled Final Averaging Date, then:

- (i) in respect of an Index-Linked Note, the Calculation Agent shall determine that either:
 - (a) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Index; or
 - (b) the Averaging Date shall be the first succeeding Valid Date,and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 19(e)(i)(B); and
- (ii) in respect of an Equity-Linked Note or a Cash Equity Note, the Limit Valuation Date shall be the Averaging Date (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Security, and the Calculation Agent shall determine the relevant amount for that Averaging Date in accordance with Condition 19(e)(iii) (C).

If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

- (c) If (1) on or prior to any Averaging Date, in respect of an Index-Linked Note, an Index Modification, Index Cancellation or Index Disruption (each as defined in Condition 19(f)(ii) occurs, or (2) on any Averaging Date in respect of an Index-Linked Note an Index Disruption Event occurs, then the Calculation Agent shall determine the Final Index Level using, in lieu of a published level of the relevant Index, the level for that Index as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to that change or failure, but using only those securities that comprised that Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on any relevant Exchange).

(f) Adjustments to Indices

This Condition 19(f) is applicable only in relation to Index-Linked Notes.

(i) Successor Index

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Sponsor acceptable to the Calculation Agent, or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that Index (the "**Successor Index**") will be deemed to be the Index.

(ii) Index Modification

If on or prior to any Valuation Date, a relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation or other routine events) (an "**Index Modification**"), then the Calculation Agent shall determine whether such Index Modification has a material effect on the Notes, and if so, shall make such adjustment(s) (if any) as it determines appropriate to account for the economic effect of the Index Modification and determine the effective date of any such modification or adjustment.

(iii) Index Cancellation

If on or prior to the Valuation Date (A) the Index Sponsor fails to calculate and announce a relevant Index, (B) the Index Sponsor announces that it suspends the calculation and publication of the level of a relevant Index, or (C) the Index Sponsor permanently cancels the Index and no Successor Index exists (each an "**Index Cancellation**"), then:

- (A) the Issuer shall as soon as is reasonably practicable after determining the same give notice (an "**Index Cancellation Notice**") of such Index Cancellation to the Noteholders (with a copy to the Calculation Agent) in accordance with Condition 17 (*Notices*);
- (B) if Index Substitution is specified as being applicable in the relevant Final Terms, the Issuer shall, in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), determine whether or not and the date as of which the Index is to be substituted with a Substitute Index and, if it so determines, it shall give an Index Substitution Notice to the Noteholders (with a copy to the Calculation Agent) in accordance with Condition 17 (*Notices*) and, with effect from the date so determined, the Substitute Index shall be deemed to be the Index; and
- (C) if no Substitute Index has been identified within ten Business Days of the giving of such Index Cancellation Notice or if Index Substitution has not been specified as being applicable in the relevant Final Terms, the Issuer shall, in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), determine whether or not the relevant Notes shall continue and:
 - (1) if it determines that the Notes shall continue, then the Calculation Agent shall determine the Final Index Level for such Valuation Date using, in lieu of a published level of that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the Index Cancellation, but using only those components that comprised that Index immediately prior to that Index Cancellation; and
 - (2) if it determines that the Notes shall not continue, the Issuer shall terminate the relevant Notes as of the date selected by the Issuer and give notice thereof to the Noteholders (with a copy to the Calculation Agent) in accordance with Condition 17 (*Notices*), specifying the early redemption amount and early redemption date, and the entitlements of the relevant Noteholders to receive the Final Redemption Amount (or any other payment to be made by the Issuer, as the case may be) shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as is determined by the Calculation Agent to be the fair market value of the Notes immediately prior (and ignoring the circumstances leading) to such early redemption, adjusted to account fully for any reasonable expenses, costs or proceeds, as the case may be,

to the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and funding arrangements.

For these purposes:

"Index Substitution Notice" means a notice specifying a Substitute Index to be substituted for the Index and the date as of which such substitution is to take effect; and

"Substitute Index" means a successor index identified by the Calculation Agent using commercially reasonable efforts, with characteristics, objectives and rules similar to the Index in effect immediate prior to the occurrence of the Index Cancellation.

(iv) Correction of Index Levels

If the level of an Index published by the Index Sponsor at any time and used or to be used by the Calculation Agent for any calculation or determination under the Notes is subsequently corrected and the correction is published by the Index Sponsor after the original publication, the Calculation Agent will make such adjustment as it determines to be appropriate, if any, to the settlement or payment terms of the Notes to account for such correction *provided that* if any amount has been paid in an amount which exceeds the amount that would have been payable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable in respect of the Notes and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement of the relevant excess payment (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Noteholder, together with interest on that amount for the period from and including the day on which payment was originally made to (but excluding) the day of payment of reimbursement by the Noteholder (all as calculated by the Calculation Agent). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(g) Adjustments and Events affecting Securities

This Condition 19(g) is applicable only in relation to Equity-Linked Notes and Cash Equity Notes.

(i) Potential Adjustment Events

The Calculation Agent shall determine whether or not at any time a Potential Adjustment Event has occurred and where it determines such an event has occurred, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Securities and, if so, will make such adjustment(s) as it determines to be appropriate, (after consulting, if any, an independent expert appointed by HSBC France under condition 19(j)(ii)) by using the formulae given below for the amount of the Final Redemption Amount or any amount of interest set out in the relevant Final Terms, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Notes and/or any other adjustment(s) and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes as the Calculation Agent determines to be appropriate (after consulting, if any, an independent expert appointed by HSBC France under condition 19(j)(ii) to take into account that diluting or concentrative effect) and determine, the effective date(s) of such adjustment(s).

(ii) Extraordinary Events

Following the occurrence of any Extraordinary Event, the Calculation Agent will determine (after consulting, if any, an independent expert appointed by HSBC France under condition 19(j)(ii))

whether or not the relevant Notes shall continue and, if so, determine any adjustments to be made. If the Calculation Agent determines that the relevant Notes shall continue, it may make such adjustment(s) as it determines to be appropriate (after consulting, an independent expert appointed by HSBC France under condition 19(j)(ii)) if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Final Terms, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Notes and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent. If the Calculation Agent determines that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer) as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the termination of the Notes.

(iii) Correction of Prices

In the event that any price published or announced on a given day and utilised or to be utilised for the purpose of any calculation or determination under the Notes is subsequently corrected and the correction is published or announced by the Exchange within one Settlement Cycle after the original publication, the Calculation Agent will make such adjustment(s) as it determines to be appropriate (after consulting, if any, an independent expert appointed by HSBC France under condition 19(j)(ii)) to the amount payable in respect of the Notes and their terms to account for such correction and the Calculation Agent shall determine the effective date(s) of such adjustment(s) provided that if any amount has been paid in an amount which exceeds the amount that would have been payable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable in respect of the Notes and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement of the relevant excess payment (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Noteholder, together with interest on that amount for the period from and including the day on which payment was originally made to (but excluding) the day of payment of reimbursement by the Noteholder (all as calculated by the Calculation Agent). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(h) Additional Disruption Events

Following the occurrence of any Additional Disruption Event, the Calculation Agent will determine whether or not the relevant Notes shall continue and, if so, determine any adjustments to be made (after consulting, if any, an independent expert appointed by HSBC France under condition 19(j)(ii)). If the Calculation Agent determines that the relevant Notes shall continue, it may make such adjustment(s) as it determines to be appropriate, (after consulting, if any, an independent expert appointed by HSBC France under condition 19(j)(ii)) if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Final Terms, the number of Securities to which each Note relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Notes and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent. If the Calculation Agent determines that the relevant Notes shall be terminated, then the Notes shall be terminated as of the date selected by the Calculation Agent and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer), as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the termination of the Notes.

For the purposes any Series of Notes, "**Additional Disruption Event**" means any event specified as such in the relevant Final Terms, and for such purpose the following terms if so specified shall be deemed to have the following meanings unless otherwise provided in the relevant Final Terms:

- (i) "**Change in Law**" means that, on or after the Issue Date, (A) due to the adoption of or any change in any applicable law or regulation (including without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (x) it has become illegal for the Issuer to hold, acquire or dispose of Securities or Component Securities, or other components comprised in the Index, relating to such Notes, (y) it has become illegal for the Issuer to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to such Notes, or in relation to the Issuer's hedging activities in connection with the Notes, (ii) stock loan transactions in relation to such Notes or (iii) other instruments or arrangements (howsoever described) held by the Issuer in order to hedge, individually or on a portfolio basis, such Notes or (z) the Issuer will incur a materially increased cost in performing its obligations under the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
 - (ii) "**Failure to Deliver**" means the failure of a party to deliver, when due, the relevant Securities in respect of the Notes, where such failure is due to illiquidity in the market for such Securities;
 - (iii) "**Insolvency Filing**" means that the issuer of the Securities institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such petition, *provided that* proceedings instituted or petitions presented by creditors and not consented to by the issuer of the Securities shall not be deemed an Insolvency Filing;
 - (iv) "**Hedging Disruption**" means that the Issuer is unable or it is or has become not reasonably practicable, or it has otherwise become undesirable, for any reason, for the Issuer wholly or partially after using commercially reasonable efforts and acting in good faith, to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary or desirable to hedge the Issuer's obligations in respect of the Notes or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s); and
 - (v) "**Increased Cost of Hedging**" means that the Issuer would incur a materially increased costs (as compared with circumstances existing on the Issue Date), amount of tax, duty, expense or fee (other than brokerage commissions) to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Issuer's obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), *provided that* any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.
- (i) Effects of European Economic and Monetary Union

Following the occurrence of an EMU Event, the Calculation Agent shall make such adjustment (and determine the effective date of such adjustment) as it determines to be appropriate, (after consulting, if any, an independent expert appointed by HSBC France under condition 19(j)(ii)), if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Final Terms, the formula for and method of calculating the relevant Index and/or the securities or other property comprising the relevant

Index, the number of and type of Securities to which each Note relates, the number of and type of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered under such Notes and/or any other adjustment and, in any case, any other variable relevant to the settlement or payment terms of the relevant Notes.

Following the occurrence of an EMU Event, without prejudice to the generality of the foregoing, the Issuer shall be entitled to make such conversions between amounts denominated in the national currency units (the "**National Currency Units**") of the Participating Member States and the euro, and the euro and the National Currency Units, in each case, in accordance with the conversion rates and rounding rules in Regulation (EC) No. 1103/97 as it, in its sole and absolute discretion, determines to be appropriate.

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

For the purposes hereof:

(j) Adjustments

- (i) Role of the Calculation Agent: in the case of any event(s) that the Calculation Agent may reasonably consider affects or could potentially affect the value of an Index Linked Note, an Equity Linked Note or a Cash Equity Note, the Calculation Agent may make any reasonable additional adjustment (after consulting, if necessary, an impartial expert named by HSBC France in the conditions described in paragraph 19(j)(ii)), to the Exercise Price, the number and/or type of Securities and/or Indices to which such Index Linked Note, Equity Linked Note or Cash Equity Note relates and to the exercise, settlement and payment terms or any other term applicable to such Index Linked Note, Equity Linked Note or Cash Equity Note including, without limitations, adjustments to the amount, number or type of cash assets, equities, other securities and property that could be transferred in respect of such Index Linked Note, Equity Linked Note or Cash Equity Note, and may set the effective date(s) of such adjustments.
- (ii) Adjustments relating to Securities (the underlying is a Security): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall, on a reasonable basis and as quickly as possible, determine the adjustments to be made based on the formulas set forth below, which may be modified in the Final Terms by the Calculation Agent, it being stipulated that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Noteholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Noteholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.
- (iii) Applicable adjustment formulas and adjustments by the Calculation Agent following the Event:
 - (1) Subdivision of Securities;

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

Where:

"R factor" = parity before adjustment

"**Number of New Securities**" = number of Securities before the Event

"**Number of Old Securities**" = number of Securities after the Event

- (2) Aggregation or reclassification of Securities (unless the transaction results from a Merger Event);

Where:

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

"**R factor**" = parity before adjustment

"**Number of New Securities**" = number of Securities before the Event

"**Number of Old Securities**" = number of Securities after the Event

- (3) Exceptional distribution, issue or dividend in favour of the existing holders of the Underlying Securities concerned, (A) of the Underlying Securities, or (B) of other shares or equity securities entitling the holder to receive dividends and/or liquidation bonuses from the company issuing the Underlying Security, as the case may be, on an equal basis or proportionally to the payments thus made to the holders of the Underlying Securities, or (C) of any other type of security, right, certificate or asset, in each case in exchange for payment (in cash or other consideration) of an amount that is lower than the applicable market price, as determined by the Calculation Agent;

$$R \text{ factor} = \frac{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}}\right] \times \left[\frac{\text{Subscription Price}}{\text{Close Price at ExDate} - 1}\right]}{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}}\right]}$$

"**R factor**" = parity before adjustment

"**Number of Rights per Security**" = number of rights referred to in (3)(A), (3)(B) or (3)(C)

"**Number of New Securities**" = number of Underlying Securities before the Event

"**Subscription Price**" = subscription price of Note bearing entitlement to delivery of the Underlying Securities

"**Close Price at ExDate - 1**" = closing price on the last trading day before delivery of the Underlying Securities

- (4) Distribution of bonus securities

New value of underlying = observed value of underlying x R Factor

Where

$$\text{"R Factor"} = \left(\frac{1}{(1 + \text{Bonus Security } \%)} \right)$$

"Bonus Security %" = proportion of new underlying

- (5) In addition, in the event of a takeover bid, share exchange offer, minority squeeze out, merger or absorption, demerger, nationalisation, similar events and collective proceedings, the Calculation Agent (after consulting an impartial expert appointed by HSBC France in the conditions set forth in paragraph (j)(ii) above) may make whatever adjustment may be necessary to comply with the economic equivalent of the Notes and safeguard the rights of the Noteholders concerned.
- (6) It is stipulated that the following events shall not give rise to an adjustment:
- (a) payment of ordinary dividends in Underlying Securities or in cash by the Share Issuing Company;
 - (b) exercise of the rights attached to Underlying Security subscription warrants or other securities granting immediate or future rights to any part of the capital of the Share Issuing Company; and
 - (c) increase in the nominal value of the Underlying Securities through incorporation of reserves, profit or premiums.
- (7) In the case of events other than those described in paragraphs (iii) (1), (2), (3) and (4) whose effect is equivalent to that of an Event, the rules set forth in paragraphs (iii) (1), (2), (3) and (4) shall apply *mutatis mutandis*.
- (iv) Adjustments relating to an Equity Basket (the underlying is an Equity Basket): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible determine the adjustments to be made by applying *mutatis mutandis* the formulas shown above in paragraph (j)(iii) which may be modified in the Final Terms by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Noteholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Noteholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.
- (k) Adjustments where the Security is an ETF Unit

Where the Security is specified in the relevant Final Terms as being an ETF Unit, in the case of the occurrence at any time on or prior to the Valuation Date of any Exceptional Event affecting the ETF or the value of the Units, the Calculation Agent shall make any adjustment provided for in the preceding provisions of this Condition 19 or:

- (i) if the Calculation Agent determines that no adjustment that it could make under the preceding provisions of this Condition 19 would produce a commercially reasonable result:
 - (A) the Calculation Agent shall use commercially reasonable efforts to identify a new underlying asset with characteristics, investment objectives and policies similar to those in effect for the Affected Units immediately prior to the occurrence of the relevant Exceptional Event and any substitution of the new underlying asset for the Affected Units shall be effected at such time and in such manner as determined by the Calculation Agent, and

- (B) if necessary, the Calculation Agent shall adjust any relevant terms, including, but not limited to, adjustments to account for changes in volatility, investment strategy or liquidity relating to the Units or the Notes; or
- (ii) if the Calculation Agent determines that the relevant Notes shall be cancelled, then the Notes shall be cancelled as of the date selected by the Calculation Agent and the entitlements of the relevant Noteholders to receive the relevant Securities Transfer Amount or the Final Redemption Amount or any interest accrued, as the case may be, shall cease and the Issuer's obligations under the relevant Notes shall be satisfied in full upon payment of an amount that in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the cancellation of the Notes.
- (iii) adjustments relating to ETF Units (the underlying is an ETF Unit): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible determine the adjustments to be made based on the formulas shown below, which may be modified in the Final Terms by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Noteholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Noteholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.
- (iv) Applicable adjustment formulas and adjustments by the Calculation Agent after the Event:

- (1) Subdivision of Securities;

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"R factor" = parity before adjustment

"Number of New Securities" = number of Securities before the Event

"Number of Old Securities" = number of Securities after the Event

- (2) aggregation or reclassification of Securities (unless the transaction results from a Merger Event);

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"R factor" = parity before adjustment

"Number of New Securities" = number of Securities before the Event

"Number of Old Securities" = number of Securities after the Event

- (3) Exceptional distribution, issue or dividend in favour of the existing holders of the relevant Underlying Securities of (A) such Underlying Securities, or (B) of other share

capital or securities granting the right to payment of dividends and/or the proceeds of liquidation from the company issuing the Underlying Security, as the case may be, equally or proportionately with such payments to holders of such Underlying Securities, or (C) of any other type of securities, rights, certificates or other assets, in each case for payment (in cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent ;

$$R \text{ factor} = \frac{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}}\right] \times \left[\frac{\text{Subscription Price}}{\text{Close Price at ExDate} - 1}\right]}{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}}\right]}$$

"**R factor**"= parity before adjustment

"**Number of Rights per Security**" = number of rights referred to in (3)(A), (3)(B) or (3)(C)

"**Number of New Securities**" = number of ETF Units before the Event

"**Subscription Price**" = subscription price of the Note granting entitlement to delivery of the ETF Units

"**Close Price at ExDate - 1**"= closing price on the day before delivery of the ETF Units

(4) distribution of bonus securities

New value of underlying= observed value of underlying x R Factor

Where

$$\text{"R Factor"} = \left(\frac{1}{(1 + \text{Bonus Security } \%)}\right)$$

"**Bonus Security %**" = proportion of new underlying

(5) In addition, in the event of a takeover bid, share exchange offer, minority squeeze out, merger or absorption, demerger, nationalisation, similar events and collective procedures, the Calculation Agent (after consultation with an impartial expert named by HSBC France in the conditions provided for in paragraph (k)(iii) above) may make any adjustment deemed necessary to respect the economic equivalent of the Notes and safeguard the rights of the Noteholders concerned.

(6) It is also stipulated that the following events shall not give rise to an adjustment:

- (a) distribution of ordinary dividends in ETF Units or in cash by the ETF issuing the ETF Unit;
- (b) exercise of rights attached to ETF subscription warrants or securities granting immediate or future rights to part of the capital of the ETF that issues the ETF Unit; and
- (c) increase in the nominal value of the ETF Unit through incorporation of reserves, profits or premiums.

- (7) In the case of events other than those described in paragraphs (iv) (1), (2), (3) and (4) whose effect is equivalent to that of an Event, the rules set forth in paragraphs (iv) (1), (2), (3) and (4) shall apply *mutatis mutandis*.
- (v) Adjustments relating to ETF Baskets (the underlying is an ETF Basket): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible determine the adjustments to be made by applying *mutatis mutandis* the formulas shown above in paragraph (k)(iv) which may be modified in the Final Terms by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Noteholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Noteholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

In this Condition 19(k) "**Affected Unit(s)**" means each Unit subject to an applicable Exceptional Event.

- (l) Adjustments where the Securities are ADR/GDR
- (i) adjustments relating to ADR/GDR (the underlying is an ADR/GDR): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the "**Event**") , the Calculation Agent shall as quickly as possible and in a reasonable manner determine the adjustments to be made based on the formulas shown below, which may be modified in the Final Terms by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Noteholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Noteholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.
- (ii) Applicable adjustment formulas and adjustments by the Calculation Agent after the Event:
- (1) subdivision of Securities;

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"R factor" = parity before adjustment

"Number of New Securities" = number of Securities before the Event

"Number of Old Securities" = number of Securities after the Event

- (2) aggregation or reclassification of Securities (unless the transaction results from a Merger Event);

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"**R factor**" = parity before adjustment

"**Number of New Securities**" = number of Securities before the Event

"**Number of Old Securities**" = number of Securities after the Event

- (3) Exceptional distribution, issue or dividend in favour of the existing holders of the Underlying Securities concerned, (A) of the Underlying Securities, or (B) of other shares or equity securities entitling the holder to receive dividends and/or liquidation bonuses from the company issuing the Underlying Security, as the case may be, on an equal basis or proportionally to the payments thus made to the holders of the Underlying Securities, or (C) of any other type of security, right, certificate or asset, in each case in exchange for payment (in cash or other consideration) of an amount that is lower than the applicable market price, as determined by the Calculation Agent;

$$R \text{ factor} = \frac{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}}\right] \times \left[\frac{\text{Subscription Price}}{\text{Close Price at ExDate} - 1}\right]}{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}}\right]}$$

"**R factor**" = parity before adjustment

"**Number of Rights per Security**" = number of rights referred to in (3)(A), (3)(B) or (3)(C)

"**Number of New Securities**" = number of Underlying Securities before the Event

"**Subscription Price**" = subscription price of the Note granting entitlement to delivery of the Underlying Securities

"**Close Price at ExDate - 1**" = closing price on the day before delivery of the Underlying Securities

- (4) distribution of bonus securities

New value of underlying = observed value of underlying x R Factor

where

$$\text{"R Factor"} = \left(\frac{1}{(1 + \text{Bonus Security } \%)} \right)$$

"**Bonus Security %**" = proportion of new underlying

- (5) In addition, in the event of a takeover bid, share exchange offer, minority squeeze out, merger or absorption, demerger, nationalisation, similar events and collective proceedings, the Calculation Agent (after consulting an impartial expert appointed by HSBC France in the conditions set forth in paragraph (1)(ii) above) may make whatever adjustment may be necessary to comply with the economic equivalent of the Notes and safeguard the rights of the Noteholders concerned.

- (6) It is stipulated that the following events shall not give rise to an adjustment:
- (a) payment of ordinary dividends in Underlying Securities or in cash by the Share Issuing Company;
 - (b) exercise of the rights attached to the Underlying Security subscription warrants or other securities granting immediate or future rights to any part of the capital of the Share Issuing Company; and
 - (c) increase in the nominal value of the Underlying Securities through incorporation of reserves, profit or premiums.
- (7) In the case of events other than those described in paragraphs (ii) (1), (2), (3) and (4) whose effect is equivalent to that of an Event, the rules set forth in paragraphs (ii) (1), (2), (3) and (4) shall apply *mutatis mutandis*.
- (iii) Adjustments relating to ADR/GDR Baskets (the underlying is an ADR/GDR Basket): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible determine the adjustments to be made by applying *mutatis mutandis* the formulas shown above in paragraph (1)(ii) which may be modified in the Final Terms by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Noteholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Noteholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the terms and conditions that, as supplemented in accordance with the provisions of the relevant Final Terms, shall be applicable to the Certificates. All capitalised terms that are not defined in these Terms and Conditions shall have the meanings given to them in the relevant Final Terms. References below to "Conditions" are, unless the context requires otherwise, to the numbered paragraphs below. References in the Terms and Conditions to "Certificates" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Certificates are issued by HSBC France (the "Issuer") in series (each a "Series") having one or more issue dates and on terms otherwise identical (or identical with the exception of the first interest payment), the Certificates of each Series being intended to be interchangeable with all other Certificates of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms and conditions of each Tranche (including, but not limited to, the issue price, redemption price thereof, and interest, if any, payable in respect of the Certificates and supplemented, where necessary, with supplemental terms and conditions which, with the exception of the issue date, issue price, first interest payment and nominal amount of the Tranche, shall be identical to the terms of other Tranches of the same Series) shall be determined by the Issuer and the relevant Dealer(s) at the time of the issue and shall be set out in the final terms of such Tranche (the "**Final Terms**").

The Certificates shall be issued in accordance with an agency agreement (the "**Agency Agreement**") to be entered into between the Issuer, HSBC Bank plc as fiscal agent, principal paying agent and calculation agent and the other agents named therein. The fiscal agent, the paying agent(s) and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent) and the "**Calculation Agent(s)**". In addition, the Principal Paying Agent may (with the prior written consent of the Issuer) delegate certain of its functions and duties in relation to the Physical Delivery Certificates (as defined below) to a settlement agent (the "**Settlement Agent**").

For the purposes of these Terms and Conditions, "**Regulated Market**" means any regulated market situated in a member state of the European Economic Area ("**EEA**") as defined in the markets in financial instruments directive 2004/39/EC.

1. **Definitions**

The capitalised terms used in the Terms and Conditions of the Certificates have the following meanings:

"**Acquisition Price**" means the price at which the Certificateholder purchases the Certificate during the secondary market period.

"**ADR/GDR Basket**" means a basket of ADR/GDR issued by more than one Depository, as indicated in the Final Terms of the Certificates.

The value of the ADR/GDR Basket shall be determined by the Calculation Agent using the formula indicated in the Final Terms of the Certificates.

"**ADR/GDR Basket Linked Certificate**" means a Certificate linked to a Basket of American Depository Receipts/Global Depository Receipts.

"**ADR/GDR Linked Certificate**" means a Certificate linked to an American Depository Receipt/Global Depository Receipt.

"**American Depository Receipt(s)**" or "**ADR(s)**" refers to a security issued by the relevant Depository and representing an Equity.

"**Eligibility Criteria**" means the criteria indicated in the Final Terms of the Certificates.

"Equity Basket" means a basket of Shares issued by more than one Company as indicated in the Final Terms of the Certificates. The value of the Equity Basket shall be determined by the Calculation Agent using the formula indicated in the Final Terms of the Certificates.

"Equity Basket Linked Certificate" means a Certificate linked to a Basket of Equities.

"Equity Linked Certificate" means a Certificate linked to an Equity.

"ETF Basket Linked Certificate" means a Certificate linked to a Basket of Exchange Traded Funds.

"ETF Linked Certificate" means a Certificate linked to a Unit of an Exchange Traded Fund.

"Global Depositary Receipt" or **"GDR"** refers to a security issued by the relevant Depositary and representing an Equity.

"Index Basket" means a basket containing several indices as indicated in the Final Terms of the Certificates. The value of the Index Basket shall be determined by the Calculation Agent using the formula indicated in the Final Terms of the Certificates.

"Index Basket Linked Certificate" means a Certificate linked to a Basket of Indices.

"Index Linked Certificate" means a Certificate linked to an Index.

"Investment Constraint" has the meaning defined in the Final Terms of the Certificates.

"Issue Price" means the price at which each Certificate is issued. The method of determining this price is described in Condition 2(b). The Issue Price shall be stipulated in the Final Terms of the Certificates.

"Maximum Exercise Amount" means the maximum number of Certificates that can be exercised, as specified in the Final Terms.

"Minimum Exercise Amount" means the minimum number of Certificates that can be exercised, as specified in the Final Terms.

"Participation rate" means the participation rate indicated in the Final Terms of the Certificates.

The Participation Rate could be one of the parameters taken into account in calculating the Settlement Amount if so stipulated in the Final Terms of the Certificates. It corresponds to the percentage of participation in the performance of a given underlying asset.

"TARGET" means the TARGET 2 payment system, i.e. the Trans-European Automated Real-time Gross settlement Express Transfer system, or any other system that may replace it.

2. **Type, form, title and transfer**

(a) Form

The Certificates are issued in dematerialised form.

Title shall be evidenced in accordance with Articles L.211-3 *et seq.* of the French Monetary and Financial Code by book entries (*inscriptions en compte*). A physical document of title (including representative certificates pursuant to Article R.211-7 of the French Monetary and Financial Code) shall not be issued in respect of the Certificates.

The Certificates are issued in bearer form (*au porteur*), entered in the books of Euroclear France (acting as central depository), which shall credit the accounts of the Account Holders.

For the purpose of these Terms and Conditions, "**Account Holder**" means any authorised financial intermediary institution entitled to hold accounts, directly or indirectly, with Euroclear France, and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and the depository bank for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**").

The Certificates may be "**Fixed Rate Certificates**", "**Floating Rate Certificates**", "**Index or Index Basket Linked Certificates**" (including "**Index or Index Basket Linked Coupon Certificates**" in respect of which amounts of interest shall be calculated by reference to an index or index basket and/or formula, and "**Index or Index Basket Linked Redemption Certificates**" in respect of which amounts of principal due under the Certificates shall be calculated by reference to an index, a basket of indices and/or formula), "**Equity or Equity Basket Linked Certificates**" (including "**Equity or Equity Basket Linked Coupon Certificates**" in respect of which interest is calculated by reference to the price of an Equity or the value of a Basket of Equities and/or a formula) and "**Equity or Equity Basket Linked Redemption Certificates**" in respect of which amounts of principal due under the Certificates shall be calculated by reference to the price of an Equity or the value of a Basket of Equities and/or a formula); **ADR/GDR or ADR/GDR Basket Linked Certificates** (including "**ADR/GDR or ADR/GDR Basket Linked Coupon Certificates**" in respect of which interest is calculated by reference to the price of an ADR/GDR or the value of an ADR/GDR Basket and/or a formula) and "**ADR/GDR or ADR/GDR Basket Linked Redemption Certificates**" in respect of which amounts of principal due under the Certificates shall be calculated by reference to the price of an ADR/GDR or the value of an ADR/GDR Basket and/or a formula); **ETF or ETF Basket Linked Certificates** (including "**ETF or ETF Basket Linked Coupon Certificates**" in respect of which interest is calculated by reference to the price of an ETF unit or the value of an ETF Basket and/or a formula) and "**ETF or ETF Basket Linked Redemption Certificates**" in respect of which amounts of principal due under the Certificates shall be calculated by reference to the price of an ETF unit or the value of an ETF Basket and/or a formula); "**Dual Currency Certificates**"; "**Partly Paid Certificates**" or a combination of any of the foregoing as specified in the relevant Final Terms.

(b) Issue Price and number of Certificates

The number and Issue Price of the Certificates shall be as indicated in the relevant Final Terms.

The Certificates can be traded on a unitary basis.

(c) Title

Title to Certificates in bearer form (*au porteur*) may only be transferred through registration of the transfer in the Account Holders' books.

In these Terms and Conditions:

"**Certificateholder**" means any person whose account with the Authorised Financial Intermediary holds a given number of Certificates.

The Issuer and Fiscal Agent shall treat any such person as the true owner to all intents and purposes of the Certificates, notwithstanding any notice to the contrary, and the terms "Certificateholder(s)", "holder(s) of Certificates", "bearer", "holder" and any similar terms shall be construed as materialising such person's ownership of the Certificates.

"**outstanding**" means, in relation to Certificates of any Series, all the Certificates issued other than (a) those that have been redeemed in accordance with these Terms and Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued at the redemption date, Arrears of Interest, as the case may be, and any interest payable after such date) have been

duly paid as provided in Condition 8, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided for in the Terms and Conditions.

3. **Status**

The Certificates are direct, unconditional, unsubordinated and unsecured obligations (subject to Condition 4) of the Issuer and rank and shall rank *pari passu* without any preference among themselves (subject to exceptions under French law) with all other present or future unsecured and unsubordinated obligations of the Issuer.

4. **Settlement**

The Certificates shall be redeemed at the Settlement Date, except in the cases of early redemption provided for in Conditions 7 and 16 and in the Terms and Conditions set forth in the Final Terms for the Certificates.

5. **Settlement Procedure**

(a) Confirmation by the Issuer

The Issuer shall confirm to the Fiscal Agent and (i) in the case of Certificates held through Euroclear France, to the Authorised Financial Intermediaries and (ii) in the case of Certificates held through Euroclear or Clearstream, Luxembourg, to Euroclear or Clearstream, Luxembourg as appropriate on the next Business Day after the Valuation Date the Settlement Amount to be paid.

(b) Settlement

The Issuer shall pay or arrange payment of the Settlement Amount with effect from the Settlement Date for each Certificate:

- (i) in the case of Certificates registered on the Settlement Date in the accounts of Euroclear or Clearstream, Luxembourg, as the case may be, by crediting the Certificateholder's account; and
- (ii) in the case of Certificates registered on the Settlement Date in the accounts of Euroclear France, by crediting the relevant Authorised Financial Intermediary's account.

Payment shall be made subject to application of all tax laws and regulations.

The Issuer shall accept no liability for error or non-payment by a third party.

6. **Interest**

The Certificates may bear interest at a rate indexed to an Index, an Index Basket, an Equity, an Equity Basket, an ADR/GDR, an ADR/GDR Basket, an ETF Unit or an ETF Basket, payable for the Certificates and which is either specified in the relevant Final Terms or calculated in the manner set forth in the Final Terms.

The coupon (the "**Coupon**") means, when this option is provided for in the Final Terms of the Certificates, an amount of remuneration that may be paid to the Certificateholder in the conditions specified in the Final Terms of the Certificates.

7. **Redemption, repurchase and options**

(a) Final redemption

Unless previously redeemed, purchased and cancelled as provided for below or its maturity is extended pursuant to the Certificateholder's option in accordance with Condition 7(c), each Certificate shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount or, in the case of a Certificate falling within the scope of Condition 7(b) below, its final Instalment Amount. Notwithstanding the above, in the case of Physical Delivery Certificates where the applicable Final Terms specify that such Certificates shall be redeemed by payment and/or delivery of a Physical Delivery Amount, then each Certificate shall be finally redeemed by the payment and the delivery of the Physical Delivery Amount specified in, or determined in accordance with Condition 7(d) and/or as specified in the applicable Final Terms.

(b) Redemption by Instalments

Unless previously redeemed, purchased or cancelled as provided in this Condition 7 or the relevant Instalment Date (i.e. one of the dates so specified in the relevant Final Terms) is extended pursuant to the Certificateholder's option in accordance with Condition 7(c), each Certificate whose terms and conditions provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Certificate shall be reduced by the relevant Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Certificates, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on the due date for such payment, in which case such amount shall remain outstanding until the Reference Date for the Instalment Amount.

(c) Certificateholders' Put and Exercise of Certificateholders' Options

If a Put Option is specified in the relevant Final Terms, the Issuer shall, at the Certificateholder's request with notice of not less than fifteen (15) nor more than thirty (30) calendar days to the Issuer (or such other notice period as may be specified in the relevant Final Terms), redeem the Certificate on the Put Option Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption including, where applicable, any Arrears of Interest.

If any other Certificateholder's Option (as described in the relevant Final Terms) is specified in the Final Terms, the Issuer shall, at the Certificateholder's request with notice of not less than fifteen (15) nor more than thirty (30) calendar days to the Issuer (or such other notice period as may be specified in the relevant Final Terms), exercise the option attached to the Certificate on the Option Exercise Date at its Optional Redemption Amount together with interest accrued to the date fixed for redemption including, where applicable, any Arrears of Interest.

To exercise such option or any other Certificateholder's option that may be set out in the relevant Final Terms, the Holder must deposit with a Paying Agent at the office so designated, within the specified notice period, a duly completed option exercise notice (the "**Exercise Notice**"), the form of which may be obtained during normal business hours from any Paying Agent or the Registration Agent, as the case may be. The Certificateholder shall transfer, or cause to be transferred, the Certificates to be redeemed to the account of the Paying Agent with an office in Paris, as indicated in the Exercise Notice. Any option so exercised and, where applicable, any Certificate so deposited or transferred, may not be withdrawn without the Issuer's prior written consent.

(d) Early redemption

(i) *Physical Delivery Certificates*

In the case of Physical Delivery Certificates, in accordance with Condition 8(a) and as determined in the manner specified in the applicable Final Terms.

(ii) *Other Certificates*

The Early Redemption Amount payable in respect of any Certificate (upon redemption of such Certificate in accordance with Condition 7(f) or upon it becoming due and payable as provided in Condition 11 shall be equal to the Final Redemption Amount together with interest accrued to the date fixed for redemption (including, where applicable, any Arrears of Interest) unless otherwise specified in the relevant Final Terms.

(e) Partly Paid Certificates

Partly Paid Certificates shall be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 7 and as indicated in the relevant Final Terms.

(f) Repurchases

In compliance with applicable law and regulations, the Issuer shall have the right at all times to repurchase Certificates in a regulated market or otherwise (including by tender offer) at any price.

(g) Cancellation

The Certificates repurchased by or on behalf of the Issuer for the purpose of cancellation pursuant to Condition 7(f) above shall be cancelled by transfer to an account in accordance with the rules and procedures of Euroclear France and, providing they are so transferred or surrendered, shall, like all Certificates redeemed by the Issuer, be cancelled forthwith (together with all rights relating to payment of interest and other amounts relating to such Certificates). The Certificates thus cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Certificates shall be discharged.

(h) Illegality

If a new law or regulation enacted in France, or an amendment to the law or any mandatory ruling or change in legal or administrative interpretation of a law occurring after the Issue Date renders it illegal for the Issuer to comply with or fulfil its obligations in respect of the Certificates, the Issuer shall reimburse, subject to notice to the Certificateholders, in accordance with the provisions of Condition 14, of at the most forty-five (45) calendar days and at least thirty (30) calendar days prior to payment (such notice being irrevocable) the full amount of the Certificates, and not only part, at the Early Redemption Amount together with interest accrued to the date fixed for redemption (including, where applicable, any Arrears of Interest).

8. Payment

(a) Payment of the Certificates

For the purposes of this Condition 8, references to payment or repayment (as the case may be) of principal and/or interest and other similar expressions shall, where the context so admits, be deemed also to refer to delivery of any Physical Delivery Amount(s).

All payments of principal and interest in respect of the Certificates shall be made by transfer to the account denominated in the relevant currency with the relevant Account Holders in favour of the Certificateholder. All payments validly made to the Account Holders shall discharge the Issuer from its payment obligations.

(b) Payments subject to fiscal laws

All payments are subject to any applicable fiscal or other laws, regulations and directives but without prejudice to the provisions of Condition 9. Commission or expenses shall not be charged to the Certificateholders in respect of such payments.

(c) Appointment of Agents

The Fiscal Agent, the Paying Agents, the Calculation Agent and the Registration Agent initially appointed by the Issuer and their respective offices are listed at the end of the Base Prospectus relating to the Issuer's Certificates Programme. The Fiscal Agent, the Paying Agents and the Registration Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case, do not assume any agency obligation with regard to the Certificateholders. The Issuer reserves the right at any time to change or terminate the appointment of the Fiscal Agent, any Paying Agent, Registration Agent or Calculation Agent and to appoint another Fiscal Agent or Paying Agent(s), Registration Agent(s) or Calculation Agent(s) or additional Paying Agent(s), Registration Agent(s) or Calculation Agent(s), provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Terms and Conditions so require, (iii) Paying Agents having specified offices in at least two major European cities (and providing financial services in respect of the Certificates in Luxembourg for as long as the Certificates are admitted to trading on Euronext Paris and for as long as may be required by the rules of this stock exchange and in any other city where the Certificates are admitted to trading on a Regulated Market for as long as the Certificates are admitted to trading in such Regulated Market and (iv) such other agents as may be required by the rules of any other Regulated Market on which the Certificates are admitted to trading.

Certificateholders shall be notified immediately of any such change or of any change in a specified office as required under Condition 14.

(d) Business Days for payment

If any date for payment in respect of a Certificate is not a business day, the Certificateholder shall not be entitled to payment until the next business day unless otherwise specified in the relevant Final Terms, nor to any interest or other sum in respect of such postponement. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) (A) on which Euroclear France is open for business or (B) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as "**Financial Centres**" in the relevant Final Terms and (C) (i) in the case of a payment in a currency other than the euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in euros, which is a TARGET Business Day.

The applicable Final Terms shall contain provisions relating to the procedure for the delivery of any Physical Delivery Amount in respect of Physical Delivery Certificates (including, without limitation, liability for the costs of transfer of Underlying Assets). The Underlying Assets shall be delivered at the risk of the relevant Certificateholder in such manner as may be specified in the Transfer Notice and no additional payment or delivery shall be due to a Certificateholder where any Underlying Assets are delivered after their due date as the result of circumstances beyond the control of either the Issuer or the Settlement Agent.

9. **Taxation**

(a) Tax exemption

All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Certificates shall be made without withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

(b) Additional amounts

If French law should require that payments of principal or interest in respect of any Certificate be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts in such a way that the Certificateholders receive the amounts that they would receive had no such withholding or deduction been required, it being specified that no such additional amounts shall be payable in respect of any Certificate in the following cases:

(i) *Other connection*

Where the Certificateholder, or third party acting on its behalf, is liable to such taxes or duties for any other reason than the mere holding of the Certificate; or

(ii) *Payment to individuals*

Where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26 and 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;

References in these Terms and Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Certificates, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all amounts payable pursuant to Condition 6 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

10. **Taxes, duties and expenses**

The Issuer assumes no liability or other obligation in respect of payment of any taxes, duties, withholding tax or other expenses arising from the ownership, transfer or settlement of the Certificates, and all payments made by the Issuer shall be made subject to any taxes, duties, levies, withholding taxes or any other expenses that may have to be discharged, paid, made or deducted.

11. **Prescription**

Claims against the Issuer in respect of the Certificates shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the Relevant Date in question.

12. **Modifications**

These Terms and Conditions may be amended or modified for any given Series of Certificates by the provisions of the Final Terms of the Series concerned.

The Issuer may, without the consent of the Holders or Couponholders, modify or waive certain provisions of the Final Terms for a given Series for the purpose of correcting a manifest error in such Final Terms providing, in its reasoned opinion, this does not damage the interests of the Holders or Couponholders.

13. **Further issues and consolidation**

(a) Further issues

Unless otherwise provided in the relevant Final Terms, the Issuer may from time to time without the consent of the Certificateholders create and issue further Certificates to be assimilated (assimilables for the purpose of French Law) with the Certificates provided such Certificates and the additional Certificates carry rights identical in all respects (or identical in all respects except for the first payment of interest) and that the terms of such Certificates provide for such assimilation, and references in these Terms and Conditions to "**Certificates**" shall be construed accordingly.

(b) Consolidation

Unless otherwise provided in the relevant Final Terms, the Issuer, with the prior approval of the Fiscal Agent (which shall not be unreasonably withheld), may from time to time on any Interest Payment Date occurring on or after the redenomination date on giving not less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 14, without the consent of the Certificateholders, consolidate the Certificates of one Series denominated in euros with the Certificates of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in euros, provided such other Certificates have been redenominated in euros (if not originally denominated in euros) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Certificates.

14. **Notices**

(a) Notices to the holders of Certificates shall be valid if published in a leading daily newspaper of general circulation in Europe (in principle the *Financial Times*) for so long as such Certificates are listed and admitted to trading on a Regulated Market and the applicable rules of that Regulated Market so require. Notices shall also be published in a leading daily newspaper with general circulation in the city/ies where the Regulated Market(s) on which the Certificates are listed and admitted to trading is/are located, which in the case of Euronext Paris shall, in principle, be *Les Echos* and in any other manner provided for in the rules applicable to such market.

(b) If such publication cannot be made, the notice shall be valid if published in a leading business and financial daily newspaper with a general circulation in Europe it being stipulated that for as long as the Certificates are admitted to trading on any Regulated Market, the notices must be published in any manner required by the regulations applicable to such regulated market. The Certificateholders shall be deemed to have been informed of the content of such notices as from the date of their publication or if the notices have been published several times or at different dates as from the date of first publication as described above.

(c) Notices that must be addressed to the Certificateholders under these Terms and Conditions may be delivered to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Certificates are cleared instead of being sent and published in the manner provided for in Condition 14(a) and (b) above, it being nonetheless understood that this is so (i) for as long as the Certificates are admitted to trading on any regulated market and the rules applicable to such regulated market so required. The notices shall also be published in a business and financial daily newspaper of

general circulation in the city(ies) where the Certificates are admitted to trading, which in the case of Euronext Paris shall, in principle, be *Les Echos* and in any other manner required by the regulations applicable to such market.

15. **Governing Law, language and jurisdiction**

(a) Governing law

The Certificates are governed by, and shall be construed in accordance with, French law.

(b) Language

This Base Prospectus has been drafted in French and English; only the French version is binding.

(c) Jurisdiction

Any claim against the Issuer in connection with the Certificates must be brought before the competent court in Paris.

16. **Additional terms relating to Equity-Linked Certificates or Equity Basket-Linked Certificates, or Index Linked Certificates or Index Basket-Linked Certificates, ETF Linked Certificates or ETF Basket-Linked Certificates, ADR/GDR Linked Certificates or ADR/GDR Basket-Linked Certificates**

(a) Definitions

As used in this Condition 16, and unless otherwise provided in the relevant Final Terms, the following expressions shall have the following meanings:

"**Additional Disruption Event**" has the meaning ascribed thereto in Condition 16(h);

"**ADR/GDR Linked Certificates**" means a Series of Equity-Linked Certificates which relate to one or more Securities which are ADRs/GDRs;

"**American Depositary Receipt(s)**" or "**ADR(s)**" means any Security specified as such in the relevant Final Terms *provided that* if the relevant Deposit Agreement is terminated at any time, any reference to any ADR(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it determines to be appropriate to the relevant Certificates and determine the effective date of such adjustment;

"**Automatic Early Redemption Amount**" means (a) an amount in the relevant currency specified in the relevant Final Terms or if such amount is not specified, (b) the product of (i) the nominal amount of one Certificate and (ii) the relevant Automatic Early Redemption Rate relating to that Automatic Early Redemption Date;

"**Automatic Early Redemption Date(s)**" means each of the date(s) specified as such in the relevant Final Terms, subject in each case to adjustment in accordance with the Business Day Convention specified in the relevant Final Terms;

"**Automatic Early Redemption Event**" means (unless otherwise specified in the relevant Final Terms) that the price of the relevant Security or, as the case may be, the level of the Index, in either case as determined by the Calculation Agent as of the (or any) Valuation Date is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Automatic Early Redemption Price, or as the case may be, the Automatic Early Redemption Level;

"Automatic Early Redemption Level" means the level of the Index specified as such or otherwise determined in the relevant Final Terms;

"Automatic Early Redemption Certificates" means a Series of Certificates in respect of which the relevant Final Terms specifies that Automatic Early Redemption is applicable;

"Automatic Early Redemption Price" means the price per Security specified as such or otherwise determined in the relevant Final Terms;

"Automatic Early Redemption Rate" means, in respect of any Automatic Early Redemption Date, the rate specified as such in the relevant Final Terms;

"Automatic Early Redemption Valuation Date(s)" means each of the date(s) specified as such in the relevant Final Terms or, if any such date is not a Scheduled Trading Day, the next following Scheduled Trading Day, subject to the provisions of Condition 16(e)(i) which shall apply as if such Automatic Early Redemption Valuation Date were a Valuation Date;

"Averaging Date" means, in respect of each Valuation Date, each date specified as such or otherwise determined as provided in the relevant Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of Condition 16(e)(ii);

"Cash Equity Certificate" means a Series of Certificates in respect of which the amount payable at maturity is calculated by reference to the value of a Security or Securities and/or a formula (as indicated in the relevant Final Terms);

"Cash Settlement" means, in relation to a Series of Certificates, that the relevant Holder of Certificates is entitled to receive from the Issuer on the Maturity Date an amount calculated in accordance with the relevant Final Terms in the Specified Currency;

"Component Security" means, with respect to an Index, each component security of that Index;

"Conversion" means, in respect of any Securities, any irreversible conversion by the Underlying Company of such Securities into other securities;

"Delisting" means that the Exchange announces that, pursuant to the rules of such Exchange, the Securities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union);

"Delivery Disruption Event" means, as determined by the Calculation Agent, the failure by the Issuer to deliver or to procure delivery on the relevant Settlement Date the Securities Transfer Amount under the relevant Certificate due to illiquidity in the market for such Securities;

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

"Depositary" means, in relation to a ADR/GRD, the issuer of such ADR/GRD as appointed under the Deposit Agreement, including its successors from time to time;

"Disrupted Day" means (a) any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred; or (b) if the Certificates are Multiple Exchange Index-Linked Certificates, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related

Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred or (c) any Scheduled Trading Day on which the Index Sponsor fails to publish the Index;

"EMU Event" means the occurrence of any of the following, as determined by the Calculation Agent:

- (a) the redenomination of any security into euro;
- (b) the change by any organised market, exchange or clearing system, payment or settlement system in the unit of account of its operating procedures to the euro;
- (c) any change in the currency of denomination of any Index; or
- (d) any change in the currency in which some or all of the securities or other property comprising any Index is denominated;

"Early Closure" means (a) the closure on any Exchange Business Day of the relevant Exchange (in the case of Equity-Linked Certificates or Cash Equity Certificates) or any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index-Linked Certificates) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or (b) if the Certificates are Multiple Exchange Index-Linked Certificates, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day;

"Equity-Linked Certificates" means a Series of Certificates in respect of which either an amount, which shall be calculated by reference to the value of a Security or Securities and/or a formula, is payable or a Securities Transfer Amount is deliverable (as indicated in the relevant Final Terms);

"Exchange" means (a) with respect to a Security or an Index, each exchange or quotation system specified as such in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Security or the components of the Index, as the case may be, has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Security or components of the Index, as the case may be, as on the original Exchange); or (b) in the case of a Multiple Exchange Index and each relevant Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent (which exchange or quotation system as of the Issue Date may be specified as such in the relevant Final Terms);

"Exchange Business Day" means (a) any Scheduled Trading Day on which each Exchange and any relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; or (b) with respect to a Multiple Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time;

"Exchange Disruption" means (a) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Securities on the Exchange (in the case of an Equity-Linked Certificate

or Cash Equity Certificate) or on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of an Index-Linked Certificate), or (ii) to effect transactions in, or obtain market values for, future or options contracts relating to the Securities (in the case of an Equity-Linked Certificate or Cash Equity Certificate) or the relevant Index (in the case of an Index-Linked Certificate) on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (i) any Component Security on the Exchange in respect of such Component Security or (ii) futures or options contracts relating to the Index on the relevant Related Exchange;

"Exchange Rate" means, in respect of a relevant date and time, the currency exchange rate of one currency against another currency, as specified in the Final Terms, quoted by the relevant exchange rate provider on such date, as displayed on the Reuters Page specified in the Final Terms and as determined by the Calculation Agent. If such Exchange Rate cannot be or ceases to be determined, then the Calculation Agent shall select another Reuters page or determine in good faith such Exchange Rate by reference to such sources as it may select;

"Exchange Traded Fund" or "ETF" means the exchange traded fund as specified in the relevant Final Terms;

"Extraordinary Dividend" means the amount per Security specified or otherwise determined as provided in the relevant Final Terms or, if no such amount is so specified or determined, any dividend or the portion of any dividend which the Calculation Agent determines should be characterised as an Extraordinary Dividend;

"Extraordinary Event" means (a) in all cases other than where the Final Terms specify that the Securities are Units in an ETF, a Merger Event, a Tender Offer, a Nationalisation, an Insolvency or a Delisting (b) in the case where the Final Terms specify that the Securities are Units in an ETF, a Merger Event, a Nationalisation, an Insolvency, a Delisting or Extraordinary ETF Event;

"Extraordinary ETF Event" means, in the determination of the Calculation Agent, the occurrence or existence of any of the following:

- (a) the ETF (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C)(1) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; or (F) causes or is subject to any event with respect to it which, under

the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (A) to (E) above;

- (b) the ETF has violated any leverage restriction that is applicable to, or affecting, such ETF or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the ETF Documents or any contractual restriction binding on or affecting the ETF or any of its assets;
- (c) the resignation, termination or replacement of the ETF Adviser (as defined below);
- (d) any change or modification of the ETF Documents that could reasonably be expected to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Issue Date;
- (e) any breach or violation of any strategy or investment guidelines stated in the ETF Documents that is reasonably likely to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent);
- (f) the Issuer, or any of its affiliates, is unable, or it is impractical for it, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (1) any restrictions or increase in charges or fees imposed by the ETF on any investor's ability to redeem the Units, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Units, or (2) any mandatory redemption, in whole or in part, of such Units imposed by the ETF (in each case other than any restriction in existence on the Issue Date);
- (g) (A) cancellation, suspension or revocation of the registration or approval of the Units or the ETF by any governmental, legal or regulatory entity with authority over the Units or the ETF, (B) any change in the legal, tax, accounting or regulatory treatments of the ETF or the ETF Adviser that is reasonably likely to have an adverse impact on the value of the Units or on any investor therein (as determined by the Calculation Agent), or (C) the ETF or the ETF Adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the ETF;
- (h) (A) the occurrence of any event affecting the Units that, in the determination of the Calculation Agent, would make it impossible or impracticable to determine the value of the Units, and such event is likely, in the determination of the Calculation Agent, to continue for the foreseeable future; or (B) any failure of the ETF to deliver, or cause to be delivered (1) information that the ETF has agreed to deliver, or cause to be delivered to the Issuer and/or Calculation Agent or (2) information that has been previously delivered to the Issuer and/or Calculation Agent in accordance with the ETF's, or its authorised representative's, normal practice and that the Issuer and/or Calculation Agent deems necessary for it to monitor the ETF's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the Units;
- (i) on or after the Strike Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (X) it has become illegal to hold, acquire or dispose of the Units, or (Y) the Issuer will incur a materially increased cost in performing its

obligations under the Certificates (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

- (j) the Issuer would incur a materially increased (as compared with circumstances existing on the Strike Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Extraordinary ETF Event; and
- (k) the cancellation or cessation of any Underlying Index or (B) a material change in the formula for or the method of calculating or any other material modification to any Underlying Index (other than a modification prescribed in that formula or method to maintain such Underlying Index in the event of changes in constituent stock and capitalisation and other routine events) or (C) the relevant sponsor of any Underlying Index fails to calculate and announce such Underlying Index.

"Final Index Level" means, with respect to an Index and a Valuation Date, the level determined as provided in the relevant Final Terms or, if no such level is so provided (a) the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Valuation Date or (b) with respect to a Multiple Exchange Index, the official closing level of the Index on the Valuation Date as calculated and published by the Index Sponsor or (c) if Averaging Dates are specified in the relevant Final Terms in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant currency in which the Index is published, one half of a unit being rounded upwards) of the Reference Levels on such Averaging Dates;

"Final Price" means, with respect to a Security and a Valuation Date, the price determined as provided in the relevant Final Terms, or if no such price is so provided (a) the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on such Valuation Date or (b) if Averaging Dates are specified in the relevant Final Terms in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant currency in which the Security is valued, one half of a unit being rounded upwards) of the Reference Prices on such Averaging Dates;

"ETF Adviser" means, with respect to an ETF, any person appointed in the role of discretionary investment manager or non-discretionary investment manager (including a non-discretionary investment manager to a discretionary investment manager or to another non-discretionary investment manager), as provided in the related ETF Documents;

"ETF Documents" means, in relation to any ETF, the constitutive and governing documents, subscription agreements and other agreements of such ETF specifying the terms and conditions relating to such ETF, in each case as amended and supplemented from time to time;

"Global Depositary Receipt(s)" or **"GDR"** means, any Security specified as such in the relevant Final Terms provided that if the relevant Deposit Agreement is terminated at any time, any reference to any GDR(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it determines to be appropriate to the relevant Certificates and determine, the effective date of such adjustment;

"Government Bonds" means, in relation to a Series of Certificates, bonds or any other debt securities issued by a government, government agency or subdivision or a transnational or supranational organisation as specified in the relevant Final Terms and **"Government Bond"** shall be construed accordingly;

"Index" means, in relation to a Series of Certificates, the index to which such Certificates relates, as specified in the relevant Final Terms, subject to adjustment pursuant to this Condition 16, and **"Indices"** shall be construed accordingly;

"Index-Linked Certificate" means a Series of Certificates in respect of which an amount calculated by reference to an Index or Indices and/or a formula is payable (as indicated in the relevant Final Terms);

"Index Rules" has the meaning ascribed to it in the applicable Final Terms;

"Index Sponsor" means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Scheduled Trading Day (which corporation or entity as of the Issue Date may be specified as such in the relevant Final Terms);

"Initial Index Level" means, with respect to an Index, the level specified as such or otherwise determined as provided in the relevant Final Terms or, if no such level is so specified or otherwise determined, the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date or, with respect to a Multiple Exchange Index, the official closing level of the Index on the Strike Date as calculated and published by the Index Sponsor;

"Initial Price" means, with respect to a Security, the price specified as such or otherwise determined as provided in the relevant Final Terms or, if no such price is so specified or otherwise determined, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date;

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting an Underlying Company, (A) all the Securities of that Underlying Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Securities of that Underlying Company become legally prohibited from transferring them;

"Knock-in Determination Day" means each Scheduled Trading Day during the Knock-in Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-in Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-in Determination Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8th) Scheduled Trading Days immediately following the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-in Determination Day is a Disrupted Day. In that case, that eighth (8th) Scheduled Trading Day shall be deemed to be the Knock-in Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is also a Disrupted Day in accordance with the provisions of Condition 16(e)(iii)(A), (B) or (C), as the case may be;

"Knock-in Determination Period" means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date;

"Knock-in Event" means (a) the event or occurrence specified as such in the relevant Final Terms; and (b) (unless otherwise specified in the relevant Final Terms) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Price or, as the case may be, the Knock-in Level;

"Knock-in Level" means the level of the Index specified as such or otherwise determined in the relevant Final Terms;

"Knock-in Period Beginning Date" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-in Determination Day" above;

"Knock-in Period Ending Date" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-in Determination Day" above;

"Knock-in Price" means the price per Security specified as such or otherwise determined in the relevant Final Terms;

"Knock-in Valuation Time" means the time or period of time on any Knock-in Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time;

"Knock-out Determination Day" means each Scheduled Trading Day during the Knock-out Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-out Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-out Determination Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-out Determination Day is a Disrupted Day. In that case, that eighth Scheduled Trading Day shall be deemed to be the Knock-out Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is a Disrupted Day in accordance with the provisions of Condition 16(e)(iii)(A), (B) or (C), as the case may be;

"Knock-out Determination Period" means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date;

"Knock-out Event" means that (i) the event or occurrence specified as such in the relevant Final Terms; and (ii) (unless otherwise specified in the relevant Final Terms) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Price or, as the case may be, Knock-out Level;

"Knock-out Level" means the level of the Index specified as such or otherwise determined in the relevant Final Terms;

"Knock-out Period Beginning Date" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-out Determination Day" above;

"Knock-out Period Ending Date" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-out Determination Day" above;

"Knock-out Price" means the price per Security specified as such or otherwise determined in the relevant Final Terms;

"Knock-out Valuation Time" means the time or period of time on any Knock-out Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time;

"Market Disruption Event" means (a) the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one-hour period that ends at the relevant Valuation Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be or (iii) an Early Closure provided that for the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a component of the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event; or (b) with respect to a Multiple Exchange Index, either

- (a) (1) the occurrence or existence, in respect of any Component Security, of (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded, OR (cc) an Early Closure; AND (2) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR
- (b) the occurrence or existence, in respect of futures or options contracts relating to the Index of: (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Related Exchange; or (cc) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Multiple Exchange Index at any time, if a Market Disruption Event occurs in respect of a Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data";

"Merger Event" means in respect of any relevant Securities, any (i) reclassification or change of such Securities that results in a transfer of or an irrevocable commitment to transfer all of such Securities outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Underlying Company with or into another entity or person (other than a consolidation, amalgamation or merger in which such Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Securities of the Underlying Company that results in a transfer of or an irrevocable commitment to transfer all such Securities (other than such Securities owned or controlled by such other entity or person); or (iv) consolidation, amalgamation, merger or binding share exchange of the Underlying Company or its subsidiaries with or into another entity in which the Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding but results in the outstanding Securities (other than Securities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Securities immediately following such event, in each case if the closing date of a Merger Event (or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent) is on or before, in the case of any Equity-Linked Certificate which is

to be redeemed by delivery of a Securities Transfer Amount, the Maturity Date or, in any other case, the final Valuation Date;

If the Certificates are ADRs/GDRs Linked Certificates, "Merger Event" shall include the occurrence of any of the events described in (i) to (iv) (inclusive) above in relation to the relevant Underlying Securities;

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

"**Multiple Exchange Index-Linked Certificates**" means Certificates which relate to a Multiple Exchange Index;

"**Nationalisation**" means that all the Securities (or, if the Certificates are ADR/GDR Linked Certificates, the relevant Underlying Securities) or all or substantially all the assets of an Underlying Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity;

"**Notional Sale Date**" has the meaning given in the definition of Settlement Date below;

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

"**Potential Adjustment Event**" means (i) a subdivision, consolidation or reclassification of relevant Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Securities to existing holders whether by way of bonus, capitalisation or similar issue; or (ii) a distribution, issue or dividend to existing holders of the relevant Securities of (A) such Securities or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Company equally or proportionately with such payments to holders of such Securities or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent in its sole and absolute discretion; or (iii) an Extraordinary Dividend; or (iv) a call by the Underlying Company in respect of relevant Securities that are not fully paid; or (v) a repurchase by the Underlying Company or any of its subsidiaries of relevant Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vi) in respect of the Underlying Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Underlying Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, *provided that* any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Securities; or (viii) any other event specified as such in the relevant Final Terms;

With respect to ADRs/GDRs, "Potential Adjustment Event" shall also include (x) the occurrence of any of the events described in (i) to (viii) (inclusive) above in respect of the relevant Underlying Securities and (y) the making of any amendment or supplement to the terms of the Deposit Agreement;

"**Reference Level**" means, unless otherwise specified in the relevant Final Terms (a) in respect of an Index and an Averaging Date, the level of such Index as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date and (b) in respect of a Multiple Exchange Index and an Averaging Date, the official closing level of such Multiple Exchange Index on such Averaging Date as calculated and published by the Index Sponsor;

"**Reference Price**" means, unless otherwise specified in the relevant Final Terms, in respect of a Security and an Averaging Date, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date;

"Related Exchange" means, subject to the proviso below, in respect of a Security or an Index, each exchange or quotation system specified as such for such Security or Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Security or Index, as the case may be, has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Security or Index, as the case may be, as on the original Related Exchange) provided, however, that where "All Exchanges" is specified as the Related Exchange in the relevant Final Terms, **"Related Exchange"** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Security or Index, as the case may be;

"Residual Amount" means, in relation to a Holder of Certificates and a Certificate, the fraction of a Security rounded down pursuant to Condition 16(a), as determined by the Calculation Agent or such amount as otherwise specified in the relevant Final Terms;

"Residual Cash Amount" means, in respect of a Residual Amount, the product of such Residual Amount and the fraction of which the numerator is the Final Price and the denominator is the Strike Price;

"Scheduled Closing Time" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

"Scheduled Trading Day" means (a) any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading for their respective regular trading sessions; or (b) with respect to a Multiple Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session or (c) any day on which the Index Sponsor is scheduled to publish the level of the Index;

"Scheduled Valuation Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

"Securities" means, in relation to a Series of Certificates or in relation to an Index, the equity securities, ADRs/GDRs, Units of ETF or other securities or property, as adjusted pursuant to this Condition 16, to which such Certificates or Index are linked, as the case may be, relate, as specified in the relevant Final Terms and **"Security"** shall be construed accordingly;

"Securities Transfer Amount" means the number of Securities per Certificate as specified in the relevant Final Terms or if no such number is so specified, the number of Securities per Certificate calculated by the Calculation Agent and equal to the fraction of which the numerator is the Denomination and the denominator is the Strike Price;

"Settlement Cycle" means, in respect of a Security or an Index, the period of Clearing System Business Days following a trade in the relevant Security or the securities underlying such Index, as the case may be, on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period);

"Settlement Date" means, in relation to Securities to be delivered in respect of an Equity-Linked Certificate (a) in the case of Equity-Linked Certificates which relate to equity securities and unless otherwise specified in the relevant Final Terms, the later of (i) the Maturity Date and (ii) the date that falls one Settlement Cycle after the Exchange Business Day following the Valuation Date (the **"Notional Sale Date"**) (or if such day is not a Clearing System Business Day, the next following Clearing System Business Day) subject to the provisions of Condition 16(a) or (b), in any other case, and unless otherwise specified in the relevant Final Terms, the date specified as such in the relevant Final Terms, subject to adjustment in accordance with the Following Business Day Convention unless another Business Day Convention (as

defined in Condition 8(d)) is specified in the relevant Final Terms. In each case, if a Settlement Disruption Event prevents delivery of such Securities on that day, then the Settlement Date shall be determined in accordance with Condition 16(a)(ii);

"Settlement Disruption Event" in relation to a Security or a Component Security, means an event which the Calculation Agent determines to be beyond the control of the Issuer or relevant obligor and to be an event as a result of which the relevant Clearing System cannot clear the transfer of such Security or Component Security;

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

"Strike Price" has the meaning ascribed thereto in the relevant Final Terms;

"Successor Index" has the meaning given in Condition 16(f)(i);

"Tender Offer" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Underlying Company, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant;

"Trading Disruption" means (a) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Securities on the Exchange (in the case of an Equity-Linked Certificate or Cash Equity Certificate) or on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index-Linked Certificates); or (ii) in futures or options contracts relating to the Securities or the relevant Index on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to any Component Security on the Exchange in respect of such Component Security, or (ii) in futures or options contracts relating to the Index on any relevant Related Exchange;

"Transfer Expenses" means, with respect to any Certificates, all taxes, including the French financial transaction tax, any duties, including stamp duties, any assignment, issue registration or transfer duties, and any other similar taxes or duties, and/or all expenses, fees, including safe-keeping charges, operational or exercise fees, taxes and registration fees payable on the date of and/or by the reason of, or in connection with the Certificates, including their redemption, assignment, delivery, and/or the acquisition, transfer, or delivery of the Securities and/or any disposition by the transferor for the benefit of the relevant Holders of any security;

"Transfer Notice" means a notice in the form from time to time approved by the Issuer, which must:

- (a) specify the name and address of the Holder of the Certificate;
- (b) specify the number of Certificates in respect of which it is the Holder of Certificate;
- (c) specify the number of the Holder of Certificate's account at Euroclear France, Euroclear, Clearstream, Luxembourg, and/or any other relevant clearing system, as the case may be, to be debited with such Certificates;
- (d) irrevocably instruct and authorise Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, (A) to debit the Holder of Certificate's

account with such Certificates on the Settlement Date, if the Issuer elects (or has elected) Physical Delivery or otherwise on the Maturity Date and (B) that no further transfers of the Certificates specified in the Transfer Notice may be made;

- (e) contain a representation and warranty from the Holder of Certificate to the effect that the Certificates to which the Transfer Notice relates are free from all liens, charges, encumbrances and other third party rights;
- (f) specify the number and account name of the account at the Clearing System to be credited with the Certificates if the Issuer elects (or has elected) Physical Settlement;
- (g) contain an irrevocable undertaking to pay the Transfer Expenses (if any) and an irrevocable instruction to Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, to debit on or after the Settlement Date the cash or other account of the Holder of Certificate with Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, specified in the Transfer Notice with such Transfer Expenses;
- (h) include a certificate of non-US beneficial ownership in the form required by the Issuer; and
- (i) authorise the production of the Transfer Notice in any applicable administrative or legal proceedings;

"Underlying Company" means the issuer of the Security as specified in the relevant Final Terms and, if the Certificates are ADR/GDR Linked Certificates, each of the Depositary and the issuer of the relevant Underlying Security, in each case subject to adjustment in accordance with Condition 16(g);

"Underlying Index", in relation to an ETF, has the meaning given to it in the relevant Final Terms;

"Underlying Security" means, with respect to ADR/GDR Linked Certificates, the security and any other property to which such ADR/GRD relates;

"Unit", in relation to an ETF, has the meaning given to it in the relevant Final Terms;

"Valid Date" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur;

"Valuation Date" means each date specified or otherwise determined as provided in the relevant Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), in each case subject to Condition 16(e); and

"Valuation Time" means (a) in relation to each Security to be valued or each Index the level of which falls to be determined on any date, the time on such date specified as such in the relevant Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on such date in relation to such Security or Index, as applicable or such scheduled time as set out in the Index Rules. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or (b) in relation to a Multiple Exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (a) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

(b) Physical Delivery

In relation to Equity-Linked Certificates which are to be redeemed by the delivery of a Securities Transfer Amount, and subject to the other provisions of these Conditions and the relevant Final Terms:

(i)

- (A) Each Holder of Certificate shall, on or before the date five calendar days before the Maturity Date (or such earlier date as the Issuer shall determine is necessary for the Issuer, the Paying Agents, Euroclear France, Euroclear, Clearstream, Luxembourg, and/or any other relevant clearing system to perform their respective obligations in relation to the Certificates and notify to the Paying Agents and the Certificateholders) send to Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be, in accordance with its then applicable operating procedures, and copied to the Principal Paying Agent, a duly completed Transfer Notice.
- (B) A Transfer Notice, once delivered to Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer. A Certificateholder may not transfer any Certificate which is the subject of a Transfer Notice following delivery of such Transfer Notice to Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system. A Transfer Notice shall only be valid to the extent that Euroclear France, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system have not received conflicting prior instructions in respect of the Certificates which are the subject of the Transfer Notice.
- (C) Failure properly to complete and deliver a Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided shall be made by the Principal Paying Agent and shall be conclusive and binding on the Issuer and the Holders of Certificates.
- (D) The Principal Paying Agent shall promptly on the local banking day following receipt of a Transfer Notice send a copy thereof to the Issuer or such person as the Issuer may previously have specified.
- (E) Delivery of the Securities will be *via* the relevant Clearing System. The delivery or transfer of Securities to each Holder of Certificate is at the relevant Holder of Certificate's risk and if delivery occurs later than the earliest possible date for delivery, no additional amounts will be payable by the Issuer.
- (F) the Issuer shall discharge its obligation to redeem the relevant proportion of the Certificates by delivering, or procuring the delivery of, the Securities Transfer Amount on the Settlement Date to the Clearing System for credit to the account with the Clearing System specified in the Transfer Notice of the relevant Certificateholder.
- (G) The amount of Securities to be delivered to or for the account of each Certificateholder shall be an amount of Securities equal to the number of Certificates in respect of which such Holder of Certificate is the holder as specified in the relevant Transfer Notice multiplied by the Securities Transfer Amount *provided, however, that* if a Certificateholder would become entitled to a number of Securities which is not equal to a board lot of the Securities at such time, as determined by the Calculation Agent, or an integral multiple thereof, then the Certificateholder's entitlement to delivery of Securities shall be rounded down to the nearest whole Security.

- (H) In relation to each Certificateholder, the Calculation Agent shall calculate the Residual Amount and the Residual Cash Amount. The Residual Cash Amount shall be paid by the Issuer to the relevant holder on the Settlement Date.
 - (I) Each Holder of Certificate shall be required as a condition of its entitlement to delivery of Securities in respect of any Certificates to pay all Transfer Expenses in respect of such Certificates.
 - (J) After delivery to or for the account of a Certificateholder of the relevant Securities Transfer Amount and for such period of time as the transferor or its agent or nominee shall continue to be registered in any clearing system as the owner of the Securities comprised in such Securities Transfer Amount (the "**Intervening Period**"), none of such transferor or any agent or nominee for the Issuer or such transferor shall (i) be under any obligation to deliver to such Certificateholder or any other person any letter, certificate, notice, circular, dividend or any other document or payment whatsoever received by the Issuer or such transferor, agent or nominee in its capacity as holder of such Securities, (ii) be under any obligation to exercise any rights (including voting rights) attaching to such Securities during the Intervening Period, or (iii) be under any liability to such Certificateholder or any other person in respect of any loss or damage which the Certificateholder or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or such transferor, agent or nominee being registered in such clearing system during such Intervening Period as legal owner of such Securities.
 - (K) All dividends on Securities to be delivered will be payable to the party that would receive such dividends according to market practice for a sale of the Securities executed on the Notional Sale Date to be delivered in the same manner as such Securities. Any such dividends will be paid to or for credit to the account specified by the Certificateholder in the relevant Transfer Notice. No right to dividends on the Securities will accrue to Certificateholders prior to the Notional Sale Date.
- (ii) the Calculation Agent shall determine whether or not at any time a Settlement Disruption Event has occurred and where it determines such an event has occurred and so has prevented delivery of Securities on the original day that but for such Settlement Disruption Event would have been the Settlement Date, then the Settlement Date will be the first succeeding day on which delivery of such Securities can take place through the relevant Clearing System unless a Settlement Disruption Event prevents settlement on each of the eight relevant Clearing System Business Days immediately following the original date (or during such other period (the "**Disruption Period**") specified in the relevant Final Terms) that, but for the Settlement Disruption Event, would have been the Settlement Date. In that case, if the Securities are debt securities, the Issuer shall use reasonable efforts to deliver such Securities promptly thereafter in a commercially reasonable manner (as determined by the Calculation Agent) outside the Clearing System and in all other cases (a) if such Securities can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent), then the Settlement Date will be the first Business Day on which settlement of a sale of Securities executed on that eighth relevant Clearing System Business Day, or during such other period specified in the relevant Final Terms, customarily would take place using such other commercially reasonable manner (as determined by the Calculation Agent) of delivery (which other manner of delivery will be deemed the relevant Clearing System for the purposes of delivery of the relevant Securities), and (b) if such Securities cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent), then the Settlement Date will be postponed until delivery can be effected through the relevant Clearing System or in any other commercially reasonable manner.

For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Securities comprised in a basket, the Settlement Date for Securities not affected by the Settlement Disruption Event will be the first day on which settlement of a sale of such Securities executed on the Maturity Date customarily would take place through the relevant Clearing System.

- (iii) if the Calculation Agent determines that a Delivery Disruption Event has occurred, it shall notify the Issuer who shall promptly notify the relevant Certificateholder(s) and the Issuer may then:
- (A) determine, in its sole and absolute discretion, that the obligation to deliver the relevant Securities Transfer Amount will be terminated and the Issuer will pay such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the non-delivery of the Securities Transfer Amount, in which event the entitlements of the respective Certificateholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Certificates shall be satisfied in full upon payment of such amount; or
 - (B) deliver on the Settlement Date such amount of the Securities Transfer Amount (if any) as it can deliver on that date and pay such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the non-delivery of the remainder of the Securities Transfer Amount, in which event the entitlements of the respective Certificateholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Certificates shall be satisfied in full upon payment of such amount.

Where this Condition 16(b)(iii) fails to be applied, insofar as the Calculation Agent determines to be practical, the same shall be applied as between the Certificateholders on a *pro rata* basis, but subject to such rounding down (whether of the amount of a payment or of a number of Securities to be delivered) and also to such other adjustments as the Calculation Agent determines to be appropriate to give practical effect to such provisions.

(c) Automatic Early Redemption

This Condition 16(c) is applicable only to Automatic Early Redemption Certificates.

If on any Automatic Early Redemption Valuation Date, the Automatic Early Redemption Event occurs, then unless previously redeemed or purchased and cancelled, the Certificates will be automatically redeemed in whole, but not in part, on the Automatic Early Redemption Date immediately following such Automatic Early Redemption Valuation Date and the Redemption Amount payable by the Issuer on such date upon redemption of each Certificate shall be an amount in the relevant currency equal to the relevant Automatic Early Redemption Amount.

(d) Knock-in and Knock-out Provisions

If "Knock-in Event" or "Knock-out Event" is specified as applicable in the Final Terms in relation to any Cash Equity Certificate, Equity-Linked Certificate or Index-Linked Certificate, then each payment and/or delivery in respect of which a Knock-in Event or Knock-out Event (respectively) applies, as specified in the relevant Final Terms, shall be conditional upon the occurrence of such Knock-in Event or Knock-out Event (respectively).

(e) Consequences of Disrupted Days

For the purposes of this Condition 16(e) "**Limit Valuation Date**" shall mean, if any Valuation Date in respect of a Certificate is a Disrupted Day, the eighth (8th) Scheduled Trading Day following such Valuation Date, notwithstanding the Market Disruption Event, *provided that*:

- (i) if, as a result of the foregoing, the Valuation Date would be deemed to fall less than five (5) local banking days prior to the Maturity Date, a relevant Interest Payment Date or (as the case may be) any due date for payment of any amount due in respect of such Certificate, the Limit Valuation Date shall be deemed to fall on the day which is five local banking days prior to the Maturity Date, such Interest Payment Date or (as the case may be) due date for payment of any amount due in

respect of such Certificate or, if such local banking day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day; and

- (ii) if the Scheduled Valuation Date falls on a day which is five (5) local banking days or less prior to the Maturity Date, a relevant Interest Payment Date or (as the case may be) any due date for payment of any amount due in respect of such Certificate, the Limit Valuation Date shall be deemed to be such Scheduled Valuation Date,

in each case notwithstanding the fact that such day is a Disrupted Day.

- (iii) If any Valuation Date is a Disrupted Day, then:

- (A) in the case of an Equity-Linked Certificate, a Cash Equity Certificate or an Index-Linked Certificate which, in each case, relates to a single Security or Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, *provided that* the Valuation Date shall not fall after the Limit Valuation Date. In that case:

- (1) in respect of an Index-Linked Certificate, the Calculation Agent shall determine that either:

- (a) the Valuation Date shall be the Limit Valuation Date; or

- (b) the Valuation Date shall be the first (1st) succeeding Exchange Business Day on which there is no Market Disruption Event,

and, in the case of (aa) above, the Calculation Agent shall determine the level of the Index as of the Valuation Time on the Limit Valuation Date determined in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Limit Valuation Date of each security or other property comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other property on the Limit Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on the Limit Valuation Date); and

- (2) in respect of an Equity-Linked Certificate or a Cash Equity Certificate, the Limit Valuation Date shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and the Calculation Agent shall determine its good faith estimate of the value for the relevant Security as of the Valuation Time on that Limit Valuation Date;

- (B) in the case of an Index-Linked Certificate which relates to a basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, unless each of the succeeding Scheduled Trading Days up to and including the Limit Valuation Date is a Disrupted Day relating to that Index. In that case, the Calculation Agent shall determine that either:

- (1) the Limit Valuation Date shall be the Valuation Date for the relevant Index notwithstanding the fact that such day is Disrupted Day relating to that Index; or

- (2) the Valuation Date shall be the first (1st) succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index,

and, in the case of (1) above, the Calculation Agent shall determine the level of that Index, as of the Valuation Time on the Limit Valuation Date in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Limit Valuation Date of each security or other property comprised in the relevant Index (or, if an event giving rise to a Disrupted Day has occurred in respect to the relevant security or other property on the Limit Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on the Limit Valuation Date); and

(C) in the case of an Equity-Linked Certificate or a Cash Equity Certificate which, in each case, relates to a basket of Securities, the Valuation Date for each Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Security affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Security, unless each of the Scheduled Trading Days (up to and including the Limit Valuation Date) immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Security. In that case, (1) the Limit Valuation Date shall be deemed to be the Valuation Date for the relevant Security, notwithstanding the fact that such day is a Disrupted Day, and (2) the Calculation Agent shall determine its good faith estimate of the value for that Security as of the Valuation Time on the Limit Valuation Date.

(iv) If Averaging Dates are specified in the relevant Final Terms, then notwithstanding any other provisions of these Conditions, the following provisions will apply to the valuation of the relevant Index or Securities:

(A) The Final Price or Final Index Level will be, in relation to any Valuation Date:

(1) in respect of an Index-Linked Certificate or an Equity-Linked Certificate settled by way of Cash Settlement or a Cash Equity Certificate which, in each case, relates to a single Security or Index (as the case may be), the arithmetic mean of the Reference Price of the Security or (as the case may be) of the Reference Level of the Index on each Averaging Date;

(2) in respect of an Index-Linked Certificate settled by way of Cash Settlement or a Cash Equity Certificate which, in each case, relates to a basket of Indices, the arithmetic mean of the amounts for such basket determined by the Calculation Agent as provided in the relevant Final Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Index Level is so provided, the arithmetic mean of the amounts for such basket calculated on each Averaging Date as the sum of the Reference Level of each Index comprised in such basket (weighted or adjusted in relation to each Index as provided in the relevant Final Terms); and

(3) in respect of an Equity-Linked Certificate settled by way of Cash Settlement or a Cash Equity Certificate which relates to a basket of Securities, the arithmetic mean of the prices for such basket determined by the Calculation Agent as provided in the relevant Final Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Price is so provided, the arithmetic mean of the prices for such basket calculated on each Averaging Date as the sum of the values calculated for the Securities of each Underlying Company as the product of (aa) the Reference Price of such Security and (bb) the number of such Securities comprised in such basket (weighted or adjusted in relation to each Security as provided in the relevant Final Terms).

(B) If any Averaging Date is a Disrupted Day, then, if the consequence specified in the relevant Final Terms in relation to "**Averaging Date Market Disruption**" is:

(1) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Final Price or Final Index Level, as applicable, *provided that*, if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Condition 16(e)(i) will apply for purposes of determining the relevant level, price or amount on the final Averaging Date in respect of that Valuation Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date;

(2) "**Postponement**", then Condition 16(e)(i) will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the relevant Certificates. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date; or

(3) "**Modified Postponement**", then:

(a) in the case of an Index-Linked Certificate or an Equity-Linked Certificate or a Cash Equity Certificate which relates to a single Index or Security, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the Limit Valuation Date immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date (the "**Scheduled Final Averaging Date**") in relation to the relevant Scheduled Valuation Date, then:

(i) in respect of an Index-Linked Certificate, the Calculation Agent shall determine that either:

(a) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date); or

(b) the Averaging Date shall be the first succeeding Valid Date,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 16(e)(iii)(A)(1); and

- (ii) in respect of an Equity-Linked Certificate or a Cash Equity Certificate, the Limit Valuation Date shall be the Averaging Date (irrespective of whether the Limit Valuation Date is already an Averaging Date), and the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with Condition 16(e)(iii)(A)(2); and
- (b) in the case of an Index-Linked Certificate, an Equity-Linked Certificate or a Cash Equity Certificate which relates to a basket of Indices or Securities, the Averaging Date for each Index or Security not affected by the occurrence of a Disrupted Day shall be the day specified in the relevant Final Terms as an Averaging Date in relation to the relevant Valuation Date (the "**Scheduled Averaging Date**") and the Averaging Date for an Index or Security affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index or Security. If the first succeeding Valid Date in relation to such Index or Security has not occurred as of the Valuation Time on the Limit Valuation Date immediately following the Scheduled Final Averaging Date, then:
 - (i) in respect of an Index-Linked Certificate, the Calculation Agent shall determine that either:
 - (a) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Index; or
 - (b) the Averaging Date shall be the first succeeding Valid Date,
 - and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 16(e)(iii)(B); and
 - (ii) in respect of an Equity-Linked Certificate or a Cash Equity Certificate, the Limit Valuation Date shall be the Averaging Date (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Security, and the Calculation Agent shall determine the relevant amount for that Averaging Date in accordance with Condition 16(e)(iii)(C).

If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

- (c) If (1) on or prior to any Averaging Date, in respect of an Index-Linked Certificate, an Index Modification, Index Cancellation or Index Disruption (each as defined in Condition 16 occurs, or (2) on any Averaging Date in respect of an Index-Linked Certificate an Index Disruption Event occurs, then the Calculation Agent shall determine the Final Index Level using, in lieu of a published level of the relevant

Index, the level for that Index as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to that change or failure, but using only those securities that comprised that Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on any relevant Exchange).

(f) Adjustments to Indices

This Condition 16(f) is applicable only in relation to Index-Linked Certificates.

(i) Successor Index

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Sponsor acceptable to the Calculation Agent, or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that Index (the "**Successor Index**") will be deemed to be the Index.

(ii) Index Modification

If on or prior to any Valuation Date, a relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation or other routine events) (an "**Index Modification**"), then the Calculation Agent shall determine whether such Index Modification has a material effect on the Certificates, and if so, shall make such adjustment(s) (if any) as it determines appropriate to account for the economic effect of the Index Modification and determine the effective date of any such modification or adjustment.

(iii) Index Cancellation

If on or prior to the Valuation Date (A) the Index Sponsor fails to calculate and announce a relevant Index, (B) the Index Sponsor announces that it suspends the calculation and publication of the level of a relevant Index, or (C) the Index Sponsor permanently cancels the Index and no Successor Index exists (each an "**Index Cancellation**"), then:

- (A) the Issuer shall as soon as is reasonably practicable after determining the same give notice (an "**Index Cancellation Notice**") of such Index Cancellation to the Certificateholders (with a copy to the Calculation Agent) in accordance with Condition 14 (*Notices*);
- (B) if Index Substitution is specified as being applicable in the relevant Final Terms, the Issuer shall, in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), determine whether or not and the date as of which the Index is to be substituted with a Substitute Index and, if it so determines, it shall give an Index Substitution Notice to the Certificateholders (with a copy to the Calculation Agent) in accordance with Condition 14 (*Notices*) and, with effect from the date so determined, the Substitute Index shall be deemed to be the Index; and
- (C) if no Substitute Index has been identified within ten Business Days of the giving of such Index Cancellation Notice or if Index Substitution has not been specified as being applicable in the relevant Final Terms, the Issuer shall, in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), determine whether or not the relevant Certificates shall continue and:

- (1) if it determines that the Certificates shall continue, then the Calculation Agent shall determine the Final Index Level for such Valuation Date using, in lieu of a published level of that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the Index Cancellation, but using only those components that comprised that Index immediately prior to that Index Cancellation; and
- (2) if it determines that the Certificates shall not continue, the Issuer shall terminate the relevant Certificates as of the date selected by the Issuer and give notice thereof to the Certificateholders (with a copy to the Calculation Agent) in accordance with Condition 14 (*Notices*), specifying the early redemption amount and early redemption date, and the entitlements of the relevant Certificateholders to receive the Final Redemption Amount (or any other payment to be made by the Issuer, as the case may be) shall cease and the Issuer's obligations under the relevant Certificates shall be satisfied in full upon payment of such amount as is determined by the Calculation Agent to be the fair market value of the Certificates immediately prior (and ignoring the circumstances leading) to such early redemption, adjusted to account fully for any reasonable expenses, costs or proceeds, as the case may be, to the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and funding arrangements.

For these purposes:

"Index Substitution Notice" means a notice specifying a Substitute Index to be substituted for the Index and the date as of which such substitution is to take effect; and

"Substitute Index" means a successor index identified by the Calculation Agent using commercially reasonable efforts, with characteristics, objectives and rules similar to the Index in effect immediate prior to the occurrence of the Index Cancellation.

(iv) Correction of Index Levels

If the level of an Index published by the Index Sponsor at any time and used or to be used by the Calculation Agent for any calculation or determination under the Certificates is subsequently corrected and the correction is published by the Index Sponsor after the original publication, the Calculation Agent will make such adjustment as it determines to be appropriate, if any, to the settlement or payment terms of the Certificates to account for such correction *provided that* if any amount has been paid in an amount which exceeds the amount that would have been payable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable in respect of the Certificates and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement of the relevant excess payment (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Certificateholder, together with interest on that amount for the period from and including the day on which payment was originally made to (but excluding) the day of payment of reimbursement by the Certificateholder (all as calculated by the Calculation Agent). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(g) Adjustments and Events affecting Securities

This Condition 16(g) is applicable only in relation to Equity-Linked Certificates and Cash Equity Certificates.

(i) Potential Adjustment Events

The Calculation Agent shall determine whether or not at any time a Potential Adjustment Event has occurred and where it determines such an event has occurred, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Securities and, if so, will make such adjustment(s) as it determines to be appropriate, by using the formulae given below for the amount of the Final Redemption Amount or any amount of interest set out in the relevant Final Terms, the number of Securities to which each Certificate relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Certificates and/or any other adjustment(s) and, in any case, any other variable relevant to the settlement or payment terms of the relevant Certificates as the Calculation Agent determines to be appropriate and determine, the effective date(s) of such adjustment(s).

(ii) Extraordinary Events

Following the occurrence of any Extraordinary Event, the Calculation Agent will determine (whether or not the relevant Certificates shall continue and, if so, determine any adjustments to be made. If the Calculation Agent determines that the relevant Certificates shall continue, it may make such adjustment(s) as it determines to be appropriate (after consulting, an independent expert appointed by HSBC France under condition 16(j)(i)), if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Final Terms, the number of Securities to which each Certificate relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Certificates and, in any case, any other variable relevant to the settlement or payment terms of the relevant Certificates and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent. If the Calculation Agent determines that the relevant Certificates shall be terminated, then the Certificates shall be terminated as of the date selected by the Calculation Agent and the entitlements of the relevant Certificateholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer) as the case may be, shall cease and the Issuer's obligations under the relevant Certificates shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the termination of the Certificates.

(iii) Correction of Prices

In the event that any price published or announced on a given day and utilised or to be utilised for the purpose of any calculation or determination under the Certificates is subsequently corrected and the correction is published or announced by the Exchange within one Settlement Cycle after the original publication, the Calculation Agent will make such adjustment(s) as it determines to be appropriate, if any, to the amount payable in respect of the Certificates and their terms to account for such correction and the Calculation Agent shall determine the effective date(s) of such adjustment(s) provided that if any amount has been paid in an amount which exceeds the amount that would have been payable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable in respect of the Certificates and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement of the relevant excess payment (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Certificateholder, together with interest on that amount for the period from and including the day on which payment was originally made to (but excluding) the day of

payment of reimbursement by the Certificateholder (all as calculated by the Calculation Agent). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(h) Additional Disruption Events

Following the occurrence of any Additional Disruption Event, the Calculation Agent will determine whether or not the relevant Certificates shall continue and, if so, determine any adjustments to be made. If the Calculation Agent determines that the relevant Certificates shall continue, it may make such adjustment(s) as it determines to be appropriate, if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Final Terms, the number of Securities to which each Certificate relates, the number of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered pursuant to such Certificates and, in any case, any other variable relevant to the settlement or payment terms of the relevant Certificates and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent. If the Calculation Agent determines that the relevant Certificates shall be terminated, then the Certificates shall be terminated as of the date selected by the Calculation Agent and the entitlements of the relevant Certificateholders to receive the relevant Securities Transfer Amount or Final Redemption Amount (or any other payment to be made by the Issuer), as the case may be, shall cease and the Issuer's obligations under the relevant Certificates shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the termination of the Certificates.

For the purposes any Series of Certificates, "**Additional Disruption Event**" means any event specified as such in the relevant Final Terms, and for such purpose the following terms if so specified shall be deemed to have the following meanings unless otherwise provided in the relevant Final Terms:

- (i) "**Change in Law**" means that, on or after the Issue Date, (A) due to the adoption of or any change in any applicable law or regulation (including without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (x) it has become illegal for the Issuer to hold, acquire or dispose of Securities or Component Securities, or other components comprised in the Index, relating to such Certificates, (y) it has become illegal for the Issuer to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to such Certificates, or in relation to the Issuer's hedging activities in connection with the Certificates, (ii) stock loan transactions in relation to such Certificates or (iii) other instruments or arrangements (howsoever described) held by the Issuer in order to hedge, individually or on a portfolio basis, such Certificates or (z) the Issuer will incur a materially increased cost in performing its obligations under the Certificates (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (ii) "**Failure to Deliver**" means the failure of a party to deliver, when due, the relevant Securities in respect of the Certificates, where such failure is due to illiquidity in the market for such Securities;
- (iii) "**Insolvency Filing**" means that the issuer of the Securities institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the issuer of the Securities shall not be deemed an Insolvency Filing;

- (iv) "**Hedging Disruption**" means that the Issuer is unable or it is or has become not reasonably practicable, or it has otherwise become undesirable, for any reason, for the Issuer wholly or partially after using commercially reasonable efforts and acting in good faith, to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary or desirable to hedge the Issuer's obligations in respect of the Certificates or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s); and
- (v) "**Increased Cost of Hedging**" means that the Issuer would incur a materially increased costs (as compared with circumstances existing on the Issue Date), amount of tax, duty, expense or fee (other than brokerage commissions) to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Issuer's obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

(i) Effects of European Economic and Monetary Union

Following the occurrence of an EMU Event, the Calculation Agent shall make such adjustment (and determine the effective date of such adjustment) as it determines to be appropriate, if any, to the formula for the Final Redemption Amount or any amount of interest set out in the relevant Final Terms, the formula for and method of calculating the relevant Index and/or the securities or other property comprising the relevant Index, the number of and type of Securities to which each Certificate relates, the number of and type of Securities comprised in a basket, the amount, the number of or type of shares, other securities or other property which may be delivered under such Certificates and/or any other adjustment and, in any case, any other variable relevant to the settlement or payment terms of the relevant Certificates.

Following the occurrence of an EMU Event, without prejudice to the generality of the foregoing, the Issuer shall be entitled to make such conversions between amounts denominated in the national currency units (the "**National Currency Units**") of the Participating Member States and the euro, and the euro and the National Currency Units, in each case, in accordance with the conversion rates and rounding rules in Regulation (EC) No. 1103/97 as it, in its sole and absolute discretion, determines to be appropriate.

Neither the Issuer nor the Calculation Agent will be liable to any Certificateholder or other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection therewith.

For the purposes hereof:

(j) Adjustments

On the occurrence of any event(s) that the Calculation Agent may reasonably consider affects or could affect the value of an Index Linked Certificate, an Equity Linked Certificate or a Cash Equity Certificate, the Calculation Agent may make any reasonable additional adjustment to the Exercise Price, the number and/or type of Securities and/or Indices to which such Index Linked Certificate, Equity Linked Certificate or Cash Equity Certificate relates and to the exercise, settlement and payment terms or any other term applicable to such Index Linked Certificate, Equity Linked Certificate or Cash Equity Certificate including, without limitations, adjustments to the amount, number or type of cash assets, equities, other securities and property that could be transferred in respect of such Index Linked Certificate, Equity Linked Certificate or Cash Equity Certificate, and may set the effective date(s) of such adjustments.

- (i) Adjustments relating to Securities (the underlying is a Security): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall, on a reasonable basis and as quickly as possible, determine

the adjustments to be made based on the formula set forth below, which may be modified in the Final Terms by the Calculation Agent, it being stipulated that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France whenever (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Certificateholder by simple request addressed to HSBC France within two months of notification of such adjustments (as notified to the Holder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

(ii) Applicable adjustment formula and adjustments by the Calculation Agent following the Event:

(1) Subdivision of Securities:

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"R factor" = parity before adjustment

"Number of New Securities" = number of Securities before the Event

"Number of Old Securities" = number of Securities after the Event

(2) aggregation or reclassification of Securities (unless this transaction results from a Merger Event);

$$R \text{ factor} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"R factor" = parity before adjustment

"Number of New Securities" = number of Securities before the Event

"Number of Old Securities" = number of Securities after the Event

(3) Exceptional distribution, issue or dividend in favour of the existing holders of the Underlying Securities concerned, (A) of the Underlying Securities, or (B) of other shares or equity securities entitling the holder to receive dividends and/or liquidation bonuses from the company issuing the Underlying Security, as the case may be, on an equal basis or proportionally to the payments thus made to the holders of the Underlying Securities, or (C) of any other type of security, right, certificate or asset, in each case in exchange for payment (in cash or other consideration) of an amount that is lower than the applicable market price, as determined by the Calculation Agent;

$$R \text{ factor} = \frac{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}}\right] \times \left[\frac{\text{Subscription Price}}{\text{Close Price at ExDate} - 1}\right]}{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}}\right]}$$

"R factor" = parity before adjustment

"Number of Rights per Security" = number of rights referred to in (3)(A), (3)(B) or (3)(C)

"Number of New Securities" = number of Underlying Securities before the Event

"Subscription Price" = subscription price of Certificate bearing entitlement to delivery of the Underlying Securities

"Close Price at ExDate - 1" = closing price on the last trading day before delivery of the Underlying Securities

- (4) distribution of bonus securities

New value of underlying = observed value of underlying x R Factor

Where

$$\text{"R Factor"} = \left(\frac{1}{(1 + \text{Bonus Security \%})} \right)$$

"Bonus Security %" = proportion of new underlying

- (5) In addition, in the event of a takeover bid, share exchange offer, minority squeeze out, merger or absorption, demerger, nationalisation, similar events and collective proceedings, the Calculation Agent (after consulting an impartial expert appointed by HSBC France in the conditions set forth in paragraph (j)(i) above) may make whatever adjustment may be necessary to comply with the economic equivalent of the Certificates and safeguard the rights of the Certificateholders concerned.

- (6) It is stipulated that the following events shall not give rise to an adjustment:

- (a) payment of ordinary dividends in Underlying Securities or in cash by the Issuing Company;
- (b) exercise of the rights attached to the Underlying Security subscription warrants or other securities granting immediate or future rights to any part of the capital of the Share Issuing Company; and
- (c) increase in the nominal value of the Underlying Securities through incorporation of reserves, profit or premiums.

- (7) In the case of events other than those described in paragraphs (ii) (1), (2), (3) and (4) whose effect is equivalent to that of an Event, the rules set forth in paragraphs (ii) (1), (2), (3) and (4) shall apply *mutatis mutandis*.

- (iii) Adjustments relating to an Equity Basket (the underlying is an Equity Basket): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the **"Event"**), the Calculation Agent shall as quickly as possible determine the adjustments to be made by applying *mutatis mutandis* the formulas shown above in paragraph (j)(ii) which may be modified in the Final Terms by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Certificateholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Certificateholder through the clearing systems within seven

Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

(k) Adjustments where the Underlying is an ETF Unit

Where the Underlying is specified in the relevant Final Terms as being an ETF Unit, in the case of the occurrence at any time on or prior to the Valuation Date of any Exceptional Event affecting the ETF or the value of the Units, the Calculation Agent shall make any adjustment provided for in the preceding provisions of this Condition 16 or:

- (i) if the Calculation Agent determines that no adjustment that it could make under the preceding provisions of this Condition 16 would produce a commercially reasonable result:
 - (A) the Calculation Agent shall use commercially reasonable efforts to identify a new underlying asset with characteristics, investment objectives and policies similar to those in effect for the Affected Units immediately prior to the occurrence of the relevant Exceptional Event and any substitution of the new underlying asset for the Affected Units shall be effected at such time and in such manner as determined by the Calculation Agent, and
 - (B) if necessary, the Calculation Agent shall adjust any relevant terms, including, but not limited to, adjustments to account for changes in volatility, investment strategy or liquidity relevant to the Units or the Certificates; or
- (ii) if the Calculation Agent determines that the relevant Certificates should be cancelled, then the Certificates shall be cancelled as of the date selected by the Calculation Agent and the entitlements of the relevant Certificateholders to receive the relevant Securities Transfer Amount or the Final Redemption Amount or any interest accrued, as the case may be, shall cease and the Issuer's obligations under the relevant Certificates shall be satisfied in full upon payment of an amount that in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for cancellation of the Certificates.
- (iii) Adjustments relating to ETF Units (the underlying is an ETF Unit): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the "Event"), the Calculation Agent shall as quickly as possible determine the adjustments to be made based on the formula shown below, which may be modified in the Final Terms by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Certificateholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Certificateholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.
- (iv) Applicable adjustment formulas and adjustments by the Calculation Agent following the Event:
 - (1) Subdivision of Securities:

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"R factor" = parity before adjustment

"**Number of New Securities**" = number of Securities before the Event

"**Number of Old Securities**" = number of Securities after the Event

- (2) aggregation or reclassification of Securities (unless this transaction results from a Merger Event);

$$R \text{ factor} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"**R factor**" = parity before adjustment

"**Number of New Securities**" = number of Securities before the Event

"**Number of Old Securities**" = number of Securities after the Event

- (3) Exceptional distribution, issue or dividend in favour of the existing holders of the Underlying Securities concerned, (A) of the Underlying Securities, or (B) of other shares or equity securities entitling the holder to receive dividends and/or liquidation bonuses from the company issuing the Underlying Security, as the case may be, on an equal basis or proportionally to the payments thus made to the holders of such Underlying Securities, or (C) of any other type of security, right, certificate or asset, in each case in exchange for payment (in cash or other consideration) of an amount that is lower than the applicable market price, as determined by the Calculation Agent;

$$R \text{ factor} = \frac{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right] \times \left[\frac{\text{Subscription Price}}{\text{Close Price at ExDate} - 1} \right]}{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right]}$$

"**R factor**" = parity before adjustment

"**Number of Rights per Security**" = number of rights referred to in (3)(A), (3)(B) or (3)(C)

"**Number of New Securities**" = number of ETF Units before the Event

"**Subscription Price**" = subscription price of Certificate bearing entitlement to delivery of the ETF Units

"**Close Price at ExDate - 1**" = closing price on the last trading day before delivery of ETF Units

- (4) distribution of bonus securities

New value of underlying = observed value of underlying x R Factor

Where

$$\text{"R Factor"} = \left(\frac{1}{(1 + \text{Bonus Security } \%)} \right)$$

"Bonus Security %" = proportion of new underlying

- (5) In addition, in the event of a takeover bid, share exchange offer, minority squeeze out, merger or absorption, demerger, nationalisation, similar events and collective procedures, the Calculation Agent (after consultation with an impartial expert named by HSBC France in the conditions provided for in paragraph (k)(iii) above) may make any adjustment deemed necessary to respect the economic equivalent of the Certificates and safeguard the rights of the Certificateholders concerned.
- (6) It is also stipulated that the following events shall not give rise to an adjustment:
- (a) distribution of ordinary dividends in ETF Units or in cash by the fund issuing the ETF Unit;
 - (b) exercise of rights attached to ETF subscription warrants or securities granting immediate or future rights to part of the capital of the ETF that issues the ETF Unit; and
 - (c) increase in the nominal value of the ETF Unit through incorporation of reserves, profits or premiums.
- (7) In the case of events other than those described in paragraphs (iv) (1), (2), (3) and (4) whose effect is equivalent to that of an Event, the rules set forth in paragraphs (iv) (1), (2), (3) and (4) shall apply *mutatis mutandis*.
- (v) Adjustments relating to ETF Baskets (the underlying is an ETF Basket): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible determine the adjustments to be made by applying *mutatis mutandis* the formulas shown above in paragraph (k)(iv) which may be modified in the Final Terms by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Certificateholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Certificateholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

In this Condition 16(k) "**Affected Unit(s)**" means each Unit subject to an applicable Exceptional Event.

- (l) Adjustments where the Securities are ADR/GDR
- (i) adjustments relating to ADR/GDR (the underlying is an ADR/GDR): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible and in a reasonable manner determine the adjustments to be made based on the formula shown below, which may be modified in the Final Terms by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Certificateholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Certificateholder through the clearing systems within seven Business Days of the

adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

(ii) Applicable adjustment formulas and adjustments by the Calculation Agent after the Event:

(1) Subdivision of Securities:

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"R factor" = parity before adjustment

"Number of New Securities" = number of Securities before the Event

"Number of Old Securities" = number of Securities after the Event

(2) aggregation or reclassification of Securities (unless this transaction results from a Merger Event);

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"R factor" = parity before adjustment

"Number of New Securities" = number of Securities before the Event

"Number of Old Securities" = number of Securities after the Event

(3) Exceptional distribution, issue or dividend in favour of the existing holders of the Underlying Securities concerned, (A) of the Underlying Securities, or (B) of other shares or equity securities entitling the holder to receive dividends and/or liquidation bonuses from the company issuing the Underlying Security, on an equal basis or proportionally to the payments thus made to the holders of the Underlying Securities, or (C) of any other type of security, right, certificate or asset, in each case in exchange for payment (in cash or other consideration) of an amount that is lower than the applicable market price, as determined by the Calculation Agent;

$$\text{R factor} = \frac{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right] \times \left[\frac{\text{Subscription Price}}{\text{Close Price at ExDate} - 1} \right]}{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right]}$$

"R factor" = parity before adjustment

"Number of Rights per Security" = number of rights referred to in (3)(A), (3)(B) or (3)(C)

"Number of New Securities" = number of Underlying Securities before the Event

"Subscription Price" = subscription price of Certificate bearing entitlement to delivery of the Underlying Securities

"Close Price at ExDate - 1" = closing price on the last trading day before delivery of the Underlying Securities

- (4) distribution of bonus securities

New value of underlying = observed value of underlying x R Factor

Where

$$\text{"R Factor"} = \left(\frac{1}{(1 + \text{Bonus Security \%})} \right)$$

"Bonus Security %" = proportion of new underlying

- (5) In addition, in the event of a takeover bid, share exchange offer, minority squeeze out, merger or absorption, demerger, nationalisation, similar events and collective proceedings, the Calculation Agent (after consulting an impartial expert appointed by HSBC France in the conditions set forth in paragraph (j)(ii) above) may make whatever adjustment may be necessary to comply with the economic equivalent of the Certificates and safeguard the rights of the Certificateholders concerned.
- (6) It is stipulated that the following events shall not give rise to an adjustment:
- (a) payment of ordinary dividends in Underlying Securities or in cash by the Issuing Company;
 - (b) exercise of the rights attached to the Underlying Security subscription warrants or other securities granting immediate or future rights to any part of the capital of the Issuing Company; and
 - (c) increase in the nominal value of the Underlying Securities through incorporation of reserves, profit or premiums.
- (7) In the case of events other than those described in paragraphs (ii) (1), (2), (3) and (4) whose effect is equivalent to that of an Event, the rules set forth in paragraphs (ii) (1), (2), (3) and (4) shall apply *mutatis mutandis*.
- (iii) Adjustments relating to ADR/GDR Baskets (the underlying is an ADR/GDR Basket): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the **"Event"**), the Calculation Agent shall as quickly as possible determine the adjustments to be made by applying *mutatis mutandis* the formulas shown above in paragraph (l)(ii) which may be modified in the Final Terms by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Certificateholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Certificateholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

TERMS AND CONDITIONS OF THE WARRANTS

The Terms and Conditions of the Warrants apply to all the Warrants as defined herein and issued pursuant to this Base Prospectus whether linked to an Equity, an Equity Basket, an Index, an Index Basket, an ETF Unit, an ETF Basket, an ADR/GDR or an ADR/GDR Basket. The following text sets forth the terms and conditions that shall apply to these Warrants, subject to any subsequent provisions set forth in a Supplement that may supplement, replace or amend these terms and conditions.

The Warrants issued pursuant to this Base Prospectus (hereinafter the "**Warrants**") are issued under an Agency Agreement (the "**Agency Agreement**") entered into by the Issuer, the Fiscal Agent and the Calculation Agent.

References in the Base Prospectus to the "**Final Terms of the Warrants**" refer to the final terms and conditions applicable to a Warrants issue (including similar Warrants issued pursuant to Condition 12 which can be assimilated as Warrants).

Copies of the Agency Agreement (which includes a copy of the Final Terms of the Warrants) may be obtained from the Fiscal Agent's specified office.

The terms and expressions defined in the Terms and Conditions of the Warrants shall have the same meaning when used in the Agency Agreement, unless the context requires otherwise or expressly indicated otherwise.

The Warrants are governed by French law.

1. Definitions

The capitalised terms used in the Terms and Conditions of the Warrants have the following meanings:

"**ADR/GDR Basket Linked Warrant**" refers to a Warrant linked to a Basket of ADR/GDR.

"**ADR/GDR Linked Warrant**" refers to a Warrant linked to an *American Depositary Receipt/Global Depositary Receipt*.

"**American-style Warrant**" refers to a Warrant that can be exercised at any time during the exercise period indicated in the Final Terms of the Warrants.

"**Bermudan-style Warrant**" refers to a Warrant that can be exercised on exercise dates (the "**Potential Exercise Dates**") and on the Maturity Date as specified in the Final Terms of the Warrants.

"**Call Warrant**" refers to the type of Warrant whose characteristics are specified in the definition of "**Settlement Amount**" below.

"**Cash Settlement**" refers to settlement of the Warrants as provided for in Condition 7(a).

"**Delivery Disruption Event**" means, in the context of Physical Settlement, the suspension or significant limitation, observed by the Calculation Agent, of securities deliveries within the Euroclear France system or any system that may take its place.

"**Delivery Period**" refers to the period of fifteen (15) Business Days following the Exercise Date.

"**Discounting Method**" means, unless otherwise specified in the Final Terms of the Warrants, the division of the stock to be discounted by:

$[1 + (\text{IBOR rate} * \text{Period}/360)]$ where:

"Equity Basket" means a basket of Equities issued by more than one Company as indicated in the Final Terms of the Warrants.

"Equity Basket Linked Warrant" refers to a Warrant linked to a Basket of Equities.

"Equity Linked Warrant" refers to a Warrant linked to an Equity.

"European-style Warrant" refers to a Warrant that can be exercised only on the Maturity Date.

"Exercise Date" refers to the Maturity Date. If such date is not a Business Day, the Exercise Date shall be the next Business Day (in the case of European-style Warrants) or, subject to the provisions of Condition 6(a)(ii), the date on which, during the Exercise Period, the Series of Warrants is effectively exercised (in the case of American-style Warrants (as described in greater detail in Condition 5(b)(i)) or, in the case of Bermudan-style Warrants, the Potential Exercise Date indicated in the Final Terms or the Maturity Date and if the Potential Exercise Date is not a Business Day, the Potential Exercise Date shall be the next Business Day.

"Exercise Expenses" means, for all Warrants, all taxes, including the tax on financial transactions, duties, particularly stamp duty, all sale, issue, registration and transfer fees and any other similar duties and fees, and/or all expenses and fees, including custody, transaction and exercise fees, taxes and registration expenses due at that date and/or arising on, and/or relating to the Warrants, including the exercise of such Warrants, and/or the acquisition, transfer or delivery of Equities.

"Exercise Notice" refers to an exercise notice that conforms to the proforma exercise notice appended to the Final Terms of the Warrants, of which an example is provided in the Base Prospectus in the section entitled "Proforma Exercise Notice".

"Exercise Period" refers, in the case of American-style Warrants, to the exercise period specified in the Final Terms of the Warrants.

"Exercise Price" refers to the amount indicated in the Final Terms of the Warrants, subject in the case of Equity Linked Warrants to adjustments in accordance with Condition 18.

"IBOR Rate" refers to the interbank rate offered for a term corresponding to the number of full months closest to the number of decimal months that comprise the Period, as calculated by the local interbank association as at the date the price of the Security is determined.

"Index Basket" refers to a basket comprising several indices as indicated in the Final Terms of the Warrants.

"Index Basket Linked Warrant" refers to a Warrant linked to a Basket of Indices.

"Index Linked Warrant" refers to a Warrant linked to an Index.

"Issue Price" refers to the price at which each Warrant shall be issued. The Issue Price shall be specified in the Final Terms of the Warrants.

"Maximum Exercise Amount" refers to the maximum number of Warrants that can be exercised, as specified in the Final Terms.

"Minimum Exercise Amount" refers to the minimum number of Warrants that can be exercised, as specified in the Final Terms.

"Note Basket Linked Warrant" refers to a Warrant linked to a Basket of Notes.

"Note Linked Warrant" refers to a Warrant linked to a Note.

"Number of Equities Due" refers, in the case of a Series of Equity Linked Warrants or Equity Basket Linked Warrants giving rise to Physical Settlement, to the Quantity of Equities. Delivery of this Number of Equities Due also includes all documents representing these Equities (if any).

"Period" refers to the number of days that have effectively passed between, but not including, the date on which the Equity price is determined and the date (included) of delivery of the Equities or securities admitted to trading or the Cash Settlement.

"Physical Settlement" refers to settlement of the Warrants as provided for in Condition 7 (b).

"Put Warrant" refers to the type of Warrant whose characteristics are specified in the definition of **"Settlement Amount"** below.

"Series of Warrants" refers to the number of Warrants relating to the number of underlying elements (Equities, Equity Basket, Index or Index Basket) (Quantity) as specified in the Final Terms of the Warrants. The number of Warrants in a Series of Equity Linked Warrants is subject to adjustments in accordance with Condition 18.

"Settlement Amount" means: for each Series of Warrants linked to an Equity, an ETF unit, an Equity Basket, an ETF Basket, an Index or an Index Basket, an amount denominated in the Settlement Currency (or converted into the Settlement Currency in accordance with Condition 7(a)) equal to:

- (a) for Call Warrants, the difference (if positive) between (a) the Settlement Price and (b) the Exercise Price; and
- (b) for Put Warrants, the difference (if positive) between (a) the Exercise Price and (b) the Settlement Price.

"TARGET" means the TARGET 2 payment system, i.e. the Trans-European Automated Real-time Gross settlement Express Transfer system, or any other system that may replace it.

2. **Type, form, title and transfer**

(a) Type

The Final Terms shall specify whether the Warrants are:

- (i) Call Warrants or Put Warrants; and whether they are
- (ii) European-style Warrants, Bermudan-style Warrants or American-style Warrants.

(b) Form

The Warrants shall be issued in bearer form under French legislation relating to dematerialisation. Ownership of the Warrants shall be evidenced by an account entry in accordance with Article L. 211-3 of the French Monetary and Financial Code. A physical title or document (including representative certificates, pursuant to Article R.211-7 of the French Monetary and Financial Code) shall not be issued to evidence ownership of the Warrants.

When issued the Warrants shall be entered in the books of Euroclear France which shall credit the accounts of the Authorised Financial Intermediaries.

The Issuer nonetheless reserves the right, at any time, to arrange for the transfer of the Warrants (if already issued) or to deposit the Warrants of a given issue (if the Warrants have yet to be issued) to or with another depository whose registered offices are located in the European Economic Area. It is specified that in the event of a change of depository, the Issuer shall comply with the legal, regulatory or fiscal requirements applicable in respect of such depository.

(c) Title

"Warrantholder" means any person whose account with the Authorised Financial Intermediary holds a given number of Warrants.

The Issuer and Fiscal Agent shall treat any such person as the true owner to all intents and purposes of the Warrants, notwithstanding any notice to the contrary, and the terms "Warrantholder(s)", "holder(s) of Warrants", "bearer", "holder" and any similar terms should be construed as evidencing such person's ownership of the Warrants.

3. **Status**

The Warrants are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank at least *pari passu* without any preference among themselves (subject to exceptions under French law) with all other present or future unsecured and unsubordinated obligations of the Issuer.

4. **Issue Price and number of Warrants**

The Warrants shall be issued at the Issue Price and in the number indicated in the relevant Final Terms.

The Warrants can be traded on a unitary basis.

The Warrants are valued using a model based on the Cox Ross Rubinstein model. Consequently, the Issue Price, and the price of each Warrant during the secondary market trading period depend on the following factors:

- (a) the price of the underlying element relative to the Exercise Price;
- (b) the Maturity Date;
- (c) the value of the underlying element;
- (d) interest rates;
- (e) estimated dividends; and
- (f) volatility levels.

The influence exerted by the above factors, all other things being equal, will depend on the characteristics of each Warrant and accordingly on its own sensitivity factors.

However, from a theoretical point of view, the influence of the above factors is as follows:

- (g) For Call Warrants, in theory and all other things being equal:
 - (i) the higher the Exercise Price of a Call Warrant is relative to the value of the underlying element, the lower the Call Warrant's theoretical value will be;

- (ii) the theoretical value of a Call Warrant will decline progressively as the Maturity Date draws closer;
 - (iii) an increase in the value of the underlying will result in an increase in the theoretical value of the Call Warrant;
 - (iv) a rise in interest rates will result in an increase in the theoretical value of the Call Warrant;
 - (v) an increase in estimated dividends will result in a fall in the theoretical value of the Call Warrant; and a rise in estimated volatility will increase the theoretical value of the Call Warrant.
- (h) For Put Warrants, in theory and all other things being equal:
- (i) the higher the Exercise Price of a Put Warrant is relative to the value of the underlying element, the higher the Put Warrant's theoretical value will be;
 - (ii) the theoretical value of a Put Warrant will decline progressively as the Maturity Date draws closer;
 - (iii) an increase in the value of the underlying will result in a decrease in the theoretical value of the Put Warrant;
 - (iv) a rise in interest rates will result in a fall in the theoretical value of the Put Warrant;
 - (v) an increase in estimated dividends will result in a rise in the theoretical value of the Put Warrant; and an increase in estimated volatility will increase the theoretical value of the Put Warrant.

5. Exercise of Warrants

(a) General provisions

- (i) A Call Warrant linked to an Index or Index Basket entitles the holder solely to a Cash Settlement. A Call Warrant linked to an Equity, an ETF Unit, an Equity Basket or an ETF Basket gives entitlement, at the Issuer's choice, which must be indicated in the Final Terms of the Warrants, to either (a) Cash Settlement, or (b) at the Issuer's choice, Cash Settlement or Physical Settlement against payment of the Exercise Price multiplied by the Quantity, subject to the adjustments provided for in Condition 18.
- (ii) An automatically exercised Call Warrant gives entitlement solely to Cash Settlement.
- (iii) A Put Warrant gives entitlement solely to Cash Settlement.
- (iv) The Issuer accepts no liability whatsoever for the failure of any third party to credit the Warrantholders' cash or securities accounts, or if a payment is made to persons not entitled to receive such payment and more generally accepts no liability for any third party's failure to fulfil its obligations in application of the Base Prospectus and Final Terms of the Warrants.

Neither the Issuer, the Calculation Agent nor the Fiscal Agent shall be held responsible for any error or omission in the calculation of the Settlement Amount or Number of Equities Due when such error or omission is outside the scope of any control that can be reasonably performed.

(b) Exercise Period – Exercise Date

- (i) *American-style Warrants*

American-style Warrants can be exercised on any Business Day during the Exercise Period in accordance with the Exercise Procedure described below. American-style Warrants are exercised automatically (Cash Settlement only) on the Maturity Date without any need for the Warrantholder to submit an Exercise Notice or carry out any other formality whatsoever providing the Settlement Amount due in respect of a Series of Warrants is higher than zero.

The Business Day during the Exercise Period on which a duly completed Exercise Notice is presented to the relevant Authorised Financial Intermediary before 10 a.m. Paris time and a copy of such Exercise Notice is delivered to the Fiscal Agent, is designated as the "**Exercise Date**" in the Terms and Conditions. If an Exercise Notice is delivered to the relevant Authorised Financial Intermediary or the copy is delivered to the Fiscal Agent after 10 a.m. Paris time on a Business Day during the Exercise Period, such Exercise Notice shall be deemed to have been delivered the next Business Day, which shall be considered the Exercise Date. Unless the Final Terms of the Warrants provide for automatic exercise on the Maturity Date, any Warrant in respect of which an Exercise Notice has not been delivered in the manner described in Condition 6 before 10 a.m. (Paris time) at the latest on the Maturity Date shall be considered to have no value.

(ii) *European-style Warrants*

European-style Warrants may be exercised only on the Maturity Date, in accordance with the exercise procedure described below. European-style Warrants that give rise solely to payment of the Settlement Amount are exercised automatically on the Maturity Date, without any need for the Warrantholder to submit an Exercise Notice or carry out any other formality whatsoever providing the Settlement Amount due in respect of a Series of Warrants is higher than zero.

(iii) *Bermudan-style Warrants*

Bermudan-style Warrants may only be exercised on the Potential Exercise Dates according to the exercise procedure defined below. Bermudan-style Warrants that give rise solely to payment of the Settlement Amount are exercised automatically on the Maturity Date, without any need for the Warrantholder to submit an Exercise Notice or carry out any other formality whatsoever providing the Settlement Amount due in respect of a Series of Warrants is higher than zero.

6. **Exercise procedure**

(a) Maximum and minimum exercise amounts

(i) *Minimum Exercise Amount of the Warrants*

The minimum amount of Warrants that may be exercised by a given Warrantholder at any given Exercise Date shall be specified in the Final Terms of the Warrants and shall be equal to the minimum exercise amount thus established (the "**Minimum Exercise Amount**"). The Minimum Exercise Amount shall not be taken into account at the Maturity Date for Warrants that are automatically exercised on the Maturity Date. If exercise of the Warrants is not automatic and requires submission of an Exercise Notice, any Exercise Notice indicating a number of Warrants that is lower than the Minimum Exercise Amount shall be null and void.

(ii) *Maximum Exercise Amount of the Warrants (solely in the case of American-style Warrants)*

In the case of American-style Warrants, if the Fiscal Agent determines that the amount of Warrants exercised at any Exercise Date, other than the Maturity Date, exceeds the maximum exercise amount stipulated in the Final Terms of the Warrants (the "**Maximum Exercise Amount**") (any number equal to the Maximum Exercise Amount being termed the "**Maximum**"), the number of Warrants to be exercised at such date shall be reduced in such a way that the total number of Warrants to be exercised no longer exceeds this Maximum, the Warrants

exercised being reduced proportionately to the number of Warrants exercised on that date by each Warrantholder. The Warrants presented for exercise but not exercised at that date shall be exercised automatically on each following Business Day (within the limit of the Maximum then applicable) until all the Warrants concerned have been allocated an Exercise Date. It is nonetheless understood that if the date deemed to be the Exercise Date of any Warrants is after the Maturity Date, the Exercise Date of such Warrants shall be the Maturity Date.

(b) Exercise Notice

Unless it is specified in the Final Terms of the Warrants that the Warrants shall be exercised automatically on the Maturity Date, the Warrants may only be exercised through presentation of a duly completed Exercise Notice drawn up in conformity with the proforma exercise notice appended to the Final Terms of the Warrants or in a substantially identical form addressed to the Authorised Financial Intermediary through which the Warrantholder holds its Warrants. A copy of this Exercise Notice must be addressed to the Fiscal Agent in accordance with the provisions of Condition 5 and of this Condition.

In particular, the Exercise Notice must:

- (i) specify the tranche and the number of Warrants being exercised;
- (ii) solely in the case of Warrants with possibility of Physical Settlement, provide the details of the Warrantholder's account from which the Exercise Price shall be debited in the case of Equity Linked or Equity Basket Linked Warrants;
- (iii) be an irrevocable instruction to the relevant Authorised Financial Intermediary to (i) in the case of Warrants with possibility of Physical Settlement, debit the Warrantholder's account on the Settlement Date in the amount of the Exercise Price multiplied by the Quantity together with the amount corresponding to Exercise Expenses and (ii) in the case of Warrants with Cash Settlement, deduct the amount corresponding to Exercise Expenses from any Settlement Amount due to the Warrantholder;
- (iv) provide the details of the Warrantholder's account with the Authorised Financial Intermediary that should be credited with the Settlement Amount (if any) or the cash amount due from the Issuer for each Series of Warrants exercised;
- (v) solely in the case of Warrants with possibility of Physical Settlement, include the information requested in the Exercise Notice for delivery of the Number of Securities Due, i.e. the account details and/or the name and address of any person(s) in whose name(s) the Number of Securities Due should be registered, and/or the name of the bank, financial intermediary or agent to which the Number of Securities Due must be delivered;
- (vi) declare that the Holder of each Series of Warrants being exercised with Physical Settlement is not a Citizen of the United States (as defined in the Base Prospectus in the section entitled "Purchases and Selling Restrictions"); and
- (vii) authorise the publication of such declaration if required in the context of any legal or administrative proceedings.

Where the exercise of the Warrants is not automatic, a copy of the Exercise Notice shall be appended to the Final Terms of the Warrants or may be obtained from the relevant Authorised Financial Intermediary or Fiscal Agent.

(c) Control of the Warrantholder's identity

On receipt of an Exercise Notice, the Authorised Financial Intermediary shall check that the person exercising the Warrants is the actual holder of the Warrants, as registered in the Authorised Financial Intermediary's books.

Subject to this verification, the Authorised Financial Intermediary shall confirm to the Fiscal Agent the tranche and number of Warrants exercised and the account details, if applicable, for payment of the Settlement Amount or, as appropriate, the details for delivery of the Number of Shares Due for each Series of Warrants exercised.

On receipt of such confirmation, the Fiscal Agent shall notify the Issuer by delivering the Exercise Notice, it being understood that such notification must be made before 12 noon (Paris time) on the first Business Day after the Exercise Date. Before close of business on the same day, the Issuer shall confirm to the Fiscal Agent and the Authorised Financial Intermediary the Settlement Amount or the Number of Shares Due, as applicable. On the Settlement Date at the latest, the Authorised Financial Intermediary shall debit the Warrants exercised from the Warrantholder's account.

(d) Determinations

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the relevant Authorised Financial Intermediary or Euroclear France, in consultation with the Fiscal Agent, and shall be conclusive and binding on the Issuer, the Fiscal Agent, Euroclear France and the Warrantholders. Any Exercise Notice so determined to be incomplete shall be null and void.

If such Exercise Notice is subsequently corrected to the satisfaction of the relevant Authorised Financial Intermediary or Euroclear France, in consultation with the Fiscal Agent, it shall be deemed to be a new Exercise Notice received by the Authorised Financial Intermediary, by Euroclear France and by the Fiscal Agent as at the date the corrected notice is delivered to them.

The Authorised Financial Intermediary must notify the Warrantholder as quickly as possible if it considers, after consultation with the Fiscal Agent, that an Exercise Notice is incomplete or not in due and proper form. Barring gross negligence or wilful misconduct on their part, the Issuer, the Fiscal Agent and the Authorised Financial Intermediary shall incur no liability whatsoever for any measure they may have taken or omitted to take in connection with such determination or notification of such determination to the Warrantholder.

(e) Delivery of an Exercise Notice

Delivery of an Exercise Notice shall constitute an irrevocable decision and undertaking by the Warrantholder to exercise the Warrants specified therein. After the delivery of an Exercise Notice, the Warrantholder may not otherwise transfer such Warrants.

(f) Risks linked to Exercise

Exercise of the Warrants shall be subject to all the legislation, regulations and practices in force on the relevant Maturity Date and neither the Issuer nor the Fiscal Agent shall be held liable if they are unable to carry out the scheduled transactions due to such legislation, regulations and practices, even though they have performed all possible diligences in this respect.

The Issuer and the Fiscal Agent shall accept no liability for the action or failings of any Authorised Financial Intermediary or of Euroclear France arising from the execution of their respective duties with regard to the Warrants.

7. **Settlement**

(a) Cash Settlement

(i) *Rights attached to Warrants with Cash Settlement*

Subject to the provisions of Condition 5(a), each Series of Warrants entitles the Warrantholder, providing a valid and duly completed Exercise Notice has been delivered if it is specified in the Final Terms that exercise is not automatic, to obtain payment by the Issuer of the Settlement Amount on the Settlement Date.

Any amounts determined in accordance with the provisions indicated above that are not denominated in the Settlement Currency shall be converted into the Settlement Currency applying the Rate of Exchange. The Series of Warrants exercised at the same time by a same Warrantholder shall be aggregated to determine the total Settlement Amount due in respect of such Series of Warrants. The total of the Settlement Amounts shall be rounded up or down to the nearest second decimal in the relevant Settlement Currency, 0.005 being rounded up.

(ii) *Cash Settlement*

The Fiscal Agent (acting on the Issuer's behalf) shall credit (or arrange to be credited) the Settlement Amount (or the aggregate Settlement Amounts, if applicable) corresponding to each (all) the duly exercised Series of Warrants to the Warrantholder's account whose details are indicated in the Exercise Notice for value as at the Settlement Date, after deduction of all Exercise Expenses.

The payments shall be made subject to all applicable laws and tax regulations.

(b) Physical Settlement

(i) *Rights attached to Warrants with Physical Settlement*

Subject to the provisions of Condition 5(a), each Series of Warrants entitles the Warrantholder, providing a valid and duly completed Exercise Notice has been delivered, to obtain from the Issuer as at the Settlement Date the corresponding Number of Shares Due subject to payment of the Exercise Price multiplied by the Quantity and all Exercise Expenses. Put Warrants, Index Linked Warrants and Index Basket Linked Warrants cannot entitle the holder to Physical Settlement.

The Series of Warrants exercised at the same time by a given Warrantholder shall be aggregated to determine the total Number of Securities Due in respect of such Warrants. The Issuer shall not deliver fractions of Securities, accordingly a cash balance, if applicable, shall be paid to the Warrantholder in respect of the Security fraction calculated based on the value of the Security, on the Settlement Date and in the Settlement Currency.

(ii) *Physical Settlement*

The Issuer shall deliver or arrange the delivery of the total Number of Shares Due (if applicable) in respect of all the Series of Warrants duly exercised to the securities account indicated by the Warrantholder in the Exercise Notice.

(iii) *Delivery Disruption Event*

If, due to a Delivery Disruption Event during the Delivery Period, the Issuer is unable to deliver or arrange the delivery of the Number of Shares Due on the Settlement Date, the Issuer shall deliver or arrange delivery of the Number of Shares Due as soon as possible thereafter during the Delivery

Period. If a Delivery Disruption Event occurring during all or part of the Delivery Period prevents the Issuer from delivering or arranging the delivery of the Number of Shares Due during the Delivery Period, then the Issuer shall pay or arrange payment of the Settlement Amount for each Series of Warrants exercised, as soon as possible and at the latest on the fifteenth Business Day after the end of the Delivery Period, into the cash account indicated in the Exercise Notice. For calculation of the Settlement Amount due in application of this paragraph, the Valuation Date shall be the first Trading Day (i) of the period of three (3) Business Days following the end of the Delivery Period and (ii) during which there is no Market Disruption Event.

However, if there is no Trading Day during this period of three (3) Business Days or if a Market Disruption Event occurs during each of the Trading Days during this period, the Settlement Price shall be determined based on the Market Value of the Warrant on the first Scheduled Trading Day following expiry of this period of three Business Days and this Scheduled Trading Day shall be deemed to be the Valuation Date. In this case, the Settlement Amount for each Series of Warrants exercised shall be paid as soon as possible and at the latest on the fifteenth Business Day following the end of this period of three Business Days into the cash account indicated in the Exercise Notice.

(c) Dividends

In the case of the exercise of Equity Linked or Equity Basket Linked Warrants, if the Share Issuing Company has declared a dividend in respect of its Shares and the first date on which the Shares are quoted on the Exchange after the ex-dividend date is later than the Exercise Date but earlier than the Valuation Date or, in the case of Physical Settlement, before the Settlement Date, then (i) in the case of Cash Settlement, the Settlement Price per Share shall be increased by the net amount of the dividend for Equity Linked Warrants and the value of the Share ("Va") shall be increased by the net dividend amount in order to determine the Settlement Price in the case of Equity Basket Linked Warrants and (ii) in the case of Physical Settlement, the Warrantholder shall be entitled to payment of the net dividend amount. This amount shall be paid to the Warrantholder as quickly as possible in the Settlement Currency.

8. **Fiscal Agent – Calculation Agent**

(a) Fiscal Agent

(i) The Fiscal Agent is HSBC Bank plc. The address of HSBC Bank plc's designated office is provided at the end of this Base Prospectus.

Any change of Fiscal Agent shall be the subject of a Supplement.

(A) The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent and to appoint additional agents provided that the Issuer shall at all times maintain a fiscal agent, it being understood that termination of the appointment of a fiscal agent shall not take effect until a substitute fiscal agent has been appointed and it being also understood that the Issuer must maintain, for as long as the Warrants are listed on Euronext Paris, an agent located in Paris who shall initially be the Fiscal Agent. Notice of termination, appointment or change of designated Fiscal Agent shall be notified to the Warrantholders as provided for in Condition 11. The Fiscal Agent may, with the Issuer's consent, delegate one or more of its duties and functions to a third party as it sees fit. In the event of delegation to a third party, the Fiscal Agent shall retain its responsibility.

(B) In acting under the Agency Agreement, the Fiscal Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantholders. In addition, all determinations and calculations made by the Fiscal Agent shall be final and binding on the Issuer and Warrantholders unless there is an obvious error.

(b) Calculation Agent

- (i) The Calculation Agent is HSBC Bank plc. The address of HSBC Bank plc's designated office is provided at the end of this Base Prospectus.

Any change of Calculation Agent shall be the subject of a Supplement.

- (ii) The Issuer reserves the right at any time to vary or terminate the appointment of the Calculation Agent providing the Issuer at all times maintain a Calculation Agent, it being understood that termination of the appointment of a Calculation agent shall not take effect until a substitute Calculation Agent has been appointed.

Notice of termination, appointment or change of designated Calculation Agent shall be provided to the Warranholders as provided for in Condition 11. The Calculation Agent may, with the Issuer's consent, delegate one or more of its duties and functions to a third party as it sees fit.

- (iii) The Calculation Agent does not act as agent for the Warranholders and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warranholders. In addition, all determinations and calculations made by the Calculation Agent shall be final and binding on the Issuer and Warranholders unless there is an obvious error.

Neither the Issuer nor the Calculation Agent shall have any responsibility for any unintentional errors or omissions in the calculation of any amounts or in any other determination performed pursuant to these Terms and Conditions, unless the error is manifest.

- (c) The identity of the Fiscal Agent or of the Calculation Agent is not an essential condition for any determination or calculation to be performed by one or the other pursuant to the Terms and Conditions of the Warrants or to the Agency Agreement.

9. **Termination due to illegality or impracticability**

The Issuer shall have the right to terminate its obligations under the Warrants if it has determined in its absolute discretion that the performance of such obligations has become unlawful or impracticable in whole or in part, in particular as a result of compliance in good faith with any applicable present or future law, rule, regulation, judgment, order or directive or with any requirement or request of any governmental, administrative, legislative or judicial authority or power. In such circumstances the Issuer shall as soon as possible pay to each Warranholder in respect of each Warrant an amount determined by the Calculation Agent representing the Fair Market Value of such Warrant immediately prior to such termination (without taking into account the illegality or impracticability). Payment shall be made as soon as possible to the relevant Authorised Financial Intermediary and shall be notified to the Warranholders in accordance with Condition 11.

10. **Repurchase by the Issuer**

The Issuer may at any time repurchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may, at the discretion of the Issuer, be held, resold or cancelled.

11. **Notices**

For as long as the Warrants continue to be quoted on Euronext Paris, all notices to Warranholders shall be deemed valid if published immediately on HSBC France's website at <http://www.hsbc.fr> or any other of the Issuer's websites that may replace it.

All notices shall be deemed to have been delivered on the publication date referred to above or, in the case of repeated publications, on the date of first publication.

12. **Further issues**

The Issuer may, at any time and without the consent of the Warranholders, issue additional Warrants to be assimilated (*assimilables* for the purpose of French Law) with the Warrants so as to form a same and single tranche provided the Warrants carry rights identical in all respects and that the terms and conditions of the Warrants provide for such assimilation.

The Final Terms of the Warrants shall specify, if applicable, whether the issue may be assimilated.

13. **Taxes, duties and charges**

A Warranholder exercising a Warrant shall pay all Exercise Expenses payable in respect of the Warrants and any other amounts payable in connection with such exercise.

The Issuer shall not be liable for or otherwise be obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or exercise of any Warrants and all payments made by the Issuer shall be made subject to taxes, duties, withholding taxes and any other charges that may need to be paid, levied, collected or withheld.

14. **Substitution of the Issuer**

The Issuer, or any company that may have already been substituted for it, shall be entitled at any time without the consent of the Warranholders, to the substitution of any other company in place of the Issuer as principal debtor in respect of the commitments under the Warrants ("**Substitute Issuer**") provided that:

- (a) all measures, conditions and formalities that need to be taken, fulfilled and performed (including obtaining all the necessary agreements) to guarantee that the Warrants shall constitute legally binding obligations for the Substitute Issuer have been taken, fulfilled and performed and are fully in force and effective;
- (b) Euronext Paris and the Warranholders (in accordance with Condition 11) have been notified of such substitution and a Supplement has been authorised by the AMF;
- (c) such substitution does not have any adverse tax consequences for the Warranholders;
- (d) the Substitute Issuer has become a party to the Agency Agreement, with all the corresponding amendments, in the same way as if it had been party to the agreement from the beginning; and
- (e) the Issuer has notified the Warranholders of such substitution at least thirty (30) days in advance, in accordance with Condition 11.

15. **Modification of the Terms and Conditions of the Warrants that have not yet been exercised**

The Issuer may modify the Terms and Conditions of the Warrants that have not yet been exercised (as defined in this Base Prospectus and/or in any Supplement) without the consent of the Warranholders for purposes of rectifying any ambiguity or correcting or supplementing any provision contained in the Base Prospectus in any manner which the Issuer may deem necessary or desirable provided that such modification is not prejudicial to the interests of the Warranholders. Notice of any such modification shall be given to the Warranholders in accordance with Condition 11.

16. **Governing law and jurisdiction**

The Warrants shall be governed by, and shall be construed in accordance with, French law.

The Issuer agrees, for the sole benefit of the Warrantholders, that any court under the jurisdiction of the Paris Court of Appeal shall be competent to decide any claim or procedure in connection with the Warrants.

17. **Additional terms relating to Equity Linked Warrants or Equity Basket-Linked Warrants, Index Linked Warrants or Index Basket-Linked Warrants, ETF Linked Warrants or ETF Basket-Linked Warrants, ADR/GDR Linked Warrants or ADR/GDR Basket-Linked Warrants**

As used in this Condition 17 and 18, and unless otherwise provided in the relevant Final Terms, the following expressions shall have the following meanings:

"Additional Disruption Event" has the meaning ascribed thereto in Condition 18(g);

"ADR/GDR Linked Warrants" means a Series of Equity-Linked Warrants which relate to one or more Securities which are ADRs/GDRs;

"American Depositary Receipt(s)" or **"ADR(s)"** means any Security specified as such in the relevant Final Terms provided that if the relevant Deposit Agreement is terminated at any time, any reference to any ADR(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it determines to be appropriate to the relevant Warrants and determine the effective date of such adjustment;

"Averaging Date" means, in respect of each Valuation Date, each date specified as such or otherwise determined as provided in the relevant Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of Condition 18(b);

"Basket" means, in respect of an Index Basket-Linked Warrant, a basket composed of each Index specified in the relevant Final Terms in the relative proportions indicated in the Final Terms and, in the case of a Equity Basket-Linked Warrant, a basket composed of Securities of each Underlying Company specified in the relevant Final Terms in the relative proportions and numbers of Securities of each Underlying Company indicated in the Final Terms;

"Component Security" means, with respect to an Index, each component security of that Index;

"Delisting" means that the Exchange announces that pursuant to the rules of such Exchange, the Securities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union);

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

"Depositary" means, in relation to a ADR/GDR, the issuer of such ADR/GDR as appointed under the Deposit Agreement, including its successors from time to time;

"Disrupted Day" means (a) any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred; or (b) if the Warrants are Multiple Exchange Index-Linked Warrants, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event has occurred or (c) any Scheduled Trading Day on which the Index Sponsor fails to publish the Index;

"Early Closure" means (a) the closure on any Exchange Business Day of the relevant Exchange (in the case of Equity-Linked Warrants or Equity Basket-Linked Warrants) or any relevant Exchange(s) relating to

securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index Linked Warrants or Index Basket-Linked Warrants) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or (b) if the Warrants are Multiple Exchange Index-Linked Warrants, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day;

"Equity Basket-Linked Warrants" means a Series of Warrants relating to a basket of Securities, as specified in the relevant Final Terms and **"Equity Basket-Linked Warrant"** shall be construed accordingly;

"Equity Linked Warrants" means a Series of Warrants relating to a single Security, as specified in the relevant Final Terms and **"Equity Linked Warrant"** shall be construed accordingly;

"ETF Adviser" means, with respect to an ETF, any person appointed in the role of discretionary investment manager or non-discretionary investment manager (including a non-discretionary investment manager to a discretionary investment manager or to another non-discretionary investment manager), as provided in the related ETF Documents;

"ETF Documents" means, in relation to any ETF, the constitutive and governing documents, subscription agreements and other agreements of such ETF specifying the terms and conditions relating to such ETF, in each case as amended and supplemented from time to time;

"Exchange" means (a) with respect to a Security or an Index, each exchange or quotation system specified as such in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Security or the components of the Index, as the case may be, has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Security or components of the Index, as the case may be, as on the original Exchange); or (b) in the case of a Multiple Exchange Index and each relevant Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent (which exchange or quotation system as of the Issue Date may be specified as such in the relevant Final Terms);

"Exchange Business Day" means (a) any Scheduled Trading Day on which each Exchange and any relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; or (b) with respect to a Multiple Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time;

"Exchange Disruption" means (a) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for the Securities on the Exchange (in the case of a Equity Linked Warrant or a Equity Basket-Linked Warrant) or on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of an Index Linked Warrant), or (ii) to effect transactions in, or obtain market values for, future or options contracts relating to the Securities (in the case of a Equity Linked Warrant or a Equity Basket-Linked Warrant) or the relevant Index (in the case of an Index Linked Warrant or an Index Basket-Linked Warrant) on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as

determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (i) any Component Security on the Exchange in respect of such Component Security or (ii) futures or options contracts relating to the Index on the relevant Related Exchange;

"Extraordinary Dividend" means the amount per Security specified or otherwise determined as provided in the relevant Final Terms or, if no such amount is so specified or determined, any dividend or the portion of any dividend which the Calculation Agent determines should be characterised as an Extraordinary Dividend;

"Exchange Traded Fund" or **"ETF"** means the exchange traded fund as specified in the relevant Final Terms;

"Extraordinary Event" means (a) in all cases other than where the Final Terms specify that the Securities are Units in an ETF, a Merger Event, a Tender Offer, a Nationalisation, an Insolvency or a Delisting (b) in the case where the Final terms specify that the Securities are of Units in a ETF, a Merger Event, Nationalisation, Insolvency, Delisting or an Extraordinary ETF Event;

"Extraordinary ETF Event" means, in the determination of the Calculation Agent, the occurrence or existence of any of the following:

- (a) the ETF (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C)(1) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (A) to (E) above;
- (b) the ETF has violated any leverage restriction that is applicable to, or affecting, such ETF or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the ETF Documents or any contractual restriction binding on or affecting the ETF or any of its assets;
- (c) the resignation, termination or replacement of the ETF Adviser (as defined above);
- (d) any change or modification of the ETF Documents that could reasonably be expected to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Issue Date;

- (e) any breach or violation of any strategy or investment guidelines stated in the ETF Documents that is reasonably likely to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent);
- (f) the Issuer, or any of its affiliates, is unable, or it is impractical for it, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (1) any restrictions or increase in charges or fees imposed by the ETF on any investor's ability to redeem the Units, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Units, or (2) any mandatory redemption, in whole or in part, of such Units imposed by the ETF (in each case other than any restriction in existence on the Issue Date);
- (g) (A) cancellation, suspension or revocation of the registration or approval of the Units or the ETF by any governmental, legal or regulatory entity with authority over the Units or the ETF, (B) any change in the legal, tax, accounting or regulatory treatments of the ETF or the ETF Adviser that is reasonably likely to have an adverse impact on the value of the Units or on any investor therein (as determined by the Calculation Agent), or (C) the ETF or the ETF Adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the ETF;
- (h) (A) the occurrence of any event affecting the Units that, in the determination of the Calculation Agent, would make it impossible or impracticable to determine the value of the Units, and such event is likely, in the determination of the Calculation Agent, to continue for the foreseeable future; or (B) any failure of the ETF to deliver, or cause to be delivered (1) information that ETF has agreed to deliver, or cause to be delivered to the Issuer and/or Calculation Agent or (2) information that has been previously delivered to the Issuer and/or Calculation Agent in accordance with the ETF's, or its authorised representative's, normal practice and that the Issuer and/or Calculation Agent deems necessary for it to monitor the ETF's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the Units;
- (i) on or after the Strike Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (X) it has become illegal to hold, acquire or dispose of the Units, or (Y) the Issuer will incur a materially increased cost in performing its obligations under the Warrants (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (j) the Issuer would incur a materially increased (as compared with circumstances existing on the Strike Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to the Units of entering into and performing its obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Extraordinary ETF Event; and
- (k) (A) the cancellation or cessation of any Underlying Index or (B) a material change in the formula for or the method of calculating or any other material modification to any Underlying Index (other than a modification prescribed in that formula or method to maintain such Underlying Index in the

event of changes in constituent stock and capitalisation and other routine events) or (C) the relevant sponsor of any Underlying Index fails to calculate and announce such Index.

"Final Index Level" means, with respect to an Index and a Valuation Date, the level determined as provided in the relevant Final Terms or, if no such level is so provided (a) the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Valuation Date or (b) with respect to a Multiple Exchange Index, the official closing level of the Index on the Valuation Date as calculated and published by the Index Sponsor or (c) if Averaging Dates are specified in the relevant Final Terms in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant currency in which the Index is published, one half of a unit being rounded upwards) of the Reference Level on such Averaging Dates;

"Final Price" means, with respect to a Security and a Valuation Date, the price determined as provided in the relevant Final Terms, or if no such price is so provided (a) the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on such Valuation Date or (b) if Averaging Dates are specified in the relevant Final Terms in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant currency in which the Security is valued, one half of a unit being rounded upwards) of the Reference Prices on such Averaging Dates;

"Global Depositary Receipt" or "GDR" means, any Security specified as such in the relevant Final Terms provided that if the relevant Deposit Agreement is terminated at any time, any reference to any GDR(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it determines to be appropriate to the relevant Warrants and determine, the effective date of such adjustment;

"Index" means, in relation to a Series of Warrants, the index to which such Warrants relates, as specified in the relevant Final Terms, subject to adjustment pursuant to Condition 18, and **"Indices"** shall be construed accordingly;

"Index Basket-Linked Warrants" means a Series of Warrants relating to a basket of Indices, as specified in the relevant Final Terms;

"Index Linked Warrants" means a Series of Warrants relating to a single Index, as specified in the relevant Final Terms;

"Index Rules" has the meaning ascribed to it in the applicable Final Terms;

"Index Sponsor" means the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Scheduled Trading Day (which corporation or entity as of the Issue Date may be specified as such in the relevant Final Terms);

"Initial Index Level" means, with respect to an Index, the level specified as such or otherwise determined as provided in the relevant Final Terms or, if no such level is so specified or otherwise determined, the level of the relevant Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date or, with respect to a Multiple Exchange Index, the official closing level of the Index on the Strike Date as calculated and published by the Index Sponsor;

"Initial Price" means, with respect to a Security, the price specified as such or otherwise determined as provided in the relevant Final Terms or, if no such price is so specified or otherwise determined, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date;

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting an Underlying Company, (A) all the Securities of that Underlying Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Securities of that Underlying Company become legally prohibited from transferring them;

"Knock-in Determination Day" means each Scheduled Trading Day during the Knock-in Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-in Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-in Determination Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-in Determination Day is a Disrupted Day. In that case, that eighth (8th) Scheduled Trading Day shall be deemed to be the Knock-in Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is also a Disrupted Day in accordance with the provisions of Condition 18(b)(iii)(A), (B) or (C), as the case may be;

"Knock-in Determination Period" means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date;

"Knock-in Event" means (i) the event or occurrence specified as such in the relevant Final Terms; and (ii) (unless otherwise specified in the relevant Final Terms) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Price or, as the case may be, the Knock-in Level;

"Knock-in Level" means the level of the Index specified as such or otherwise determined in the relevant Final Terms;

"Knock-in Period Beginning Date" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-in Determination Day" above;

"Knock-in Period Ending Date" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-in Determination Day" above;

"Knock-in Price" means the price per Security specified as such or otherwise determined in the relevant Final Terms;

"Knock-in Valuation Time" means the time or period of time on any Knock-in Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time;

"Knock-out Determination Day" means each Scheduled Trading Day during the Knock-out Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-out Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-out Determination Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight (8) Scheduled Trading Days immediately following the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-out Determination Day is a Disrupted Day. In that case, that eighth (8th) Scheduled Trading Day shall be deemed to be the Knock-out Determination Day, notwithstanding the fact that such day is a

Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is a Disrupted Day in accordance with the provisions of Condition 18(b)(iii)(A), (B) or (C), as the case may be;

"Knock-out Determination Period" means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date;

"Knock-out Event" means that (i) the event or occurrence specified as such in the relevant Final Terms; and (ii) (unless otherwise specified in the relevant Final Terms) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Price or, as the case may be, Knock-out Level;

"Knock-out Level" means the level of the Index specified as such or otherwise determined in the relevant Final Terms;

"Knock-out Period Beginning Date" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-out Determination Day" above;

"Knock-out Period Ending Date" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-out Determination Day" above;

"Knock-out Price" means the price per Security specified as such or otherwise determined in the relevant Final Terms;

"Knock-out Valuation Time" means the time or period of time on any Knock-out Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time;

"Market Disruption Event" means (a) the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one-hour period that ends at the relevant Valuation Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be or (iii) an Early Closure provided that for the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a component of the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event; or (b) with respect to a Multiple Exchange Index, either:

- (a) (1) the occurrence or existence, in respect of any Component Security, of (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded, OR (cc) an Early Closure; AND (2) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; OR
- (b) the occurrence or existence, in respect of futures or options contracts relating to the Index of: (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent

determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Related Exchange; or (cc) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Multiple Exchange Index at any time, if a Market Disruption Event occurs in respect of a Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (y) the portion of the level of the Index attributable to that Component Security to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data";

"Merger Event" means in respect of any relevant Securities, any (i) reclassification or change of such Securities that results in a transfer of or an irrevocable commitment to transfer all of such Securities outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Underlying Company with or into another entity or person (other than a consolidation, amalgamation or merger in which such Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Securities of the Underlying Company that results in a transfer of or an irrevocable commitment to transfer all such Securities (other than such Securities owned or controlled by such other entity or person); or (iv) consolidation, amalgamation, merger or binding share exchange of the Underlying Company or its subsidiaries with or into another entity in which the Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding but results in the outstanding Securities (other than Securities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Securities immediately following such event, in each case if the closing date of a Merger Event (or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent) is on or before, in the case of any Warrant which is to be redeemed by delivery of a Securities Transfer Amount, the Maturity Date or, in any other case, the final Valuation Date;

If the Warrants are ADR/GDR Linked Warrants, "Merger Event" shall include the occurrence of any of the events described in (i) to (iv) (inclusive) above in relation to the relevant Underlying Securities;

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

"Multiple Exchange Index-Linked Warrants" means Warrants which relate to a Multiple Exchange Index;

"Nationalisation" means that all the Securities (or, if the Warrants are ADR/GDR Linked Warrants, the relevant Underlying Securities) or all or substantially all the assets of an Underlying Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity;

"Potential Adjustment Event" means (i) a subdivision, consolidation or reclassification of relevant Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Securities to existing holders whether by way of bonus, capitalisation or similar issue; or (ii) a distribution, issue or dividend to existing holders of the relevant Securities of (A) such Securities or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Company equally or proportionately with such payments to holders of such Securities or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent; or (iii) an Extraordinary Dividend; or (iv) a call by the Underlying Company in respect of relevant Securities that are not fully paid; or (v) a repurchase by the Underlying Company or any of its subsidiaries of relevant Securities whether out

of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vi) in respect of the Underlying Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Underlying Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Securities; or (viii) any other event specified as such in the relevant Final Terms;

With respect to ADRs/GDRs, "Potential Adjustment Event" shall also include (x) the occurrence of any of the events described in (i) to (viii) (inclusive) above in respect of the relevant Underlying Securities and (y) the making of any amendment or supplement to the terms of the Deposit Agreement;

"Reference Level" means, unless otherwise specified in the relevant Final Terms (a) in respect of an Index and an Averaging Date, the level of such Index as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date and (b) in respect of a Multiple Exchange Index and an Averaging Date, the official closing level of such Multiple Exchange Index on such Averaging Date as calculated and published by the Index Sponsor;

"Reference Price" means, unless otherwise specified in the relevant Final Terms, in respect of a Security and an Averaging Date, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date;

"Related Exchange" means, subject to the provisions below, in respect of a Security or Index, each exchange or quotation system specified as such for such Security or Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Security or Index, as the case may be, has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Security or Index, as the case may be, as on the original Related Exchange) provided, however, that where "All Exchanges" is specified as the Related Exchange in the relevant Final Terms, **"Related Exchange"** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Security or Index, as the case may be;

"Relevant Company" has the meaning ascribed thereto in the relevant Final Terms;

"Scheduled Closing Time" means in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

"Scheduled Trading Day" means (a) any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading for their respective regular trading sessions; or (b) with respect to a Multiple Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session or (c) any day on which the Index Sponsor is scheduled to publish the level of the Index;

"Scheduled Valuation Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

"Securities" means, in relation to a Series of Warrants or in relation to an Index, the equity securities, ADRs/GDRs, Units of ETF or other securities or property, as adjusted pursuant to this Condition 17, to which such Warrants or Indices are linked, as the case may be, relate, as specified in the relevant Final Terms and **"Security"** shall be construed accordingly;

"Securities Transfer Amount" means the number of Securities per Warrant as specified in the relevant Final Terms or if no such number is so specified, the number of Securities per Warrant calculated by the Calculation Agent and equal to the fraction of which the numerator is the Denomination and denominator and is the Strike Price;

"Settlement Date" means, in relation to Securities to be delivered in respect of an Exercise Date and unless otherwise specified in the relevant Final Terms, the first (1st) day on which settlement of a sale of such Securities executed on that Exercise Date customarily would take place through the relevant Clearing System provided that if a Settlement Disruption Event prevents delivery of such Securities on that day, then the Settlement Date shall be determined in accordance with Condition 18(e);

"Settlement Disruption Event" in relation to a Security or Component Security means an event which the Calculation Agent determines to be beyond the control of the Issuer or relevant obligor and to be an event as a result of which the relevant Clearing System cannot clear the transfer of such Security or Component Security;

"Successor Index" has the meaning given in Condition 18(c);

"Tender Offer" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Underlying Company, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant;

"Trading Disruption" means (a) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (1) relating to the Securities on the Exchange (in the case of Equity Linked Warrants or Equity Basket-Linked Warrants) or on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index Linked Warrants or Index Basket-Linked Warrants); or (2) in futures or options contracts relating to the Securities or the relevant Index on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (1) relating to any Component Security on the Exchange in respect of such Component Security, or (2) in futures or options contracts relating to the Index on any relevant Related Exchange;

"Underlying Company" means the issuer of the Security as specified in the relevant Final Terms (or, if the Warrants are ADR/GDR Linked Warrants, each of the Depositary and the issuer of the relevant Underlying Security), subject to adjustment in accordance with this Condition 17;

"Underlying Index", in relation to an ETF, has the meaning given to it in the relevant Final Terms;

"Underlying Security" means, with respect to ADR/GDR Linked Warrants, the security and any other property to which such ADR/GDR relates;

"Unit", in relation to an ETF, has the meaning given to it in the relevant Final Terms;

"Valid Date" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur;

"Valuation Date" means each date specified or otherwise determined as provided in the relevant Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), in each case subject to Condition 18; and

"Valuation Time" means, (a) in relation to each Security to be valued or each Index the level of which falls to be determined on any date, the time on such date specified as such in the relevant Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on such date in relation to such Security or Index, as applicable or such scheduled time as set out in the Index Rules. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or (b) in relation to a Multiple Exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (a) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor.

18. **Valuation, Adjustments and Extraordinary Events affecting Securities**

(a) **Knock-in and Knock-out Provisions**

If "Knock-in Event" or "Knock-out Event" is specified as applicable in the Final Terms in relation to any Warrant, then, unless otherwise specified in such Final Terms, the terms of the Warrants as to exercise and/or payment and/or delivery under the relevant Warrants subject to a Knock-in Event or "Knock-out Event" (respectively) shall be conditional upon the occurrence of such Knock-in Event or "Knock-out Event" (respectively).

(b) *Consequences of Disrupted Days*

For the purposes of this Condition 18(b) **"Limit Valuation Date"** shall mean, if any Valuation Date in respect of a Warrant is a Disrupted Day, the eighth (8th) Scheduled Trading Day following such Valuation Date, notwithstanding the Market Disruption Event, *provided that*:

- (i) if, as a result of the foregoing, the Valuation Date would be deemed to fall less than five (5) local banking days prior to the Cash Settlement Payment Date, a relevant Settlement Date or (as the case may be) any due date for payment of any amount due in respect of such Warrant, the Limit Valuation Date shall be deemed to fall on the day which is five (5) local banking days prior to the Cash Settlement Payment Date, such Settlement Date or (as the case may be) due date for payment of any amount due in respect of such Warrant or, if such local banking day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day; and
- (ii) if the Scheduled Valuation Date falls on a day which is five (5) local banking days or less prior to the relevant Cash Settlement Payment Date, a relevant Settlement Date or (as the case may be) any due date for payment of any amount due in respect of such Warrant, the Limit Valuation Date shall be deemed to be such Scheduled Valuation Date,

in each case notwithstanding the fact that such day is a Disrupted Day.

(iii) If any Valuation Date is a Disrupted Day, then:

(A) in the case of an Equity-Linked Warrant or an Index-Linked Warrant, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, provided that the Valuation Date shall not fall after the Limit Valuation Date. In that case:

(1) in respect of an Index-Linked Warrant, the Calculation Agent shall determine that either:

(aa) the Valuation Date shall be the Limit Valuation Date; or

(bb) the Valuation Date shall be the first (1st) succeeding Exchange Business Day on which there is no Market Disruption Event,

and, in the case of (aa) above, the Calculation Agent shall determine the level of the Index as of the Valuation Time on that Limit Valuation Date determined in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that Limit Valuation Date of the relevant Security or other property comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of a Security or other property on that Limit Valuation Date, its good faith estimate of the value for the relevant Security or other property as of the Valuation Time on that Limit Valuation Date); and

(2) in respect of a Equity-Linked Warrant, that Limit Valuation Date shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and the Calculation Agent shall determine its good faith estimate of the value for the relevant Security as of the Valuation Time on that Limit Valuation Date;

(B) in the case of an Index Basket-Linked Warrant, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, unless each of the eight (8) succeeding Scheduled Trading Days is a Disrupted Day relating to that Index. In that case, the Calculation Agent shall determine that either:

(1) the Limit Valuation Date shall be deemed to be the Valuation Date for the relevant Index notwithstanding the fact that such day is Disrupted Day relating to that Index; or

(2) the Valuation Date shall be the first (1st) succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index,

and, in each case, the Calculation Agent shall determine the level of that Index, as of the Valuation Time on that eighth (8th) day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first (1st) Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that Limit Valuation Date of each Security or other property comprised in the relevant Index (or, if an event giving rise to a Disrupted Day has occurred in respect to the relevant Security or other property on that Limit Valuation Date, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on that Limit Valuation Date); and

(C) in the case of a Equity Basket-Linked Warrant, the Valuation Date for each Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Security affected by the occurrence of a Disrupted Day shall be the first (1st) succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Security, unless each of the eight (8th) Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Security. In that case, (1) that Limit Valuation Date shall be deemed to be the Valuation Date for the relevant Security, notwithstanding the fact that such day is a Disrupted Day, and (2) the Calculation Agent shall determine its good faith estimate of the value for that Security as of the Valuation Time on that Limit Valuation Date.

(iv) If Averaging Dates are specified in the relevant Final Terms, then notwithstanding any other provisions of these Conditions, the following provisions will apply to the valuation of the relevant Index or Security:

(A) The Final Price or the Final Index Level will be, in relation to any Valuation Date:

- (1) in respect of an Index-Linked Warrant or Cash Settlement Equity-Linked Warrant, the arithmetic mean of the Reference Price of the Security or (as the case may be) of the Reference Level of the Index on each Averaging Date;
- (2) in respect of an Index Basket-Linked Warrant, the arithmetic mean of the amounts for such Basket determined by the Calculation Agent as provided in the relevant Final Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Index Level is so provided, the arithmetic mean of the amounts for such basket calculated on each Averaging Date as the sum of the Reference Levels of each Index comprised in the Basket (weighted or adjusted in relation to each Index as provided in the relevant Final Terms); and
- (3) in respect of a Cash Settlement Equity-Linked Warrant, the arithmetic mean of the prices for the Basket determined by the Calculation Agent as provided in the relevant Final Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Final Price is so provided, the arithmetic mean of the prices for the Basket calculated on each Averaging Date as the sum of the values calculated for the Securities of each Underlying Company as the product of (aa) the Reference Price of each Security and (bb) the number of such Securities comprised in such Basket.

(B) If any Averaging Date is a Disrupted Day, then, if the consequence specified in the relevant Final Terms in relation to "**Averaging Date Market Disruption**" is:

- (1) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Final Price *provided that*, if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Condition 18(b)(i) will apply for purposes of determining the relevant level, price or amount on the final Averaging Date in respect of that Valuation Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date;
- (2) "**Postponement**", then Condition 18(b)(i) will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the Warrant. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date; or

- (3) **"Modified Postponement"**, then:
- (a) in the case of an Index-Linked Warrant or Equity-Linked Warrant, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the Limit Valuation Date immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date (the **"Scheduled Final Averaging Date"**) in relation to the relevant Scheduled Valuation Date, then:
- (i) in respect of an Index-Linked Warrant, the Calculation Agent shall determine that either:
- (a) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date); or
- (b) the Averaging Date shall be the first succeeding Valid Date,
- and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 18(b)(iii)(A)(1); and
- (ii) in respect of a Equity-Linked Warrant, the Limit Valuation Date shall be deemed to be the Averaging Date (irrespective of whether that Limit Valuation Date is already an Averaging Date), and the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with Condition 18(b)(iii)(A)(2); and
- (b) in the case of an Index Basket-Linked Warrant or a Equity Basket-Linked Warrant, the Averaging Date for each Index or Security not affected by the occurrence of a Disrupted Day shall be the day specified in the relevant Final Terms as an Averaging Date in relation to the relevant Valuation Date (the **"Scheduled Averaging Date"**) and the Averaging Date for an Index or Security affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index or Security. If the first succeeding Valid Date in relation to such Index or Security has not occurred as of the Valuation Time on the Limit Valuation Date immediately following the Scheduled Final Averaging Date, then:
- (i) in respect of an Index Linked Warrant, the Calculation Agent shall determine that either:
- (a) the Limit Valuation Date shall be deemed to be the Averaging Date, (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Index; or
- (b) the Averaging Date shall be the first succeeding Valid Date,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 18(b)(iii)(B); and

- (ii) in respect of a Equity Basket-Linked Warrant, that Limit Valuation Date shall be deemed the Averaging Date (irrespective of whether that Limit Valuation Date is already an Averaging Date) in relation to such Security, and the Calculation Agent shall determine the relevant amount for that Averaging Date in accordance with Condition 18(b)(iii)(C).

If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

- (c) If (1) on or prior to any Averaging Date, in respect of an Index Linked Warrant or Index Basket-Linked Warrant, an Index Modification, an Index Cancellation or an Index Disruption (each as defined in Condition 18(c)) occurs, or (2) on any Averaging Date in respect of an Index Linked Warrant or Index Basket-Linked Warrant an Index Disruption Event occurs, then the Calculation Agent shall determine the relevant Final Price using, in lieu of a published level of the relevant Index, the level for that Index as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to that change or failure, but using only those securities or other property that comprised that Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on any relevant Exchange).

(c) Adjustments to Indices

This Condition 18(c) is applicable only in relation to Index-Linked Warrants.

(i) Successor Index

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and published by a successor to the Sponsor acceptable to the Calculation Agent, or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that Index (the "**Successor Index**") will be deemed to be the Index.

(ii) Index Modification

If on or prior to any Valuation Date, a relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation or other routine events) (an "**Index Modification**"), then the Calculation Agent shall determine whether such Index Modification has a material effect on the Warrants, and if so, shall make such adjustment(s) (if any) as it determines appropriate to account for the economic effect of the Index Modification and determine the effective date of any such modification or adjustment.

(iii) Index Cancellation

If on or prior to the Valuation Date (A) the Index Sponsor fails to calculate and announce a relevant Index, (B) the Index Sponsor announces that it suspends the calculation and publication of the level of a relevant Index, or (C) the Index Sponsor permanently cancels the Index and no Successor Index exists (each an "**Index Cancellation**"), then:

- (A) the Issuer shall as soon as is reasonably practicable after determining the same give notice (an "**Index Cancellation Notice**") of such Index Cancellation to the Warrantheolders (with a copy to the Calculation Agent) in accordance with Condition 11 (*Notices*);
- (B) if Index Substitution is specified as being applicable in the relevant Final Terms, the Issuer shall, in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), determine whether or not and the date as of which the Index is to be substituted with a Substitute Index and, if it so determines, it shall give an Index Substitution Notice to the Warrantheolders (with a copy to the Calculation Agent) in accordance with Condition 11 (*Notices*) and, with effect from the date so determined, the Substitute Index shall be deemed to be the Index; and
- (C) if no Substitute Index has been identified within ten (10) Business Days of the giving of such Index Cancellation Notice or if Index Substitution has not been specified as being applicable in the relevant Final Terms, the Issuer shall, in its sole and absolute discretion (acting in good faith and a commercially reasonable manner), determine whether or not the relevant Warrants shall continue and:
 - (1) if it determines that the Warrants shall continue, then the Calculation Agent shall determine the Final Index Level for such Valuation Date using, in lieu of a published level of that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the Index Cancellation, but using only those components that comprised that Index immediately prior to that Index Cancellation; and
 - (2) if it determines that the Warrants shall not continue, the Issuer shall terminate the relevant Warrants as of the date selected by the Issuer and give notice thereof to the Warrantheolders (with a copy to the Calculation Agent) in accordance with Condition 11 (*Notices*), specifying the early redemption amount and early redemption date, and the entitlements of the relevant Warrantheolders to receive the Cash Settlement Amount (or any other payment to be made by the Issuer, as the case may be) shall cease and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of such amount as is determined by the Calculation Agent to be the fair market value of the Warrants immediately prior (and ignoring the circumstances leading) to such early redemption, adjusted to account fully for any reasonable expenses, costs or proceeds, as the case may be, to the Issuer and/or any affiliate of the Issuer of unwinding any underlying and/or related hedging and funding arrangements.

For these purposes:

"**Index Substitution Notice**" means a notice specifying a Substitute Index to be substituted for the Index and the date as of which such substitution is to take effect; and

"Substitute Index" means a successor index identified by the Calculation Agent using commercially reasonable efforts, with characteristics, objectives and rules similar to the Index in effect immediate prior to the occurrence of the Index Cancellation.

(iv) Correction of Index Levels

If, in respect of an Index Linked Warrant or an Index Basket-Linked Warrant, the level of an Index published by the Index Sponsor at any time and used or to be used by the Calculation Agent for any calculation or determination under the Warrants is subsequently corrected and the correction is published by the Index Sponsor after the original publication, the Calculation Agent will make such adjustment as it determines to be appropriate, if any, to the settlement or payment terms of the Warrants to account for such correction *provided that* if any amount has been paid or delivered in an amount or value which exceeds the amount that would have been payable or deliverable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable or deliverable in respect of the Warrants and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement (or, in the case of a delivery, payment of the value) of, the relevant excess payment or delivery (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Warrantholder, together with interest on that amount for the period from and including the day on which payment or delivery was originally made to (but excluding) the day of payment of reimbursement (or value) by the Warrantholder (all as calculated by the Calculation Agent). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(d) Delivery Disruption of Physical Settlement Warrants

This Condition 18(d) is applicable only in relation to Warrants specified in the relevant Final Terms as being Physical Settlement Warrants and to Warrants in relation to which the Issuer has elected for optional Physical Settlement in accordance with Condition 7(b).

If the Calculation Agent determines that a Delivery Disruption Event has occurred, it shall notify the Issuer who shall promptly notify the relevant Warrantholder(s) and the Issuer may then:

- (i) determine, in its sole and absolute discretion, that the obligation to deliver the relevant Securities Transfer Amount will be terminated and the Issuer will pay such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the non-delivery of the Securities Transfer Amount, in which event the entitlements of the respective Warrantholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Warrants shall be satisfied in full upon payment of such amount; or
- (ii) deliver on the Settlement Date such amount of the Securities Transfer Amount (if any) as it can deliver on that date and pay such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the non-delivery of the remainder of the Securities Transfer Amount, in which event the entitlements of the respective Warrantholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Warrants shall be satisfied in full upon payment of such amount.

Where this Condition 18(d) fails to be applied, insofar as the Calculation Agent determines to be practical, the same shall be applied as between the Warrantholders on a *pro rata* basis, but subject to such rounding down (whether of the amount of a payment or of a number of Securities to be delivered) and also to such other adjustments as the Calculation Agent determines to be appropriate to give practical effect to such provisions.

(e) Settlement Disruption of Physical Settlement Warrants

This Condition 18(e) is applicable only in relation to Warrants specified in the relevant Final Terms as being Physical Settlement Warrants.

The Calculation Agent shall determine whether or not at any time a Settlement Disruption Event has occurred and where it determines such an event has occurred and so has prevented delivery of Securities on the original day that but for such Settlement Disruption Event would have been the Settlement Date, then the Settlement Date will be the first succeeding day on which delivery of such Securities can take place through the relevant Clearing System unless a Settlement Disruption Event prevents settlement on each of the eighth relevant Clearing System Business Days immediately following the original date (or during such other period (the "**Disruption Period**") specified in the relevant Final Terms) that, but for the Settlement Disruption Event, would have been the Settlement Date. In that case(a) if such Securities can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent), then the Settlement Date will be the first day on which settlement of a sale of Securities executed on the eighth relevant Clearing System Business Day, or during such other period specified in the relevant Final Terms, customarily would take place using such other commercially reasonable manner (as determined by the Calculation Agent) of delivery (which other manner of delivery will be deemed the relevant Clearing System for the purposes of delivery of the relevant Securities), and (b) if such Securities cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent), then the Settlement Date will be postponed until delivery can be effected through the relevant Clearing System or in any other commercially reasonable manner.

For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Securities comprised in a basket, the Settlement Date for Securities not affected by the Settlement Disruption Event will be the first day on which settlement of a sale of such Securities executed on the Settlement Date customarily would take place through the relevant Clearing System.

(f) Adjustments and Events affecting Securities

This Condition 18(f) is applicable only in relation to Equity Linked Warrants and Equity Basket-Linked Warrants.

(i) Potential Adjustment Events

The Calculation Agent shall determine whether or not at any time a Potential Adjustment Event has occurred and where it determines such an event has occurred, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Securities and, if so, will make such adjustment as it determines to be appropriate, if any, to the Strike Price, the number of Securities to which each Warrant relates and to any other exercise, settlement, payment or other term of the relevant Warrants, including without limitation the amount, number or type of Securities, other securities or other property which may be transferred under such Warrants and determine the effective date(s) of such adjustment(s).

(ii) Extraordinary Events

Following the occurrence of any Extraordinary Event, the Calculation Agent will determine (whether or not the relevant Warrants shall continue and, if so, determine any adjustments to be made. If the Calculation Agent determines that the relevant Warrants shall continue, it may make such adjustment as it determines to be appropriate, if any, to the amount, number or type of Securities, other property or securities which may be transferred under the Warrants, including, without limitation, the Strike Price, the formula for the Cash Settlement Amount set out in the relevant Final Terms and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent. If the Calculation Agent determines that the relevant

Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive Securities or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the Warrants shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the termination of the Warrants.

(iii) Correction of Prices

In the event that any price published or announced on a given day and utilised or to be utilised for the purpose of any calculation or determination under the Warrants is subsequently corrected and the correction is published or announced by the Exchange within one Settlement Cycle after the original publication, the Calculation Agent will make such adjustment(s) as it determines to be appropriate, if any, to the settlement or payment terms of the Warrants to account for such correction and the Calculation Agent shall determine the effective date(s) of such adjustment(s) provided that if any amount has been paid or delivered in an amount or value which exceeds the amount that would have been payable or deliverable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable or deliverable in respect of the Warrants and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement of the relevant excess payment (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Warrantholder, together with interest on that amount for the period from and including the day on which payment was originally made (inclusive) to (but excluding) the day of payment of reimbursement (by the Warrantholder (all as calculated by the Calculation Agent)). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(g) Additional Disruption Events

Following the occurrence of any Additional Disruption Event, the Calculation Agent will determine whether or not the Warrants shall continue and, if so, determine any adjustments to be made. If the Calculation Agent determines that the relevant Warrants shall continue, it may make such adjustment as it determines to be appropriate, if any, to the amount, number or type of Securities, other property or securities which may be transferred under the Warrants, including, without limitation, the Strike Price, the formula for the Cash Settlement Amount set out in the relevant Final Terms and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent. If the Calculation Agent determines that the relevant Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive Securities or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for the termination of the Warrants.

For the purposes of each Series of Warrants, "**Additional Disruption Event**" means any event specified as such in the relevant Final Terms, and for such purpose the following terms if so specified shall be deemed to have the following meanings unless otherwise provided in the relevant Final Terms:

- (i) "**Change in Law**" means that, on or after the Issue Date, (A) due to the adoption of or any change in any applicable law or regulation (including without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (x) it has become illegal for the Issuer to hold, acquire or dispose of Securities or Component Security, or other components comprised in the Index, relating to such Warrants, (y) it has become illegal for the Issuer to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to such Warrants, or

in relation to the Issuer's hedging activities in connection with the Warrants, (ii) stock loan transactions in relation to such Warrants or (iii) other instruments or arrangements (howsoever described) held by the Issuer in order to hedge, individually or on a portfolio basis, such Warrants or (z) the Issuer will incur a materially increased cost in performing its obligations under the Warrants (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

- (ii) "**Failure to Deliver**" means the failure of a party to deliver, when due, the relevant Securities in respect of the Warrants, where such failure is due to illiquidity in the market for such Securities;
- (iii) "**Insolvency Filing**" means that the issuer of the Securities institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such petition, *provided that* proceedings instituted or petitions presented by creditors and not consented to by the issuer of the Securities shall not be deemed an Insolvency Filing;
- (iv) "**Hedging Disruption**" means that the Issuer is unable or it is or has become not reasonably practicable, or it has otherwise become undesirable, for any reason, for the Issuer wholly or partially after using commercially reasonable efforts and acting in good faith, to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary or desirable to hedge the Issuer's obligations in respect of the Warrants or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s); and
- (v) "**Increased Cost of Hedging**" means that the Issuer would incur a materially increased costs (as compared with circumstances existing on the Issue Date), amount of tax, duty, expense or fee (other than brokerage commissions) to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the Issuer's obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), *provided that* any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

(h) Adjustments

In the case of any event(s) that the Calculation Agent may reasonably consider affects or could affect the value of a Warrant, the Calculation Agent may make any reasonable additional adjustment to the Exercise Price, the number and/or type of Securities and/or Indices to which such Warrant relates and to the exercise, settlement and payment terms or any other term applicable to such Warrant including, without limitations, adjustments to the amount, number or type of cash assets, equities, other securities and property that could be transferred in respect of such Warrant, and may set the effective date(s) of such adjustments.

- (i) Adjustments relating to Securities (the underlying is a Security): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the "Event"), the Calculation Agent shall, on a reasonable basis and as quickly as possible, determine the adjustments to be made based on the formulas set forth below, which may be modified in the Final Terms by the Calculation Agent, it being stipulated that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Warrantholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Warrantholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

(ii) Applicable adjustment formulas and adjustments by the Calculation Agent following the Event:

(1) Subdivision of Securities;

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

Where:

"R factor" = parity before adjustment

"Number of New Securities" = number of Securities before the Event

"Number of Old Securities" = number of Securities after the Event

(2) Aggregation or reclassification of Securities (unless the transaction results from a Merger Event);

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

Where:

"R factor" = parity before adjustment

"Number of New Securities" = number of Securities before the Event

"Number of Old Securities" = number of Securities after the Event

(3) Exceptional distribution, issue or dividend in favour of the existing holders of the Underlying Securities concerned, (A) of the Underlying Securities, or (B) of other shares or equity securities entitling the holder to receive dividends and/or liquidation bonuses from the company issuing the Underlying Security, on an equal basis or proportionally to the payments thus made to the holders of the Underlying Securities, or (C) of any other type of security, right, certificate or asset, in each case in exchange for payment (in cash or other consideration) of an amount that is lower than the applicable market price, as determined by the Calculation Agent;

$$R \text{ factor} = \frac{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right] \times \left[\frac{\text{Subscription Price}}{\text{Close Price at ExDate} - 1} \right]}{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right]}$$

"R factor" = parity before adjustment

"Number of Rights per Security" = number of rights referred to in (3)(A), (3)(B) or (3)(C)

"Number of New Securities" = number of Underlying Securities before the Event

"Subscription Price" = subscription price of Warrant bearing entitlement to delivery of the Underlying Securities

"Close Price at ExDate - 1" = closing price on the last trading day before delivery of the Underlying Securities

- (4) Distribution of bonus securities

New value of underlying = observed value of underlying x R Factor

Where

$$\text{"R Factor"} = \left(\frac{1}{(1 + \text{Bonus Security \%})} \right)$$

"Bonus Security %" = proportion of new underlying

- (5) In addition, in the event of a takeover bid, share exchange offer, minority squeeze out, merger or absorption, demerger, nationalisation, similar events and collective proceedings, the Calculation Agent (after consulting an impartial expert appointed by HSBC France in the conditions set forth in paragraph (h)(i) above) may make whatever adjustment may be necessary to comply with the economic equivalent of the Warrants and safeguard the rights of the Warrantholders concerned.
- (6) It is stipulated that the following events shall not give rise to an adjustment:
- (a) payment of ordinary dividends in Underlying Securities or in cash by the Share Issuing Company;
 - (b) exercise of the rights attached to Underlying Security subscription warrants or other securities granting immediate or future rights to any part of the capital of the Share Issuing Company; and
 - (c) increase in the nominal value of the Underlying Securities through incorporation of reserves, profit or premiums.
- (7) In the case of events other than those described in paragraphs (ii) (1), (2), (3) and (4) whose effect is equivalent to that of an Event, the rules set forth in paragraphs (ii) (1), (2), (3) and (4) shall apply *mutatis mutandis*.

(iii) Adjustments relating to an Equity Basket (the underlying is an Equity Basket): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible determine the adjustments to be made by applying *mutatis mutandis* the formulas shown above in paragraph (h)(ii) which may be modified in the Final Terms by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Warrantholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Warrantholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

- (i) Adjustments where the Underlying is an ETF Unit

Where the Underlying is specified in the relevant Final Terms as being an ETF Unit, in the case of the occurrence at any time on or prior to the Valuation Date of any Exceptional Event affecting the value of the ETF or of the Units, the Calculation Agent shall make any adjustment provided for in Condition 18 or:

- (i) if the Calculation Agent determines that no adjustment that it could make under the preceding provisions of this Condition 18 would produce a commercially reasonable result:
- (A) the Calculation Agent shall use commercially reasonable efforts to identify a new underlying asset with characteristics, investment objectives and policies similar to those in effect for the Affected Units immediately prior to the occurrence of the relevant Exceptional Event and any substitution of the new underlying asset for the Affected Units shall be effected at such time and in such manner as determined by the Calculation Agent, and
- (B) if necessary, the Calculation Agent shall adjust any relevant terms, including, but not limited to, adjustments to account for changes in volatility, investment strategy or liquidity relating to the Units or the Warrants; or
- (ii) adjustments relating to ETF Units (the underlying is an ETF Unit): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible determine the adjustments to be made based on the formulas shown below, which may be modified in the Final Terms by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Warrantholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Warrantholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.
- (iii) Applicable adjustment formulas and adjustments by the Calculation Agent after the Event:

- (1) Subdivision of Securities;

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"R factor" = parity before adjustment

"Number of New Securities" = number of Securities before the Event

"Number of Old Securities" = number of Securities after the Event

- (2) Aggregation or reclassification of Securities (unless the transaction results from a Merger Event);

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"R factor" = parity before adjustment

"Number of New Securities" = number of Securities before the Event

"Number of Old Securities" = number of Securities after the Event

- (3) Exceptional distribution, issue or dividend in favour of the existing holders of the relevant Underlying Securities of (A) such Underlying Securities, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Issuing Company, as the case may be, equally or proportionately with such payments to holders of such Underlying Securities, or (C) any other type of securities, rights, certificates or other assets, in each case for payment (in cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent ;

$$R \text{ factor} = \frac{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right] \times \left[\frac{\text{Subscription Price}}{\text{Close Price at ExDate} - 1} \right]}{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}} \right]}$$

"**R factor**"= parity before adjustment

"**Number of Rights per Security**" = number of rights referred to in (3)(A), (3)(B) or (3)(C)

"**Number of New Securities**" = number of ETF Units before the Event

"**Subscription Price**" = subscription price of the Warrant granting entitlement to delivery of the ETF Units

"**Close Price at ExDate - 1**"= closing price on the day before delivery of the ETF Units

- (4) Distribution of bonus securities

New value of underlying = observed value of underlying x R Factor

Where

$$\text{"R Factor"} = \left(\frac{1}{(1 + \text{Bonus Security } \%)} \right)$$

"**Bonus Security %**" = **proportion of new underlying**

- (5) In addition, in the event of a takeover bid, share exchange offer, minority squeeze out, merger or absorption, demerger, nationalisation, similar events and collective procedures, the Calculation Agent (after consultation with an impartial expert named by HSBC France in the conditions provided for in paragraph (i)(ii) above) may make any adjustment deemed necessary to respect the economic equivalent of the Warrants and safeguard the rights of the Warranholders concerned.

- (6) It is also stipulated that the following events shall not give rise to an adjustment:

- (a) distribution of ordinary dividends in ETF Units or in cash by the ETF issuing the ETF Unit;
- (b) exercise of rights attached to ETF subscription warrants or securities granting immediate or future rights to part of the capital of the ETF that issues the ETF Unit; and

- (c) increase in the nominal value of the ETF Unit through incorporation of reserves, profits or premiums.
- (7) In the case of events other than those described in paragraphs (iii) (1), (2), (3) and (4) whose effect is equivalent to that of an Event, the rules set forth in paragraphs (iii) (1), (2), (3) and (4) shall apply *mutatis mutandis*.
- (iv) Adjustments relating to ETF Baskets (the underlying is an ETF Basket): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible determine the adjustments to be made by applying *mutatis mutandis* the formulas shown above in paragraph (i)(iii) which may be modified in the Final Terms by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Warranholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Warranholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.

In this Condition 18(i) "**Affected Unit(s)**" means each Unit subject to an applicable Exceptional Event.

- (j) Adjustments where the Securities are ADR/GDR
 - (i) adjustments relating to ADR/GDR (the underlying is an ADR/GDR): in the event of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the "**Event**") , the Calculation Agent shall as quickly as possible and in a reasonable manner determine the adjustments to be made based on the formulas shown below, which may be modified in the Final Terms by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Warranholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Warranholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.
 - (ii) Applicable adjustment formulas and adjustments by the Calculation Agent after the Event:
 - (1) subdivision of Securities;

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"**R factor**" = parity before adjustment

"**Number of New Securities**" = number of Securities before the Event

"**Number of Old Securities**" = number of Securities after the Event

- (2) aggregation or reclassification of Securities (unless the transaction results from a Merger Event);

$$\text{"R factor"} = \frac{\text{Number of New Securities}}{\text{Number of Old Securities}}$$

where:

"R factor" = parity before adjustment

"Number of New Securities" = number of Securities before the Event

"Number of Old Securities" = number of Securities after the Event

- (3) Exceptional distribution, issue or dividend in favour of the existing holders of the Underlying Securities concerned, (A) of the Underlying Securities, or (B) of other shares or equity securities entitling the holder to receive dividends and/or liquidation bonuses from the company issuing the Underlying Security, on an equal basis or proportionally to the payments thus made to the holders of the Underlying Securities, or (C) of any other type of security, right, certificate or asset, in each case in exchange for payment (in cash or other consideration) of an amount that is lower than the applicable market price, as determined by the Calculation Agent;

$$R \text{ factor} = \frac{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}}\right] \times \left[\frac{\text{Subscription Price}}{\text{Close Price at ExDate} - 1}\right]}{\left[1 + \frac{\text{Number of Rights per Security}}{\text{Number of New Securities}}\right]}$$

"R factor" = parity before adjustment

"Number of Rights per Security" = number of rights referred to in (3)(A), (3)(B) or (3)(C)

"Number of New Securities" = number of Underlying Securities before the Event

"Subscription Price" = subscription price of the Warrant granting entitlement to delivery of the Underlying Securities

"Close Price at ExDate - 1" = closing price on the day before delivery of the Underlying Securities

- (4) distribution of bonus securities

New value of underlying = observed value of underlying x R Factor

where

$$\text{R Factor} = \left(\frac{1}{1 + \text{Bonus Security \%}} \right)$$

"Bonus Security %" = proportion of new underlying

- (5) In addition, in the event of a takeover bid, share exchange offer, minority squeeze out, merger or absorption, demerger, nationalisation, similar events and collective proceedings, the Calculation Agent (after consulting an impartial expert appointed by HSBC France in the conditions set forth in paragraph (j)(i) above) may make whatever adjustment may be necessary to comply with the economic equivalent of the Warrants and safeguard the rights of the Warrantholders concerned.
- (6) It is stipulated that the following events shall not give rise to an adjustment:
- (a) payment of ordinary dividends in Underlying Securities or in cash by the Share Issuing Company;
 - (b) exercise of the rights attached to the Underlying Security subscription warrants or other securities granting immediate or future rights to any part of the capital of the Share Issuing Company; and
 - (c) increase in the nominal value of the Underlying Securities through incorporation of reserves, profit or premiums.
- (7) In the case of events other than those described in paragraphs (ii) (1), (2), (3) and (4) whose effect is equivalent to that of an Event, the rules set forth in paragraphs (ii) (1), (2), (3) and (4) shall apply *mutatis mutandis*.
- (iii) Adjustments relating to ADR/GDR Baskets (the underlying is an ADR/GDR Basket): in the case of a Market Disruption Event, Potential Adjustment Event, Exceptional Event or Additional Disruption Event as defined in this Base Prospectus or any other event with a similar effect (hereinafter the "**Event**"), the Calculation Agent shall as quickly as possible determine the adjustments to be made by applying *mutatis mutandis* the formulas shown above in paragraph (j)(ii) which may be modified in the Final Terms by the Calculation Agent, it being specified that the Calculation Agent shall draw on the services of an impartial expert named by HSBC France where (i) the financial information needed for such adjustment is lacking and (ii) the adjustment is opposed by the Warrantholder by simple request to HSBC France within two months of notification of such adjustments (as notified to the Warrantholder through the clearing systems within seven Business Days of the adjustment). The expenses of such appointment shall in cases (i) and (ii) be borne by HSBC France.
- (iv) If the Calculation Agent determines that the relevant Warrants should be cancelled, then the Warrants shall be cancelled as of the date selected by the Calculation Agent and the entitlements of the relevant Warrantholders to receive the relevant Securities Transfer Amount or the Final Redemption Amount or any interest accrued, as the case may be, shall cease and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of an amount that in the opinion of the Calculation Agent is fair in the circumstances by way of compensation for cancellation of the Warrants.

In this Condition 18(j) "**Affected Unit(s)**" means each Unit subject to an applicable Exceptional Event.

USE OF PROCEEDS OF NOTES, CERTIFICATES AND WARRANTS

The Issuer intends to use the entire amount of the net proceeds of each issue of Notes, Certificates and Warrant to finance its general needs.

DESCRIPTION OF THE ISSUER

The Issuer's description is included in the 2011 Registration Document incorporated by reference into this Base Prospectus.

For further information, please see the Section entitled "Documents incorporated by Reference" in the Base Prospectus.

PRO FORMA FINAL TERMS OF WARRANTS

FINAL TERMS DATED [●] RELATING TO EQUITY LINKED WARRANTS

Style of Warrants: [American-style/Bermudan-style/European-style]

[Automatic exercise on Maturity Date /No automatic exercise]

Issuer: HSBC France		Issue Date: [●]						
		Underwriting (name of Dealer): HSBC Bank/[●]						
Tranche	Type of Warrant	Number of Warrants issued	Share	[(Conversion Rate)]	Stock Exchange	Related Market	Set of Warrants	Issue Price
[●]	[Call/Put Warrant]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Tranche	Exercise Price	Exercise Period/ Exercise Date/ Potential Exercise Date	Maturity Date	ISIN Code	Mnemonic Code	Common Code
[●]	[●]	[●]	[●]	[●]	[●]	[●]
Settlement Currency			EUR			
Minimum number of Warrants tradeable on Euronext Paris			1 Warrant per Tranche.			
Market maker			[Agreement concluded between HSBC Bank plc and Euronext Paris/[For markets other than Euronext Paris (specify the market) continuous market making or fixing]/None]			
Settlement Terms and Conditions			[Cash Settlement/Cash Settlement or Physical Settlement (at the Issuer's choice)].			
Delisting			The Warrants will be delisted from Euronext Paris [at opening on the fifth Trading Day before the Maturity Date (this date not included)/on []], subject to any change to this timetable by the relevant market regulators. The Issuer may in no case be held liable for such change.			
<i>Fungibility provisions</i>			[●]			
Minimum Exercise Amount (applicable except in the case of automatic exercise on the Maturity Date)			[●]			
Maximum Exercise Amount (applicable on an Exercise Date or on a Potential Exercise Date other than the Maturity Date)			[●]			
Investor contact			N° vert: [●]; Websites: www.[●].fr and www.[●].fr.			
Base Prospectus and Supplement(s)			Base Prospectus registered with the <i>Autorité des marchés financiers</i> on [●] 2012 under no. 12-[●] [and/or the Supplement(s) registered with the <i>Autorité des marchés financiers</i> on [●] under no(s). [●]].			

Important information from the Issuer: Warrant prices are subject to significant fluctuation, which may in certain circumstances lead to the loss of the entire amount invested in the Warrants. Prospective investors should reach an investment decision only after examining carefully with their own advisors the suitability of the Warrants in light of their financial circumstances.

[Observations made by the issuers of the underlying securities: [●].]

[ANNEX TO PRO FORMA EXERCISE NOTICE]

**FINAL TERMS DATED [●]
RELATING TO EQUITY BASKET-LINKED WARRANTS**

Style of Warrants: [American-style/Bermudan-style/European-style]

[Automatic exercise on Maturity Date /No automatic exercise]

Issuer: HSBC France				Issue Date: [●] Underwriting (name of Dealer): HSBC Bank/[●]				
Tranche	Type of Warrant	Number of Warrants issued	Composition of Equity Basket	Set of Warrants	Issue Price	Exercise Price	Exercise Period/ Exercise Date	Maturity Date
[●]	[Call/Put Warrant]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Tranche	ISIN Code	Mnemonic Code	Common Code
[●]	[●]	[●]	[●]

* Composition of Equity Basket

Shares	Number of shares in Basket	Conversion Rate	Stock Exchange	Related Market
[●]	[●]	[●]	[●]	[●]
Settlement Currency		EUR		
Minimum number of Warrants tradeable on Euronext Paris		1 Warrant per Tranche.		
Market maker		[Agreement concluded between HSBC Bank plc and Euronext Paris/[For markets other than Euronext Paris (specify the market) continuous market making or fixing]/None]		
Settlement Terms and Conditions		[Cash Settlement/Cash Settlement or Physical Settlement (at the Issuer's choice)].		
Delisting		The Warrants will be delisted from Euronext Paris [at opening on the fifth Trading Day before the Maturity Date (this date not included)/on []], subject to any change to this timetable by the relevant market regulators. The Issuer may in no case be held liable for such change.		
Fungibility provisions		[●]		
Minimum Exercise Amount (applicable except in the case of automatic exercise on the Maturity Date)		[●]		
Maximum Exercise Amount (applicable on an Exercise Date or on a Potential Exercise Date other than the Maturity Date)		[●]		
Investor contact		N° vert: [●]; Websites: www.[●].fr or www.[●].be		
Base Prospectus and Supplement(s)		Base Prospectus registered with the <i>Autorité des marchés financiers</i> on [●] 2012 under no. 12-[●] [and/or the Supplement(s) registered with the <i>Autorité des marchés financiers</i> on [●] under no(s). [●]].		

Important information from the Issuer: Warrant prices are subject to significant fluctuation, which may in certain circumstances lead to the loss of the entire amount invested in the Warrants. Prospective investors should reach an investment decision only after examining carefully with their own advisors the suitability of the Warrants in the light of their financial circumstances.

[Observations made by the issuers of the underlying securities: [●].]

[ANNEX TO PRO FORMA EXERCISE NOTICE]

FINAL TERMS DATED [●] RELATING TO INDEX LINKED WARRANTS

Style of Warrants: [American-style/Bermudan-style/European-style]

[Automatic exercise on Maturity Date /No automatic exercise]

Issuer: HSBC France				Issue Date: [●] Underwriting (name of Dealer): HSBC Bank/[●]					
Tranche	Type of Warrant	Number of Warrants issued	Index	[Promoter]	[Related Market]	[Index Calculation Agent]	Index Sponsor	Set of Warrants	Issue Price
[●]	[Call/ Put Warrant]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Tranche	Exercise Price	Exercise Period/Exercise Date/	Maturity Date	ISIN Code	Mnemonic Code	Common Code
[●]	[●]	[●]	[●]	[●]	[●]	[●]

Settlement Currency	EUR
Minimum number of Warrants tradeable on Euronext Paris	1 Warrant per Tranche.
Market maker	[Agreement concluded between HSBC Bank plc and Euronext Paris/[For markets other than Euronext Paris (specify the market) continuous market making or fixing]/None]
Settlement Terms and Conditions	Cash Settlement
Delisting	The Warrants will be delisted from Euronext Paris [at opening on the fifth Trading Day before the Maturity Date (this date not included)/on []], subject to any change to this timetable by the relevant market regulators. The Issuer may in no case be held liable for such change.
Fungibility provisions	[●]
Minimum Exercise Amount (applicable except in the case of automatic exercise on the Maturity Date)	[●]
Maximum Exercise Amount (applicable on an Exercise Date or on a Potential Exercise Date other than the Maturity Date)	[●]
Investor contact	N° vert: [●]; Websites: www.[●].fr and www.[●].be
Base Prospectus and Supplement(s)	Base Prospectus registered with the <i>Autorité des marchés financiers</i> on [●] 2012 under no. 12-[●] [and/or the Supplement(s) registered with the <i>Autorité des marchés financiers</i> on [●] under no(s). [●]].

Important information from the Issuer: Warrant prices are subject to significant fluctuation, which may in certain circumstances lead to the loss of the entire amount invested in the Warrants. Prospective investors should reach an investment decision only after examining carefully with their own advisors the suitability of the Warrants in the light of their financial circumstances.

FINAL TERMS DATED [●] RELATING TO INDEX BASKET-LINKED WARRANTS

Style of Warrants: [American-style/Bermudan-style/European-style]

[Automatic exercise on Maturity Date /No automatic exercise]

Issuer: HSBC France				Issue Date: [●]				
				Underwriting (name of Dealer): HSBC Bank/[●]				
Tranche	Type of Warrant	Number of Warrants issued	Composition of Index Basket	Set of Warrants	Issue Price	Exercise Price	Exercise Period/Exercise Date	Maturity Date
[●]	[Call/Put Warrant]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Tranche	ISIN Code	Mnemonic Code	Common Code
[●]	[●]	[●]	[●]

*** Composition of Index Basket**

Indices	Number of indices in Basket	[Conversion rate]	[Promoter]	[Index Calculation Agent]	[Index Sponsor]
[●]	[●]	[●]	[●]	[●]	[●]

Settlement Currency	EUR
Minimum number of Warrants tradeable on Euronext Paris	1 Warrant per Tranche.
Market maker	[Agreement concluded between HSBC Bank plc and Euronext Paris/[For markets other than Euronext Paris (specify the market) continuous market making or fixing]/None]
Settlement Terms and Conditions	Cash Settlement.
Delisting	The Warrants will be delisted from Euronext Paris [at opening on the fifth Trading Day before the Maturity Date (this date not included)/on []], subject to any change to this timetable by the relevant market regulators. The Issuer may in no case be held liable for such change.
Fungibility provisions	[●]
Minimum Exercise Amount (applicable except in the case of automatic exercise on the Maturity Date)	[●]
Maximum Exercise Amount (applicable on an Exercise Date or on a Potential Exercise Date other than the Maturity Date)	[●]
Investor contact	N° vert: [●] ; Websites: www.[●].fr and www.[●].be
Base Prospectus and Supplement(s)	Base Prospectus registered with the <i>Autorité des marchés financiers</i> on [●] 2012 under no. 12-[●] [and/or the Supplement(s) registered with the <i>Autorité des marchés financiers</i> on [●] under no(s). [●]].

Important information from the Issuer: Warrant prices are subject to significant fluctuation, which may in certain circumstances lead to the loss of the entire amount invested in the Warrants. Prospective investors should reach an investment decision only after examining carefully with their own advisors the suitability of the Warrants in the light of their financial circumstances.

**FINAL TERMS DATED [●]
RELATING TO ETF LINKED WARRANTS**

Style of Warrants: [American-style/Bermudan-style/European-style]

[Automatic exercise on Maturity Date /No automatic exercise]

Issuer: HSBC France		Issue Date: [●]						
		Underwriting (name of Dealer): HSBC Bank/[●]						
Tranche	Type of Warrant	Number of Warrants issued	ETF unit	[(Conversion Rate)]	Stock Exchange	Related Market	Set of Warrants	Issue Price
[●]	[Call/Put Warrant]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Tranche	Exercise Price	Exercise Period/Exercise Date/Potential Exercise Date	Maturity Date	ISIN Code	Mnemonic Code	Common Code
[●]	[●]	[●]	[●]	[●]	[●]	[●]

Settlement Currency	EUR
Minimum number of Warrants tradeable on Euronext Paris	1 Warrant per Tranche.
Market maker	[Agreement concluded between HSBC Bank plc and Euronext Paris/[For markets other than Euronext Paris (specify the market) continuous market making or fixing]/None]
Settlement Terms and Conditions	[Cash Settlement/Cash Settlement or Physical Settlement (at the Issuer's choice)].
Delisting	The Warrants will be delisted from Euronext Paris [at opening on the fifth Trading Day before the Maturity Date (this date not included)/on []], subject to any change to this timetable by the relevant market regulators. The Issuer may in no case be held liable for such change.
Fungibility provisions	[●]
Minimum Exercise Amount (applicable except in the case of automatic exercise on the Maturity Date)	[●]
Maximum Exercise Amount (applicable on an Exercise Date or on a Potential Exercise Date other than the Maturity Date)	[●]
Investor contact	N° vert: [●]; Websites: www.[●].fr and www.[●].fr.
Base Prospectus and Supplement(s)	Base Prospectus registered with the <i>Autorité des marchés financiers</i> on [●] 2012 under no. 12-[●] [and/or the Supplement(s) registered with the <i>Autorité des marchés financiers</i> on [●] under no(s). [●]].

Important information from the Issuer: Warrant prices are subject to significant fluctuation, which may in certain circumstances lead to the loss of the entire amount invested in the Warrants. Prospective investors should reach an investment decision only after examining carefully with their own advisors the suitability of the Warrants in the light of their financial circumstances.

[Observations made by the issuers of the underlying securities: [●].]

[ANNEX
TO PRO FORMA EXERCISE NOTICE]

FINAL TERMS DATED [●] RELATING TO ETF BASKET LINKED WARRANTS

Style of Warranties [American style/Bermudan style/European style]

[Automatic exercise on Maturity Date /No automatic exercise]

Issuer: HSBC France				Issue Date: [●]				
				Underwriting (name of Dealer): HSBC Bank/[●]				
Tranche	Type of Warrant	Number of Warrants issued	Composition of ETF Basket*	Set of Warrants	Issue Price	Exercise Price	Exercise Period/ Exercise Date	Maturity Date
[●]	[Call/Put Warrant]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Tranche	ISIN Code	Mnemonic Code	Common Code
[●]	[●]	[●]	[●]

* Composition of ETF Basket

Shares	Number of securities in Basket	[Conversion Rate]	Stock Exchange	Related Market
[●]	[●]	[●]	[●]	[●]

Settlement Currency	EUR
Minimum number of Warrants tradeable on Euronext Paris	1 Warrant per Tranche.
Market maker	[Agreement concluded between HSBC Bank plc and Euronext Paris/[For markets other than Euronext Paris (specify the market) continuous market making or fixing]/None]
Settlement Terms and Conditions	[Cash Settlement/Cash Settlement or Physical Settlement (at the Issuer's choice)].
Delisting	The Warrants will be delisted from Euronext Paris [at opening on the fifth Trading Day before the Maturity Date (this date not included)/on []], subject to any change to this timetable by the relevant market regulators. The Issuer may in no case be held liable for such change.
Fungibility provisions	[●]
Minimum Exercise Amount (applicable except in the case of automatic exercise on the Maturity Date)	[●]
Maximum Exercise Amount (applicable on an Exercise Date or on a Potential Exercise Date other than the Maturity Date)	[●]
Investor contact	N° vert: [●]; Websites: www.[●].fr and www.[●].be
Base Prospectus and Supplement(s)	Base Prospectus registered with the <i>Autorité des marchés financiers</i> on [●] 2012 under no. 12-[●] [and/or the Supplement(s) registered with the <i>Autorité des marchés financiers</i> on [●] under no(s). [●]].

Important information from the Issuer: Warrant prices are subject to significant fluctuation, which may in certain circumstances lead to the loss of the entire amount invested in the Warrants. Prospective investors should reach an investment decision only after examining carefully with their own advisors the suitability of the Warrants in the light of their financial circumstances.

[Observations made by the issuers of the underlying securities: [●].]

[ANNEX
TO PRO FORMA EXERCISE NOTICE]

FINAL TERMS DATED [●] RELATING TO ADR/GDR LINKED WARRANTS

Style of Warrants: [American-style/Bermudan-style/European-style]

[Automatic exercise on Maturity Date /No automatic exercise]

Issuer: HSBC France				Issue Date: [●]				
				Underwriting (name of Dealer): HSBC Bank/[●]				
Tranche	Type of Warrant	Number of issued Warrants	ADR/GDR Units	[(Convention Rate)]	Stock Exchange	Related Market	Set of Warrants	Issue Price
[●]	[Call/Put Warrant]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Tranche	Exercise Price	Exercise Period/Exercise Date/Potential Exercise Date	Maturity Date	ISIN Code	Mnemonic Code	Common Code
[●]	[●]	[●]	[●]	[●]	[●]	[●]

Settlement Currency	EUR
Minimum number of Warrants tradeable on Euronext Paris	1 Warrant per Tranche.
Market maker	[Agreement concluded between HSBC Bank plc and Euronext Paris/[For markets other than Euronext Paris (specify the market) continuous market making or fixing]/None]
Settlement Terms and Conditions	[Cash Settlement/Cash Settlement or Physical Settlement (at the Issuer's choice)].
Delisting	The Warrants will be delisted from Euronext Paris [at opening on the fifth Trading Day before the Maturity Date (this date not included)/on []], subject to any change to this timetable by the relevant market regulators. The Issuer may in no case be held liable for such change.
Fungibility provisions	[●]
Minimum Exercise Amount (applicable except in the case of automatic exercise on the Maturity Date)	[●]
Maximum Exercise Amount (applicable on an Exercise Date or on a Potential Exercise Date other than the Maturity Date)	[●]
Investor contact	N° vert: [●]; Websites: www.[●].fr and www.[●].fr.
Base Prospectus and Supplement(s)	Base Prospectus registered with the <i>Autorité des marchés financiers</i> on [●] 2012 under no. 12-[●] [and/or the Supplement(s) registered with the <i>Autorité des marchés financiers</i> on [●] under no(s). [●]].

Important information from the Issuer: Warrant prices are subject to significant fluctuation, which may in certain circumstances lead to the loss of the entire amount invested in the Warrants. Prospective investors should reach an investment decision only after examining carefully with their own advisors the suitability of the Warrants in the light of their financial circumstances.

[Observations made by the issuers of the underlying securities: [●].]

[ANNEX TO PRO FORMA EXERCISE NOTICE]

**FINAL TERMS DATED [●]
RELATING TO ADR/GDR BASKET-LINKED WARRANTS**

Style of Warrants: [American-style/Bermudan-style/European-style]

[Automatic exercise on Maturity Date /No automatic exercise]

Issuer: HSBC France				Issue Date: [●]				
				Underwriting (name of Dealer): HSBC Bank/[●]				
Tranche	Type of Warrant	Number of Warrants issued	Composition of ADR/GDR Basket*	Set of Warrants	Issue Price	Exercise Price	Exercise Period/Exercise Date	Maturity Date
[●]	[Call/Put Warrant]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Tranche	ISIN Code	Mnemonic Code	Common Code
[●]	[●]	[●]	[●]

* Composition of ADR/GDR Basket

Shares	Number of securities in Basket	[Conversion Rate]	Stock Exchange	Related Market
[●]	[●]	[●]	[●]	[●]

Settlement Currency	EUR
Minimum number of Warrants tradeable on Euronext Paris	1 Warrant per Tranche.
Market maker	[Agreement concluded between HSBC Bank plc and Euronext Paris/[For markets other than Euronext Paris (specify the market) continuous market making or fixing]/None]
Settlement Terms and Conditions	[Cash Settlement/Cash Settlement or Physical Settlement (at the Issuer's choice)].
Delisting	The Warrants will be delisted from Euronext Paris [at opening on the fifth Trading Day before the Maturity Date (this date not included)/on []], subject to any change to this timetable by the relevant market regulators. The Issuer may in no case be held liable for such change.
Fungibility provisions	[●]
Minimum Exercise Amount (applicable except in the case of automatic exercise on the Maturity Date)	[●]
Maximum Exercise Amount (applicable on an Exercise Date or on a Potential Exercise Date other than the Maturity Date)	[●]
Investor contact	N° vert: [●] ; Websites: www.[●].fr and www.[●].be

Base Prospectus and Supplement(s)	Base Prospectus registered with the <i>Autorité des marchés financiers</i> on [●] 2012 under no. 12-[●] [and/or the Supplement(s) registered with the <i>Autorité des marchés financiers</i> on [●] under no(s). [●]].
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Important information from the Issuer: Warrant prices are subject to significant fluctuation, which may in certain circumstances lead to the loss of the entire amount invested in the Warrants. Prospective investors should reach an investment decision only after examining carefully with their own advisors the suitability of the Warrants in the light of their financial circumstances.

[Observations made by the issuers of the underlying securities: [●].]

**[ANNEX
TO PRO FORMA EXERCISE NOTICE]**

PRO FORMA EXERCISE NOTICE: WARRANTS ONLY

EXERCISE NOTICE FOR HSBC France (the "Issuer")

[name of issuance programme] linked to *[name of underlying]* (the "Warrants")

Terms and expressions defined in the Terms and Conditions for the Warrants in the Base Prospectus dated 28 June 2012 (the "**Terms and Conditions**") shall have the same meanings in the Exercise Notice

Warrantheolders wishing to exercise Warrants must send a duly completed copy of this Exercise Notice to the Authorised Financial Intermediary holding their securities account, with a copy to the Warrant Agent.

These copies must be delivered to the Authorised Financial Intermediary and to the Warrant Agent before 10 a.m. (Paris time) on the Exercise Date in the case of American-style Warrants, before 10 a.m. on the Potential Exercise Date in the case of Bermudan-style Warrants and before 10 a.m. on the Maturity Date in the case of European-style Warrants.

An Exercise Notice must be completed for each tranche of Warrants

If the Warrants are American-style Warrants and this Exercise Notice is received by the Authorised Financial Intermediary and by the Warrant Agent later than 10 a.m. (Paris time) on a Business Day during the Exercise Period, it shall be deemed to have been received on the next Business Day, which shall be considered to be the Exercise Date.

Exercise shall be considered null and void in the following cases:

- (i) the Authorised Financial Intermediary, after consulting the Warrant Agent, finds that the Exercise Notice has not been properly completed or does not comply with this pro forma, except (a) when the changes are minor and do not affect the substance or (b) if the Warrant Agent's copy was not sent to it immediately after the Authorised Financial Intermediary's copy was sent. In case (a) above, if the Exercise Notice is corrected by the Warrantheolder to the Warrant Agent's satisfaction, the corrected Exercise Notice shall be considered to be a new Exercise Notice submitted on the date the Warrantheolder sends the corrected notice to the Authorised Financial Intermediary and the Warrant Agent;
- (ii) if the Warrants are European-style Warrants and the Exercise Notice is received by the Authorised Financial Intermediary and by the Warrant Agent later than 10 a.m. (Paris time) on the Maturity Date;
- (iii) if the Warrants are American-style Warrants and the Exercise Notice is received by the Authorised Financial Intermediary and by the Warrant Agent later than 10 a.m. (Paris time) on the Maturity Date;
- (iv) the number of Warrants specified in the Exercise Notice exceeds the number of Warrants in the Warrantheolder's securities account on the Exercise Date or is not equal to the Minimum Exercise Amount or a multiple of the Minimum Exercise Amount; or
- (v) the tranche of Warrants specified in the Exercise Notice does not correspond to the tranche in the Warrantheolder's securities account on the Exercise Date.

First copy should be sent to:

[name and address of the Authorised Financial Intermediary that holds the undersigned Warrantheolder's securities and cash accounts]

Second copy should be sent to:

[●]

[●]

[●]

[●]

(France)

Tel: +33 [●]

Tel: +33 [●]/+33 [●]

To the attention of: [●]

TO BE COMPLETED IN CAPITAL LETTERS

1. **Name and first name (or company name) of the Warrantholder**

2. **Warrantholder's address**

[●]

3. **Exercise of Warrants**

The undersigned Warrantholder issued under the Warrants Issuance Programme referred to below hereby exercises these Warrants in order to receive, in accordance with the Terms and Conditions, payment of the Settlement Amount from the Issuer.

4. **Number, tranche and ISIN code of Warrants exercised**

The number, tranche and ISIN code of the Warrants exercised are as follows:

Number: [●]

Tranche: [●]

ISIN code: [●]

Note: Warrants may only be exercised in amounts equal to a multiple of the Minimum Exercise Amount, failing which this Exercise Notice shall be considered null and void.

5. **Settlement**

[For Cash Settlement of Warrants:

(a) The details of my cash account at [*name of Authorised Financial Intermediary*] for payment by the Issuer of the Settlement Amount in respect of each Warrant exercised are as follows:

(i) [●]

(ii) The undersigned hereby undertakes to pay all the Exercise Expenses and the Exercise Expenses will consequently be deducted from the Settlement Amount paid.]

[For the purposes of Physical Settlement of the Warrants:

- (b) The details of my cash account at [name of Authorised Financial Intermediary] for payment to the Issuer, for each Set of Warrants, of an amount equal to the sum of (a) the Exercise Price multiplied by the Quantity and (b) the Exercise Expenses that I undertake to bear, are as follows:

[●]

- (c) The details of the securities account (and related cash account) to be credited with the Number of Shares Due are as follows:

[●]

6. **Declaration of non-holding by a US Citizen or resident and authorisation of disclosure in legal or administrative proceedings solely in the case of Physical Settlement with a Cash Settlement option**

The undersigned declares that the Bearer that exercises the Warrants referred to in this Exercise Notice, or any other person on whose behalf the Warrants are exercised, is not a US Citizen (this term includes any resident of the United States of America, company, a company, a grouping and any other entity incorporated in the United States or governed by US law, and entities of a trust nature whose revenues are taxable in the United States regardless of their provenance) or any person located in the United States (which terms includes all territories owned by the United States of America).

The undersigned understands that this declaration is required in application of US law relating to transferable securities and merchandise. In the event that this Exercise Notice may be relevant in the context of legal or administrative proceedings, the undersigned irrevocably authorises the disclosure of this Exercise Notice or a copy to any party involved in such proceedings.]

Executed at [●]

On [●]

[Signature]

**PRO FORMA FINAL TERMS RELATING TO CERTIFICATES AND EQUITY LINKED
CERTIFICATES/EQUITY BASKET-LINKED CERTIFICATES/INDEX LINKED CERTIFICATES/INDEX
BASKET-LINKED CERTIFICATES/ETF LINKED CERTIFICATES/ETF BASKET-LINKED
CERTIFICATES/ADR/GDR LINKED CERTIFICATES/ADR/GDR BASKET-LINKED CERTIFICATES**

PRO FORMA FINAL TERMS¹⁹

Final Terms dated [●]

[LOGO, if document is printed]

HSBC France

Issue of [Brief description and amount of Certificates]

Certificates issuance programme of [●] euros

Issue Price: [●]%

[Name(s) of Dealer(s)]

¹⁹ If the Certificates are admitted to trading on any regulated market and/or offered to the public in any Member State of the EEA in accordance with the Prospectus Directive, the Final Terms may be obtained from the Paying Agent(s) or, if applicable, the Calculation Agent and, will be available on the website of the Luxembourg Stock Exchange (www.bourse.lu).

[Include the following legend where a non-exempt offer of Certificates is anticipated]

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Certificates in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC), as amended (the "**Prospectus Directive**") (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Certificates. Accordingly any person making or intending to make an offer of the Certificates may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 48 of Part A below, provided such person is one of the persons mentioned in Paragraph 48 of Part A below and that such offer is made during the Offer Period specified for such purpose.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Certificates in any other circumstances].

[Include the following legend only where an exempt offer of Certificates is anticipated]

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Certificates in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC), as amended (the "**Prospectus Directive**") (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Certificates. Accordingly any person making or intending to make an offer in that Relevant Member State of the Certificates may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Certificates in any other circumstances].

The expression "Prospectus Directive" means Directive 2003/71/CE (and amendments thereto, including the Prospectus Directive Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**Prospectus Directive Amending Directive**" means Directive 2010/73/EU.

PART A CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Terms and Conditions**") set forth in the Base Prospectus dated [●] June 2012 [and the supplement[s] to the Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, as amended from time to time.

This document constitutes the Final Terms for the issuance of the Certificates described herein for the purposes of Article 5.4 of the Prospectus Directive, as amended from time to time and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Certificates is only available on the basis of the combination of these Final Terms and the Base Prospectus. [These Final Terms, the Base Prospectus [and the supplement[s] to the Base Prospectus] are available on the websites of the Luxembourg Stock Exchange (www.bourse.lu) and the Issuer (www.hsbc.fr) for a period of at least twelve months from the date of the Base Prospectus, and during normal business hours at the registered office of the Issuer and at the specified

offices of the Paying Agent(s).²⁰ [In addition²¹, the Base Prospectus [and the supplement[s] to the Base Prospectus] [is] [are] available [at/on] [●].]

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

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Terms and Conditions**") set forth in the Base Prospectus dated [original date] [and the supplement[s] to the Base Prospectus dated [●]] ([together] the "**Original Base Prospectus**"). This document constitutes the Final Terms for the issuance of the Certificates described herein for the purposes of Article 5.4 of the Prospectus Directive, as amended from time to time and must be read in conjunction with the Base Prospectus dated [●] June 2012 [and the supplement[s] to the Base Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Current Base Prospectus**"), save in respect of the Terms and Conditions which are extracted from the Original Base Prospectus and are attached hereto. Full information on the Issuer and the offer of the Certificates is only available on the basis of the combination of these Final Terms, the Original Base Prospectus and the Current Base Prospectus. [These Final Terms, the Terms and Conditions and the Current Base Prospectus are available on the websites of (a) (the Luxembourg Stock Exchange (www.bourse.lu)) for a period of at least twelve months from the date of the Base Prospectus and (b) the Issuer (www.hsbc.fr) [and] during normal business hours copies may be obtained from the registered office of the Issuer and at the specified offices of the Paying Agent(s)²². [In addition, the Terms and Conditions and the Original Base Prospectus dated [●] June 2012 are available [on/at] [●].]²³

[Complete all the following that apply or specify as "Not Applicable" (N/A). 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 adding other final terms, consideration should be given as to whether such terms constitute "significant new factors" and consequently require the drafting of a supplement to the Base Prospectus under Article 16 of the Prospectus Directive. Publication of such a supplement would entitle investors who had already agreed to purchase or subscribe Certificates to withdraw their agreement within a period of two (2) business days]

- | | | |
|---|----------------------------------|---|
| 1 | Issuer: | HSBC France |
| 2 | (a) [Series Number: | [●] |
| | (b) [Tranche Number: | [●] |
| | | <i>(If the Series is fungible with an existing Series, indicate the details of that Series, including the date on which the Certificates become fungible.)]</i> |
| 3 | Specified Currencies: | Currency or [●] |
| 4 | Aggregate Nominal Amount: | [●] |

²⁰ If the Certificates are listed on a Regulated Market and/or offered to the public in any Member State of the EEA in accordance with the Prospectus Directive.

²¹ If the Certificates are listed on a Regulated Market other than the Luxembourg Stock Exchange.

²² If the Certificates are listed on a Regulated Market and/or offered to the public in any Member State of the EEA in accordance with the Prospectus Directive.

²³ If the Certificates are listed on a Regulated Market other than the Luxembourg Stock Exchange.

	(a) [Series:]	[●]
	(b) [Tranche:]	[●]
5	Issue Price:	[●]% of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6	Specified Denomination(s):	[●] ²⁴ (one nominal amount only for Dematerialised Certificates) (Not less than €1,000 or its equivalent in another currency on the Issue Date for Certificates admitted to trading or offered to the public in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive)
7	(a) Issue date:	[●]
	(b) Interest Commencement Date (if different from the Issue Date):	[●] [Specify/Issue Date/Not Applicable]
8	Maturity Date:	[specify date or (for Floating Rate Certificates) Coupon Payment Date closest to the relevant month and year]
9	Interest Basis:	[[●]% Fixed Rate] [[EURIBOR, EONIA, LIBOR, CMS, TEC or other] +/- [●]% Floating Rate] [Certificate linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket] [Zero Coupon Certificate] [Other (specify)] (further particulars specified below)
10	Redemption/Payment Basis ²⁵	[Redemption at par]

²⁴ Certificates [(including Certificates denominated in Sterling) in respect of which the issue proceeds must be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of S19 FSMA and] which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

²⁵ If the Final Redemption Amount is other than one hundred per cent. (100%) of the nominal amount the Certificates will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation [809/2004] apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with. [Note that some regulators may require the inclusion of information relating to paragraph 5 of Annex XII even when (it being understood that this information is not required under Annex XII) the nominal

- (Condition 7): [Redemption linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket]
- [Dual Currency Certificate]
- [Partly Paid]
- [Instalment Payment]
- [Physical Delivery]
- [Other (*specify*)]
- (further particulars indicated below)*
- 11 **Change of Interest Basis or Redemption/Payment Basis:** [*Specify details of any provisions relating to a change of interest basis or redemption/payment basis applicable to the Certificates*]
- 12 **Put/Call Options:** [Condition 7[(c)][(d)] will apply as specified below]
- [[Holder Put]
- [Issuer Put]
- [other option: (*further particulars indicated below*)]
- [Not applicable]]
- 13 (a) Status of Certificates: [Non Subordinated]
- (b) Date of Board approval for issuance of Certificates [●]
- (c) [Date of issuance authorisations]: [Board of Directors' decision dated [●]]
- 14 **Method of distribution:** [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST PAYABLE (IF APPLICABLE)

- 15 **Provisions relating to Fixed Rate Certificates:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Interest Rate: [●]% per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrears]

value of the Certificates is €100,000 or more. Where Annex XII does not apply but the revenues generated by the Certificates are linked to an underlying, consideration must nonetheless be given to including all the information relating to the said underlying.]

- (b) Interest Payment Date(s): [●] of each year
 [[not adjusted/[Specify the Business Day Convention and any Business Centre(s) applicable for the definition of "Business Day"]]]
- (c) Fixed Coupon Amount(s): [●] per [●] of the negotiated calculation basis
- (d) Day Count Fraction: [30/360/ Actual/Actual - [ICMA/ISDA]/ other]
- (e) Coupon Determination Dates: [●] of each year
 [indicate regular Interest Payment Dates, ignoring Issue Date and Maturity Date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)]
- (f) Other terms relating to the method of calculating interest for Fixed Rate Certificates: [Not Applicable/give details]
- 16 **Provisions relating to Floating Rate Certificates:** [Applicable/Not Applicable]
 (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Interest Period(s): [●]
- (b) Payment Dates of the Amounts Payable: [●]
- (c) First Payment Date of the Amounts Payable: [●]
- (d) Business Day Convention: [" Floating Rate" Business Day Convention/
 "Following" Business Day Convention/ "Modified Following" Business Day Convention/" "Preceding" Business Day Convention/ other (give details)]
 [Insert "unadjusted" if application of the relevant business day convention is not intended to affect the Interest Amount]
- (e) Business Centre(s) (Condition 4(a)): [●]
- (f) Method used to determine Interest Rate(s): [FBF/ISDA/Screen Page/Other (give details)]
- (g) Interest Accrual Period Date: [Interest Payment Date/Other (give details)]
- (h) Party responsible for calculating the Interest Rate(s) and Interest

- Amount(s) (if not the Calculation Agent): [●]
- (i) FBF Determination: [Applicable/ Not Applicable]
- (i) Floating Rate: [●] (*specify Benchmark [EURIBOR, EONIA, LIBOR, CMS, TEC or other] and months (e.g. EURIBOR 3 months) (other information if necessary)*)
- (ii) Floating Rate Determination Date: [●]
- (iii) FBF definitions (if different from those set out in the Terms and Conditions): [●] (*explain how the rate is determined (e.g. benchmark page) if different from or not specified in the FBF Definitions*)
- (j) ISDA Determination: [Applicable/ Not Applicable]
- (i) Floating Rate Option: [●]
- (ii) Designated Maturity: [●]
- (iii) Reset Date: [●]
- (iv) ISDA Definitions (if different from those set out in the Terms and Conditions): [●]
- (k) Screen Rate Determination: [Applicable/ Not Applicable]
- (i) Benchmark: [●] (*specify Benchmark [EURIBOR, EONIA, LIBOR, CMS, TEC or other] and months (e.g. EURIBOR 3 months) (other information if necessary)*)
- (ii) Relevant Time: [●]
- (iii) Interest Determination Date(s): [●]
- (iv) Primary Source for Floating Rate: [*Specify Screen Page or "Reference Banks"*]
- (v) Reference Banks (if Primary Source is "Reference Banks"): [*Indicate four banks*]
- (vi) Relevant Financial Centre: [*The financial centre closest to the benchmark - specify if not Paris*]
- (vii) Representative Amount: [*Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount*]
- (viii) Effective Date: [*Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period*]
- (ix) Specified Duration: [*Specify quotation period if duration is different from Interest Accrual Period*]
- (x) Relevant Screen Page: [●] (*in the case of EURIBOR, if not Reuters*)

EURIBOR01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately

- | | | |
|-----|---|--|
| (l) | Margin(s): | [+/-] [●] % per annum |
| (m) | Minimum Interest Rate: | [Not Applicable/[●] % per annum] |
| (n) | Maximum Interest Rate: | [Not Applicable/[●] % per annum] |
| (o) | Day Count Fraction: | [●] |
| (p) | Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Certificates, if different from those set out in the Terms and Conditions: | [●] |
| 17 | Provisions relating to Zero Coupon Certificates: | [Applicable/Not Applicable]

<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| (a) | Yield: | [●] % per annum |
| (b) | Day Count Fraction: | [●] |
| (c) | Any other formula/basis of determining amount payable: | [●] |
| 18 | Provisions relating to the Amount Payable Certificates with a Coupon Linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR or ADR/GDR Basket²⁶: | [Applicable/Not Applicable]

<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| (a) | Equity, Index basket/Formula/ other variable: | [Specify (in an appendix if necessary)] |
| (b) | Party responsible for calculating the Interest Rate(s) and/or Coupon Amount(s) (if not the Calculation Agent): | [●] |

²⁶ If the Final Redemption Amount is other than 100% of the nominal amount the Certificates will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation [809/2004] apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with. [Note that some regulators may require the inclusion of information relating to paragraph 5 of Annex XII even when (it being understood that this information is not required under Annex XII) the nominal value of the Certificates is €100,000 or more. Where Annex XII does not apply but the revenues generated by the Certificates are linked to an underlying, consideration must nonetheless be given to including all the information relating to the said underlying.]

- (c) Provisions for determining the Coupon where calculated by reference to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket, a Formula or other variable: [●]
- (d) Determination Date(s) of the Amount Payable: [●]
- (e) Provisions for determining the Coupon when calculation by reference to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket, a Formula or other variable is impossible or impracticable: [●]
[Include a description of Potential Adjustment Events, Exceptional Events or Additional Disruption Events]
- (f) Interest or Calculation Period(s): [●]
- (g) Specified Interest Payment Dates: [●]
- (h) Business Day Convention: [Floating Rate Business Day Convention/
Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (i) Business Centre(s): [●]
- (j) Minimum Interest Rate: [[Not Applicable/[●]% per annum]
- (k) Maximum Interest Rate: [Not Applicable/[●]% per annum]
- (l) Day Count Fraction: [●]
- 19 **Provisions relating to Dual Currency Certificates²⁷:** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

²⁷ If the Final Redemption Amount is other than 100% of the nominal amount the Certificates will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation [809/2004] apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with. [Note that some regulators may require the inclusion of information relating to paragraph 5 of Annex XII even when (it being understood that this information is not required under Annex XII) the nominal value of the Certificates is €100,000 or more. Where Annex XII does not apply but the revenues generated by the Certificates are linked to an underlying, consideration must nonetheless be given to including all the information relating to the said underlying.]

- (a) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]
- (b) Party, if any, responsible for calculating the principal and/or interest due (if not the Calculation Agent): [●] [give name and address]
- (c) Provisions applicable when calculation by reference to the Rate of Exchange is impossible or impracticable: [●]
- (d) Persons at whose option Specified Currency(ies) is/are payable: [●]
- (e) Day Count Fraction: [●]
- 20 **Provisions relating to Physical Delivery Certificates** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Underlying assets and/or Formula to be used to determine principal and/or interest or the Physical Delivery Amount:
- (b) Cash settlement and/or physical delivery: (Specify whether or not Notice of Settlement is applicable)
- (c) [Issuer/Holder] option to change settlement method and, if yes, chosen method and procedure for changing settlement:] [Yes, [give or append the details]/No]
- (d) If settlement is by physical delivery: [●]
- (i) Method of delivery of Physical Delivery Amount and consequences of Potential Adjustment Events, Exceptional Events or Additional Disruption Events: [●]
- (ii) Details of how and when Transfer Notice is to be delivered: [●]
- (iii) Details of how entitlement to Physical Delivery Amount will be evidenced: [●]
- (e) The party responsible for calculating the redemption amount and/or interest amount, [●]

- or the Physical Delivery Amount, payable (if not the Calculation Agent):
- (f) Provisions where calculation by reference to the underlying assets and/or Formula is impossible or impracticable: [●]
 - (g) Details of any other relevant terms, any stock exchange requirements/tax considerations (include details of person responsible for transfer expenses): [●]
 - (h) Method of calculating Early Redemption Amount (if for reasons other than following a redemption for tax reasons or an Event of Default): [●] per Certificate of [●] of specified calculation basis/Market Value
 - (i) Valuation Date: [●]
 - (j) Details of Stock Exchanges(s) and Related Exchange(s): [●]
 - (k) Rate of Exchange: [Applicable/Not Applicable]
 - (l) Such other additional terms or provisions as may be required:

PROVISIONS RELATING TO REDEMPTION

- 21 **Redemption at the option of the Certificate holders:** *(Condition 7(c))* [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Amount(s) [of each Certificate and, if relevant, the method of calculating such amount(s)]: *[specify – if not par, also specify details of any formula]*
 - (b) Put Option Date(s)/Put Option Period: *[Specify]*
[●] per Certificate of designated nominal value of [●]
 - (c) [Notice period²⁸]: [●]
- 22 **Redemption by Instalments:** [Applicable/Not Applicable]

²⁸ If the notice periods applied differ from those provided for in the Terms and Conditions, issuers are advised to set forth the practical means of communicating the information through intermediaries, such as the clearing systems and depositaries, and the notice terms and conditions that shall apply, for example between the Issuer and its Financial Agent.

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Instalment payment amount [●]
 - (b) Instalment payment date(s) [●]
 - (c) Other provisions relating to instalment payments [●]
- 23 **Final Redemption Amount of each Certificate**²⁹: [[●] per Certificate [of [●] specified denomination]/ Specified Denomination/Other (*specify*) /See Appendix]

In cases where the Final Redemption Amount is linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket or any other variable

- (a) Index/Formula/ other variable: [*Specify (in an appendix if necessary)*]
- (b) Party responsible for calculating the Interest Rate(s) and Final Redemption Amount (if not the Calculation Agent): [●] [*give name and address*]
- (c) Provisions for determining the Final Redemption Amount when calculated by reference to an Equity, an Equity Basket, an Index, an Index Basket, an ETF, an ETF Basket, an ADR/GDR, an ADR/GDR Basket and/or Formula and/or other variable: [●]
- (d) Determination Date(s): [●]
- (e) Provisions for determining the Final Redemption Amount when calculation by reference to an Index and/or Formula and/or other variable is impossible or impracticable: [●]
- (f) Payment Date: [●]
- (g) Minimum Final Redemption Amount: [●]
- (h) Maximum Final Redemption [[●] per Certificate of [●] Specified

²⁹ If the Final Redemption Amount is other than 100% of the nominal amount the Certificates will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation [809/2004] apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with. [Note that some regulators may require the inclusion of information relating to paragraph 5 of Annex XII even when (it being understood that this information is not required under Annex XII) the nominal value of the Certificates is €100,000 or more. Where Annex XII does not apply but the revenues generated by the Certificates are linked to an underlying, consideration must nonetheless be given to including all the information relating to the said underlying.]

Amount:

Denomination/other (*specify*)/see Appendix]

[Provisions for Certificates whose underlying is an Equity or an Equity Basket:

If the Closing Price is greater than or equal to the Strike Price, each Certificate shall be redeemed at the Specified Denomination (the "**Final Redemption Amount**").

If the Closing Price is less than the Strike Price, each Certificate shall be redeemed by delivery to the Holder of the Transfer Amount of the underlying for each Certificate held on the Settlement Date or, if later (and subject to Condition 7) three Business Days following receipt by the Issuer of a duly completed Transfer Notice and surrender of the said Certificate(s).]

Other Certificates: Par/other - specify/See Appendix [●] attached hereto.

24 **Early Redemption Amount:**

Early Redemption Amount(s) of each Certificate paid on redemption for taxation reasons or on event of default or other early redemption events and/or the method of calculating the amount (if required or if different from that set out in Condition 7(d)):

[●]

[Calculation Agent for the requirements of Condition 6(k):]

[Not Applicable/*state name*]]

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

25 **Form of Certificates:**

[Dematerialised Certificates/Materialised Certificates]

(*Materialised Certificates are solely in Bearer form*)

[Delete as appropriate]

(a) Form of Dematerialised Certificates:

[Not Applicable/If Applicable specify whether bearer form (*au porteur*)/administered registered form (*au nominatif administré*)/fully registered form (*au nominatif pur*)] (*Dematerialised Certificates are only in book entry form*)

[Delete as appropriate]

(b) Registration Agent:

[Not Applicable/If applicable give name and address] (*Note that a Registration Agent must be appointed with regard to fully registered Dematerialised Certificates*)

only)

- (c) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Certificates on [●] (the "Exchange Date"), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
- 26 Financial Centre(s) or other special provisions relating to Payment Dates for the purposes of Condition 8(d): [Not Applicable/Give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 15(ii), 16(v) and 18(ix) relate]
- 27 Talons for future Coupons or Receipts to be attached to Definitive Materialised Certificates (and dates on which such Talons mature): [[Yes/No/Not Applicable. If yes, give details] (Only applicable to Materialised Certificates)
- 28 Provisions relating to Partly Paid Certificates: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Certificates and interest due on late payment: [Not Applicable/give details]
- 29 Provisions relating to Instalment Certificates: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
- 30 Provisions relating to consolidation: [Not Applicable/The provisions [in Condition 13] [appended to these Final Terms] apply]
- 31 Other final terms: [Not Applicable/give details]
- (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 Base Prospectus under Article 16 of the Prospectus Directive.)*

PROVISIONS APPLICABLE TO SECURITIES LINKED TO AN EQUITY, EQUITY BASKET, INDEX, INDEX BASKET, ETF, ETF BASKET, ADR/GDR, ADR/GDR BASKET, SECURITIES REDEEMABLE

IN CASH LINKED TO EQUITIES, EQUITY BASKET, INDEX, INDEX BASKET, ETF, ETF BASKET, ADR/GDR, ADR/GDR BASKET

- 32 Delivery of Securities (Equity Linked Certificates only): Transfer Notice: [Yes/No/Not Applicable]

Delivery of the Securities will be via the Clearance System. The delivery or Transfer of Securities to each Holder is at the said Holder's risk and if delivery occurs later than the earliest possible date for delivery, no additional amounts will be payable by the Issuer.

- 33 Provisions relating to Cash Equity Certificates and Equity Linked Certificates (excluding ADR/GDR Linked Certificates):
- (a) Securities: [•]
 - (b) Underlying company or Securities Issuing Company(ies): [•]
 - (c) Market(s): [•]
 - (d) Cash Settlement Payment Date [Maturity Date/other - specify]
 - (e) Securities Transfer Amount: (for Equity Linked Certificates only): [•]
 - (f) Settlement Date (for Equity Linked Certificates only): Condition 16 [applies/does not apply]
 - (g) Settlement Disruption Event (for Equity Linked Certificates only): Condition 16 [applies/does not apply]
Disruption period:
 - (h) Delivery Disruption Event: (for Equity Linked Certificates only): Condition 16 [applies/does not apply]
 - (i) Potential Adjustment Event: Condition 16 [applies/does not apply]
 - (j) Merger Event: Condition 16 [applies/does not apply]
 - (k) Nationalisation, Insolvency or Delisting: Condition 16 [applies/does not apply]
 - (l) Tender Offer: [•]
 - (m) Conversion (for Certificates relating to debt securities only): Condition 16 [applies/does not apply]
 - (n) Corrections to published prices affecting debt securities: [•]
 - (o) Spot Price: [•]
 - (p) Barrier Levels: [•]
 - (q) Barrier Period: [•]
 - (r) Trigger Event: [•]

(s)	Trigger Level:	[•]
(t)	Weighting:	[•]
(u)	Strike Price:	[•]
(v)	Strike Date:	[•]
(w)	Knock-in Event:	[Not Applicable/ <i>specify</i> /"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
(x)	Knock-in Period Beginning Date:	[Not Applicable/ <i>specify</i>]
(y)	Knock-in Period Ending Date:	[Not Applicable/ <i>specify</i>]
(z)	Knock-in Price:	[Not Applicable/ <i>specify</i>]
(aa)	Knock-in Valuation Time:	[Not Applicable/ <i>specify</i>]
(bb)	Knock-out Event:	[Not Applicable/ <i>specify</i> /"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
(cc)	Knock-out Period Beginning Date:	[Not Applicable/ <i>specify</i>]
(dd)	Knock-out Period Ending Date:	[Not Applicable/ <i>specify</i>]
(ee)	Knock-out Period Ending Date Scheduled Trading Day Convention:	[Not Applicable/ <i>specify</i>]
(ff)	Knock-out Price:	[Not Applicable/ <i>specify</i>]
(gg)	Knock-out Valuation Time:	[Not Applicable/ <i>specify</i>]
(hh)	Scheduled Trading Day Convention:	[Not Applicable/ <i>specify</i>]
(ii)	Automatic Early Redemption Amount:	[Not Applicable/ <i>specify</i>]
(jj)	Automatic Early Redemption Dates:	[Not Applicable/ <i>specify</i>]
(kk)	Automatic Early Redemption Event:	[Not Applicable/ <i>specify</i>]
(ll)	Automatic Early Redemption Price:	[Not Applicable/ <i>specify</i>]
(mm)	Automatic Early Redemption Rate:	[Not Applicable/ <i>specify</i>]
(nn)	Automatic Early Redemption Valuation Date(s):	[Not Applicable/ <i>specify</i>]
(oo)	Rate of Exchange:	[Not Applicable/ <i>specify</i>]
34	Additional Provisions relating to Equity Linked Certificates:	[•]
35	Provisions relating to ADR/GDR Linked	

Certificates:

- (a) ADR/GDR Securities: [•]
- (b) ADR/GDR Issuer: [•]
- (c) Securities Transfer Amount (for Equity Linked Certificates only): [•]
- (d) Settlement Date (for Equity Linked Certificates only): [•]
- (e) Settlement Disruption Event (for Equity Linked Certificates only): [•]
- (f) Disruption Period (if other than as specified in Condition 10(c)): [•]
- (g) Delivery Disruption Event (for Equity Linked Certificates only): [•]
- (h) Knock-in Event: [Not Applicable/specify/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
- (i) Knock-in Period Beginning Date: [Not Applicable/specify]
- (j) Knock-in Period Ending Date: [Not Applicable/specify]
- (k) Knock-in Price: [Not Applicable/specify]
- (l) Knock-in Valuation Time: [Not Applicable/specify]
- (m) Knock-out Event: [Not Applicable/specify/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
- (n) Knock-out Period Beginning Date: [Not Applicable/specify]
- (o) Knock-out Period Beginning Date Scheduled Trading Day Convention: [Not Applicable/specify]
- (p) Knock-out Period Ending Date: [Not Applicable/specify]
- (q) Knock-out Period Ending Date Scheduled Trading Day Convention: [Not Applicable/specify]
- (r) Knock-out Price: [Not Applicable/specify]
- (s) Knock-out Valuation Time: [Not Applicable/specify]
- (t) Automatic Early Redemption Amount: [Not Applicable/specify]
- (u) Automatic Early Redemption Dates: [Not Applicable/specify]

	(v)	Automatic Early Redemption Event:	[Not Applicable/specify]
	(w)	Automatic Early Redemption Price.	[Not Applicable/specify]
	(x)	Automatic Early Redemption Rate:	[Not Applicable/specify]
	(y)	Automatic Early Redemption Valuation Date(s):	[Not Applicable/specify]
	(z)	Rate of Exchange:	[Not Applicable/specify]
36		Provisions relating to Index-linked Certificates:	[Not Applicable/specify]
	(a)	Composite Index:	[•]
	(b)	Index(ices):	[•]
	(c)	Index Sponsor:	[•]
	(d)	Markets:	[•]
	(e)	Related Exchange:	[•]
	(f)	Cash Settlement Payment Date:	[•]
	(g)	Index Adjustment:	[•]
	(h)	Strike Date:	[•]
	(i)	Strike Price:	[•]
	(j)	Knock-in Event:	[Not Applicable/specify/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
	(k)	Knock-in Period Beginning Date:	[Not Applicable/specify]
	(l)	Scheduled Knock-in Period Beginning Date:	[Not Applicable/specify]
	(m)	Knock-in Period Ending Date:	[Not Applicable/specify]
	(n)	Knock-in Level:	[Not Applicable/specify]
	(o)	Knock-in Valuation Time:	[Not Applicable/specify]
	(p)	Knock-out Event:	[Not Applicable/specify/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
	(q)	Knock-out Period Ending Date:	[Not Applicable/specify]
	(r)	Knock-out Level:	[Not Applicable/specify]

- (s) Knock-out Valuation Time: [Not Applicable/specify]
- (t) Automatic Early Redemption [Not Applicable/specify]
Amount:
- (u) Automatic Early Redemption [Not Applicable/specify]
Date(s):
- (v) Automatic Early Redemption [Not Applicable/specify]
Event:
- (w) Automatic Early Redemption [Not Applicable/specify]
Price:
- (x) Automatic Early Redemption [Not Applicable/specify]
Rate:
- (y) Automatic Early Redemption [Not Applicable/specify]
Valuation Date(s):
- (z) Rate of Exchange: [Not Applicable/specify]
- 37 Valuation Date(s): [•]
- 38 Valuation Time: [•]
- 39 Averaging Dates:
- (a) Relevant Prices: [Yes/No. *If yes, specify dates*]
- (b) Details relating to how the [Specify how the level of the index of the Equities'
Final Redemption Amount market value is to be determined]
will be calculated when the
Certificates relate to a Basket
of Indices or Securities:
- (c) Averaging Date in the event [Omission/Postponement/Modified Postponement/Not
of Market Disruption: Applicable/Other (specify)]
- 40 Other provisions relating to Index-linked [•]
Certificates, Cash Equity Certificates and
Equity Linked Certificates:

PROVISIONS APPLICABLE TO SECURITIES LINKED TO AN EQUITY, EQUITY BASKET, INDEX, INDEX BASKET, ETF, ETF BASKET, ADR/GDR, ADR/GDR BASKET. SECURITIES REDEEMABLE IN CASH LINKED TO EQUITIES, EQUITY BASKET, INDEX, INDEX BASKET, ETF, ETF BASKET, ADR/GDR, ADR/GDR BASKET

DISTRIBUTION

- 41 If syndicated, names [and addresses³⁰] of the Managers [and the underwriting commitments³¹]: [Not Applicable/*give names[, addresses and underwriting commitments*³²]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)]
- 42 (a) Date of [Subscription] Agreement: [●]³³
- (b) Stabilising Manager(s) (if any): [Not Applicable/*give names*]
- If not syndicated, name [and address³⁴] of Dealer: [Not Applicable/*give name [and address*³⁵]]
- 43 Total Commission and concession: [●]% of the Aggregate Nominal Amount
- 44 Additional selling restrictions: [Not Applicable/*specify*]
- 45 U.S. Selling Restrictions: The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.
- [TEFRA C rules/ TEFRA D rules/ TEFRA rules not applicable] (*TEFRA rules are not applicable to Dematerialised Certificates*)
- 46 Non-exempt Offer: [[Not Applicable] [An offer of the Certificates may be made by the Managers [and [*specify, if applicable*]] other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any*

³⁰ Not required for Certificates with a denomination of at least €50,000.

³¹ If the Final Redemption Amount is other than 100% of the nominal amount the Certificates will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation .809/2004 apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with.

³² If the Final Redemption Amount is other than 100% of the nominal amount the Certificates will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation .809/2004 apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with.

³³ If the Final Redemption Amount is other than 100% of the nominal amount the Certificates will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation .809/2004 apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with.

³⁴ If the Final Redemption Amount is other than 100% of the nominal amount the Certificates will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation .809/2004 apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with.

³⁵ If the Final Redemption Amount is other than 100% of the nominal amount the Certificates will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation .809/2004 apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with.

supplements have been authorised] ("**Public Offer Jurisdictions**") during the period from [*specify date*] until [*specify date*] ("**Offer Period**"). See Paragraph 19 of Part B below.]

47 **GENERAL**

The aggregate principal amount of [●] Certificates issued has been translated into euro at the rate of [●], producing a sum of (solely for Certificates not denominated in euro):

[PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for the issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on the [Euronext Paris Regulated Market /other (*specify*)] of the Certificates described herein pursuant to HSBC France's Euro[●] Certificates Issuance Programme.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [*Relevant third party information*] has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]³⁶

Signed on behalf of HSBC France:

By: _____

Duly authorised

³⁶ Include if third party information is provided, for example in compliance with Annex XII of European Regulation 809/2004 in relation to an index or its components, an underlying security or the issuer of an underlying security.

**PART B
OTHER INFORMATION**

1. ISSUE- SPECIFIC RISK FACTORS

[Insert any risk factors that are material to the Certificates admitted to trading in order to assess the market risk associated with these Certificates and that may affect the Issuer's ability to fulfil its obligations under the Certificates and which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included, consideration should be given as to whether they constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

2. [PUBLIC OFFER(S)]

- (a) Public offer(s): Yes/Not Applicable]
- (b) Member State: [the Certificates will be offered to the public in [●] (insert any Member State of the European Economic Area where the Certificates will be offered to the public/Not Applicable)³⁷

3. LISTING AND ADMISSION TO TRADING:

- (a) Listing: [Euronext Paris/other (specify)/None]
- (b) Market maker: [Agreement concluded between HSBC Bank plc and Euronext Paris/[For markets other than Euronext Paris (specify the market) continuous market making or fixing]/None]
- (c) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Certificates to be admitted to trading on [Euronext Paris/other (specify)] with effect from [●]. [Application is due to be made by the Issuer (or on its behalf) for the Certificates to be admitted to trading on [Euronext Paris/other (specify)] with effect from [●].] / [Not Applicable]
- (In the case of a fungible issue, indicate that the original Certificates are already admitted to trading.)
- (d) Regulated Markets or equivalent markets on which, to the knowledge of the Issuer, Certificates of the same class as the Certificates to be offered or admitted to trading are already admitted to trading: [●]

³⁷ Not required for Certificates with a denomination of at least €50,000.

- (e) [Estimate of total expenses related to admission to trading:]³⁸
- (f) Additional publication of Base Prospectus and Final Terms: (See paragraph 10 of the section "**General Information**" of this Base Prospectus).

4. RATINGS

Ratings:

The Issuer has been assigned an AA- rating by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., an A1 rating by Moody's Investors Service and an AA rating by Fitch Ratings

The Certificates to be issued have been rated as follows:

[S&P:

[Moody's:

[Fitch:

[Other]:

[Include a brief explanation of the meaning of these ratings if this has previously been published by the rating provider.³⁹]

(The rating assigned to the Certificates issued under the Programme should be indicated above, or if an issue of Certificates has been assigned a specific rating, the specific rating should be indicated above.)

Each credit rating agency is established in the European Union and has applied for registration under Regulation (EU) No 1060/2009 (the "**CRA Regulation**") as amended by Regulation (EU) No. 513/2011, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for

³⁸ Required solely for Certificates with a denomination of at least €50,000.

³⁹ Not required for Certificates with a denomination of at least €50,000.

registration in accordance with the CRA Regulation and such registration is not refused.

[[Insert rating agency] is established in the European Union and registered pursuant to European Parliament and Council Regulation EC 1060/2009]

[[Insert rating agency] is not established in the European Union and has not applied for registration pursuant to European Parliament and Council Regulation EC 1060/2009]]

[[[Insert rating agency] is not established in the European Union and has not applied for registration pursuant to European Parliament and Council Regulation EC 1060/2009 but is accredited by [insert rating agency] which is established in the European Union and has applied for registration pursuant to European Parliament and Council Regulation EC 1060/2009.]

5. [NOTIFICATION

The *Autorité des marchés financiers*, which is the competent authority in France for the purpose of the Prospectus Directive has been requested to provide/[the *Autorité des marchés financiers*, which is the competent authority in France for the purpose of the Prospectus Directive has provided (*insert first alternative in the case of an issue that is contemporaneous with the establishment or updating of the Programme and use the second alternative in the case of subsequent issues*)] the [*include the name of the competent authority of the host Member States*] [with a]/[with the] certificate[s] of approval attesting that the Base Prospectus and the supplement(s) [has/have] been drawn up in accordance with the Prospectus Directive.]

6. [THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST⁴⁰

If advisors are mentioned in these Final Terms, specify the capacity in which the advisors have acted.

Specify other information mentioned in the Final Terms which has been audited or reviewed by independent auditors and on which the independent auditors have produced a report. Insert the report or, if the competent authority so authorises, a summary of the report.

Where a statement or report attributed to a person as an expert is included in these Final Terms in respect of the Issuer or the Certificates, provide such person's name, business address, qualifications and material interest if any in the Issuer. If the statement or report has been produced at the Issuer's request a statement should be attached to the effect that such document has been included, as well as the form and context in which it has been included, with the consent of that person who has approved the contents of that part in respect of the Issuer or the Certificates.

Where information has been sourced from a third party, provide a statement certifying that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the

⁴⁰ [Note that some regulators may require the inclusion of such information even when the nominal value of the Certificates is €100,000 or more.]

reproduced information inaccurate or misleading.

In addition, the Issuer shall identify the source(s) of the information.]

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

The purpose of this section is to describe any interest, including any conflicting interest, that may have a material effect on the issue/offer, detailing the persons involved and the nature of the interest. This requirement may be satisfied by the inclusion of the following statement: "Save as indicated in the "Subscription and Sale" section, so far as the Issuer is aware, no person involved in the offer of the Certificates has an interest material to the offer".

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

8. [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(a) [Reasons for the offer: [●]

(See the "Use of Funds" section in the Base Prospectus – if the reasons for the offer are not those of financing the Issuer's activity, the reasons should be given here)

(b) [[Estimated net proceeds: [●]

(If the issue proceeds are intended for more than one use, the estimated net proceeds should be broken down into the proposed main uses, by descending order of importance. If the Issuer is aware that the estimated proceeds will be insufficient to fund all the proposed uses, it must indicate the amount and source of the additional funds required.)

(c) Estimated total expenses: [●]. *[Include breakdown of expenses.]⁴¹*

(If the Certificates are derivative securities to which Annex XII of European Commission Regulation 809/2004 applies it is only necessary to include net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

9. [Fixed Rate Certificates only – Yield

Yield: [●].

Calculated as *[include summarised description of calculation method]* on the Issue Date.

The yield is calculated on the Issue Date on the basis of

⁴¹ Not required for Certificates with a denomination of at least €50,000.

the Issue Price. It is not an indication of future yield.]

Spread of [●]% relative to French government bonds (OAT) with equivalent maturities.

10. Fixed Rate Certificates only – Trends in Interest Rates

Details of interest rate trends [EURIBOR/LIBOR/EONIA/CMS/TE/other] can be obtained from [Reuters/other].⁴²

11. [Index Linked or Other Variable-Linked Certificates Only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF ITS EFFECT ON THE VALUE OF THE INVESTMENT AND THE ASSOCIATED RISKS, AND OTHER INFORMATION CONCERNING THE UNDERLYING⁴³

This section should indicate where the information on the past and future performance and volatility of the index/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances in which the risks are most evident]⁴⁴. Where the underlying is an index, include the name of the index and a description if composed by the Issuer and, if the index is not composed by the Issuer, indicate where the information about the index can be obtained. Include any other information concerning the underlying required by paragraph 4.2 of Annex XII of European Commission Regulation 809/2004.

[(When completing this paragraph, consideration should be given as to whether the matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under article 16 of the Prospectus Directive.)]⁴⁵

12. [Dual Currency Certificates only – PERFORMANCE OF EXCHANGE RATE[S] AND EXPLANATION OF EFFECT ON THE VALUE OF THE INVESTMENT⁴⁶

This section should include details of where the information on past and future performance and volatility of the relevant rate[s] can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances in which the risks are most evident]^{47,48}

⁴² Not required for Certificates with a denomination of at least €50,000.

⁴³ For derivative instruments to which Annex XII of European Commission *Regulation 809/2004* applies, please complete paragraphs [12 and]13 below relating to the effect on the value of the investment, the yield on the derivative instruments and information on the underlying.

⁴⁴ Not required for Certificates with a denomination of at least €50,000.

⁴⁵ Only required if the Certificates constitute derivative instruments to which Annex XII of European Commission *Regulation 809/2004* applies (i.e. if the Final Redemption Amount is other than 100% of the nominal value of the Certificates).

⁴⁶ For derivative instruments to which Annex XII of European Commission *Regulation 809/2004* applies, please complete paragraphs 12 and 13 below relating to the effect on the value of the investment, the yield on the derivative instruments and information on the underlying.

⁴⁷ Not required for debt securities with a denomination of at least €50,000.

⁴⁸ Only required if the Certificates constitute derivative instruments to which Annex XII of European Commission *Regulation 809/2004* applies (i.e. if the Final Redemption Amount is other than 100% of the nominal value of the Certificates).

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

13. **[Derivative instruments only – EXPLANATION OF EFFECT ON THE VALUE OF THE INVESTMENT, THE YIELD ON THE DERIVATIVE INSTRUMENTS AND INFORMATION CONCERNING THE UNDERLYING**

[EXPLANATION OF EFFECT ON THE VALUE OF THE INVESTMENT

Include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances in which the risks are most evident, and of the risk that investors may lose part or all of their investment.]⁴⁹

14. **SETTLEMENT PROCEDURE FOR DERIVATIVE INSTRUMENTS**

This section should contain the description of the settlement procedure for the derivative instruments.

15. **YIELD ON DERIVATIVE INSTRUMENTS**

Yield on derivative instruments: *[Indicate the terms and conditions relating to yields on derivative instruments.]*

Payment or delivery date: **[●]**

Calculation method: **[●]**

16. **INFORMATION CONCERNING THE UNDERLYING**

Strike price or final reference price of the underlying: **[●]**

A statement setting out the type of the underlying and details of where information on the underlying can be obtained:

- indicate where the information about the past and the future performance of the underlying and its volatility can be obtained: **[●]**

- where the underlying is a transferable security: **[Applicable/Not Applicable]**

- Name of the issuer of the security: **[●]**

ISIN (International Security Identification Number) or other such **[●]**

⁴⁹ Not required for Certificates with a denomination of at least €50,000.

security identification code:

- where the underlying is an index: [Applicable/[Not Applicable]]

the name of the index and a description of the index if it is composed by the Issuer. If the index is not composed by the Issuer, indicate where information about the index can be obtained: [●]

- where the underlying is an interest rate: [Applicable/[Not Applicable]]
a description of the interest rate: [●]

- other: [Applicable/[Not Applicable]]

where the underlying does not fall within the categories specified above the Final Terms must contain equivalent information: [●]

where the underlying is a basket of underlyings: [Applicable/[Not Applicable]]

Weighting assigned to each component of the basket: [●]

A description of any market disruption or settlement disruption events that affect the underlying: [●]

Adjustment rules that apply in the case of events with an impact on the underlying⁵⁰: [●]

OTHER

Name and address of Calculation Agent: [●]

[Information on taxes on the income from the Certificates withheld at source in the country where admission to trading (other than in Luxembourg and France) is sought): [●]]

17. [Derivative instruments only – POST ISSUANCE INFORMATION CONCERNING THE

⁵⁰ Only required if the Certificates constitute derivative instruments to which Annex XII of European Commission *Regulation 809/2004* applies.

UNDERLYING

The Issuer will not provide any post-issuance information, unless so required by any applicable laws and regulations.

[If post-issuance information must be provided, specify what information will be provided and where such information can be obtained.]

18. OPERATIONAL INFORMATION

ISIN Code: [●]

Common Code: [●]

Depositories: [●]

(a) Euroclear France to act as Central Depository: [Yes/No]

(b) Common Depository for Euroclear Bank and Clearstream Banking, *société anonyme*: [Yes/No]

Any clearing system(s) other than Euroclear Bank and Clearstream Banking, *société anonyme* and the corresponding identification number(s): [Not Applicable/give name(s), number(s) and addresses]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agents designated for the Certificates: **HSBC Bank plc**
8 Canada Square
London E14 5HQ
United Kingdom
HSBC France
103, avenue des Champs Elysées
75008 Paris
France

Names and addresses of additional Paying Agent(s) (if any): [●]

19. TERMS AND CONDITIONS OF THE OFFER

CONDITIONS, OFFER STATISTICS, PROPOSED SCHEDULE AND PROCEDURE FOR SUBSCRIBING TO THE OFFER

Conditions to which the offer is subject: [●]

Total amount of the issue/offer; if the amount is not fixed, description [●]

of the arrangements and timetable for announcing to the public the amount of the offer:

The period, including any possible changes, during which the offer will be open and description of the application/subscription process: [●]

[A description of the possibility of reduction of subscriptions and the manner for refunding excess amounts paid by subscribers]⁵¹: [●]

Details of the minimum and/or maximum subscription amount, (either in number of securities or total investment amount): [●]

Method and time limits for paying up the securities and for delivery of the securities: [●]

A full description of the manner in which and date on which the results of the offer are to be made public: [●]

Category of prospective investors to which the securities are offered: [●]

Procedure for exercise of any right of pre-emption, the negotiability of subscription rights and the processing of subscription rights not exercised.⁵² [●]

20. [DISTRIBUTION AND ALLOTMENT PLAN]⁵³

The various categories of prospective investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries⁵⁴ and if a tranche has been or is

⁵¹ Not required for derivative instruments to which Annex XII of European Commission *Regulation* applies.

⁵² If the offer is being made simultaneously in the markets of two or more countries and a tranche has been or is reserved for certain of these, indicate such tranche.

⁵³ Not required for Certificates with a denomination of at least €50,000 unless Annex XII of European Commission Regulation 809/2004 applies.

reserved for certain of these, indicate the said tranche:

Process for notification to subscribers of the amount allotted and indication whether dealing may begin before notification is made: [●]

21. **[PRICING**

Indication of the expected price at which the securities will be offered or the method of determining the price and the process for its disclosure. Indicate the amount of any expenses and taxes specifically charged to the subscriber or purchaser: [●]

22. **[Derivative instruments only – PLACING AND UNDERWRITING**

Name and address of the coordinator(s) of the global offer and of the different parts of the offer and, to the extent known to the Issuer or to the offeror, of the dealers in the various countries where the offer takes place: [●]

Entities having agreed to underwrite the issue on a firm commitment basis and entities having agreed to place the Certificates without a firm commitment or under ‘best efforts’ arrangements. Where not all of the issue is underwritten, indicate the portion not covered: [●]

PRO FORM FINAL TERMS RELATING TO EQUITY BASKET-LINKED NOTES, INDEX BASKET-LINKED NOTES, ETF BASKET-LINKED NOTES AND ADR/GDR BASKET-LINKED NOTES

PRO FORMA FINAL TERMS

Final Terms dated [●]

[LOGO, if document is printed]

HSBC France

Issue of [Brief description and amount of Notes]

Notes issuance programme of [●] euros

Issue Price: [●] %

[Name(s) of Dealer(s)]

[Include the following legend where a non-exempt offer of Notes is anticipated]

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC), as amended (the "**Prospectus Directive**") (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 48 of Part A below, provided such person is one of the persons mentioned in Paragraph 48 of Part A below and that such offer is made during the Offer Period specified for such purpose.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].

[Include the following legend only where an exempt offer of Notes is anticipated]

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC), as amended (the "**Prospectus Directive**") (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].

The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the Prospectus Directive Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**Prospectus Directive Amending Directive**" means Directive 2010/73/EU.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Terms and Conditions**") set forth in the Base Prospectus dated [●] June 2012 [and the supplement[s] to the Base Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, as amended from time to time.

This document constitutes the Final Terms for the issuance of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive, as amended from time to time and must be read in conjunction with the 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. [These Final Terms, the Base Prospectus [and the supplement[s] to the Base Prospectus] are available on the websites of the Luxembourg Stock Exchange (www.bourse.lu) and the Issuer (www.hsbc.fr) for a period of at least twelve months from the date of the Base Prospectus, and during normal business hours at the registered office of the Issuer and at the

specified offices of the Paying Agent(s)]⁵⁵. [In addition⁵⁶, the Base Prospectus [and the supplement[s] to the Base Prospectus] [is] [are] available [at/on] [●]]

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

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Terms and Conditions**") set forth in the Base Prospectus dated [original date] [and the supplement[s] to the Base Prospectus dated [●]] ([together] the "**Original Base Prospectus**"). This document constitutes the Final Terms for the issuance of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive, as amended from time to time and must be read in conjunction with the Base Prospectus dated [●] June 2012 [and the supplement[s] to the Base Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the "**Current Base Prospectus**"), save in respect of the Terms and Conditions which are extracted from the Original Base Prospectus 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, the Original Base Prospectus and the Current Base Prospectus. [These Final Terms, the Terms and Conditions and the Current Base Prospectus are available on the websites of (a) (the Luxembourg Stock Exchange (www.bourse.lu) for a period of at least twelve months from the date of the Base Prospectus and (b) the Issuer (www.hsbc.fr) [and] during normal business hours at, and copies may be obtained from, the registered office of the Issuer and at the specified offices of the Paying Agent(s).⁵⁷ [In addition, the Terms and Conditions and the Original Base Prospectus dated [●] June 2012 are available [on/at] [●].]⁵⁸

[Complete all the following that apply or specify as "Not Applicable" (N/A). 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 adding other final terms, consideration should be given as to whether such terms constitute "significant new factors" and consequently require the drafting of a supplement to the Base Prospectus under Article 16 of the Prospectus Directive. Publication of such a supplement would entitle investors who had already agreed to purchase or subscribe Notes to withdraw their agreement within a period of two (2) business days.]

1. **Issuer:** HSBC France

2. (a) [Series Number: [●]]

(b) [Tranche Number: [●]]

(If the Series is fungible with an existing Series, indicate the details of that Series, including the date on which the Notes become fungible.)

⁵⁵ If the Notes are listed on a Regulated Market and/or offered to the public in any Member State of the EEA in accordance with the Prospectus Directive

⁵⁶ If the Notes are listed on a Regulated Market other than the Luxembourg Stock Exchange

⁵⁷ If the Notes are listed on a Regulated Market and/or offered to the public in any Member State of the EEA in accordance with the Prospectus Directive

⁵⁸ If the Notes are listed on a Regulated Market other than the Luxembourg Stock Exchange

3. **Specified Currency or Currencies:** [●]
4. **Aggregate Nominal Amount:** [●]
- (a) [Series:] [●]
- (b) [Tranche:] [●]
5. **Issue Price:** [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6. **Specified Denomination(s):** [●]⁵⁹(one Nominal Amount only for Dematerialised Notes) (Not less than €1,000 or its equivalent in another currency at the Issue Date for Notes admitted to trading or offered to the public in the EEA in circumstances where a prospectus is required to be published under the Prospectus Directive)
7. (a) Issue date: [●]
- (b) Interest Commencement Date (if different from the Issue Date): [●] [Specify/Issue Date/Not Applicable]
8. **Maturity Date:** [specify date or (for Floating Rate Notes) Coupon Payment Date closest to the relevant month and year]
9. **Interest Basis:** [[●] per cent. Fixed Rate]
- [[EURIBOR, EONIA, LIBOR, CMS, TEC or other] +/- [●]% Floating Rate]
- [Note linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket]
- [Zero Coupon Note]
- [Other (specify)]
- (further particulars specified below)

⁵⁹ Notes [(including Notes denominated in Sterling) in respect of which the issue proceeds must be accepted by the issuer in the United Kingdom or whose issue otherwise constitutes a contravention of S19 FSMA and] which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies)

10. **Redemption/Payment Basis**⁶⁰
(Condition 7):
- [Redemption at par]
- [[Redemption linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket]
- [Dual Currency Notes]
- [Partly Paid]
- [Instalment Payment]
- [Physical Delivery]
- [Other (*specify*)]
- (further particulars indicated below)*
11. **Change of Interest Basis or Redemption/Payment Basis:** [Specify details of any provisions relating to a change of interest basis or redemption/payment basis applicable to the Notes]
12. **Put/Call Options:**
- [Condition 7[(c)][(d)] will apply as specified below]
- [[Holder Put]
- [Issuer's Call]
- [other option: (*further particulars indicated below*)]
- [Not Applicable]]
13. (a) Status of Notes: [Non-subordinated]
- (b) Date of Board approval for issuance of Notes [●]
- (c) [Date of issuance authorisations]: [Board of Directors' decision dated [●]]

⁶⁰ If the Final Redemption Amount is other than 100% of the nominal amount the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation [809/2004] apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with. [Note that some regulators may require the inclusion of information relating to paragraph 5 of Annex XII even when (it being understood that this information is not required under Annex XII) the nominal value of the Notes is €100,000 or more. Where Annex XII does not apply but the revenues generated by the Notes are linked to an underlying, consideration must nonetheless be given to including all the information relating to the said underlying.]

14. **Method of distribution:** [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST PAYABLE (IF APPLICABLE)

15. **Provisions relating to Fixed Rate Notes:** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(a) Interest Rate: [●] per cent. per annum [payable [annually/semi-annually / quarterly/monthly/other (*specify*)] in arrears]

(b) Interest Payment Date(s): [●] of each year

[[not adjusted/[Specify the Business Day Convention and any Business Centre(s) applicable for the definition of "Business Day"]]]

(c) Fixed Coupon Amount(s): [●] per [●] of the Specified Nominal Amount

(d) Broken Amount: *[Provide information relating to the initial or final broken interest amounts that do not correspond to the Fixed Coupon Amount(s)]*

(e) Day Count Fraction: [30/360/ Actual/Actual - [ICMA/ISDA]/ other]

(f) Determination Dates: [●] of each year

[indicate regular Interest Payment Dates, ignoring Issue Date and Maturity Date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)]

(g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]

16. **Provisions relating to Floating Rate Notes:** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(a) Interest Period(s): [●]

(b) Specified Interest Payment Dates: [●]

(c) First Interest Payment Date: [●]

- (d) Business Day Convention: ["Floating Rate" Business Day Convention/ "Following" Business Day Convention/ "Modified Following" Business Day Convention/ "Preceding" Business Day Convention/ other (*give details*)]
- [Insert "unadjusted" if application of the relevant business day convention is not intended to affect the Interest Amount]*
- (e) Business Centre(s) (Condition 4(a)): [●]
- (f) Method used to determine Interest Rate(s): [FBF/ISDA/Screen Page/Other (*give details*)]
- (g) Interest Accrual Period Date: [Interest Payment Date/Other (*give details*)]
- (h) Party responsible for calculating the Interest Rate(s) and Interest Amount(s) (if not the Calculation Agent): [●]
- (i) FBF Determination: [Applicable/ Not Applicable]
- (i) Floating Rate: [●] (*specify Benchmark [EURIBOR, EONIA, LIBOR, CMS, TEC or other] and months, e.g. EURIBOR 3 months*) (*other information if necessary*)
- (ii) Floating Rate Determination Date: [●]
- (iii) FBF definitions (if different from those of the Terms and Conditions): [●] (*explain how the rate is determined (e.g. benchmark page) if different from or not specified in the FBF Definitions*)
- (j) ISDA Determination: [Applicable/ Not Applicable]
- (i) Floating Rate Option: [●]
- (ii) Designated Maturity: [●]
- (iii) Reset Date: [●]
- (iv) ISDA Definitions (if different from those set out in the Terms and Conditions): [●]
- (k) Screen Rate Determination: [Applicable/ Not Applicable]
- (i) Benchmark: [●] (*specify Benchmark [EURIBOR, EONIA, LIBOR, CMS, TEC or other] and months, e.g. EURIBOR 3 months*) (*other information if necessary*)

necessary)

- (ii) Relevant Time: [●]
- (iii) Interest Determination Date(s): [●]
- (iv) Primary Source for Floating Rate: [Specify Screen Page or "Reference Banks"]
- (v) Reference Banks (if primary source is "**Reference Banks**"): [Indicate four banks]
- (vi) Relevant Financial Centre: [The financial centre closest to the benchmark - specify if not Paris]
- (vii) Representative Amount: [Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]
- (viii) Effective Date: [Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]
- (ix) Specified Duration: [Specify quotation period if duration is different from Interest Accrual Period]
- (x) Relevant Screen Page: [●] (in the case of EURIBOR, if not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (l) Margin(s): [+/-] [●] per cent. per annum
- (m) Minimum Interest Rate: [Not Applicable/[●]% per annum]
- (n) Maximum Interest Rate: [Not Applicable/[●]% per annum]
- (o) Day Count Fraction: [●]
- (p) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Terms and Conditions: [●]

17. **Provisions relating to Zero Coupon Notes:** [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Yield: [●] % per annum
- (b) Day Count Fraction: [●]

- (c) Any other formula/basis of determining amount payable: [●]
18. **Provisions relating to Notes with a Coupon Linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR or ADR/GDR Basket:** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Equity, Equity Basket, Index, Index Basket, ETF unit, ETF Basket, ADR/GDR, ADR/GDR Basket/Formula/other variable: [*Specify (in an appendix if necessary)*]
- (b) Party responsible for calculating the Interest Rate(s) and/or Coupon Amount(s) (if not the Calculation Agent): [●]
- (c) Provisions for determining the Coupon when calculated by reference to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket, Formula or other variable: [*Include a description of Potential Adjustment Events, Exceptional Events or Additional Disruption Events*]
- (d) Interest Determination Date(s): [●]
- (e) Provisions for determining the Coupon when calculation by reference to an Index, Formula or other variable is impossible or impracticable: [*Include a description of market disruption or settlement disruption events and the adjustment provisions*]
- (f) Interest or Calculation Period(s): [●]
- (g) Specified Interest Payment Dates: [●]
- (h) Business Day Convention: ["Floating Rate" Business Day Convention/"Following" Business Day Convention/"Modified Following" Business Day Convention/"Preceding" Business Day Convention/other (*give details*)]
- (i) Business Centre(s): [●]
- (j) Minimum Interest Rate: [Not Applicable/[●] per cent. per annum]
- (k) Maximum Interest Rate: [Not Applicable/[●] per cent. per annum]
- (l) Day Count Fraction: [●]

19. **Provisions relating to Dual Currency Notes**⁶¹: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]
- (b) Party, if any, responsible for calculating the principal and/or interest due (if not the Calculation Agent): [●][give name and address]
- (c) Provisions applicable when calculation by reference to the Rate of Exchange is impossible or impracticable: [●]
- (d) Person(s) at whose option Specified Currency(ies) is/are payable: [●]
- (e) Day Count Fraction: [●]
20. **Provisions relating to Physical Delivery Notes**: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Underlying assets and/or Formula to be used to determine principal and/or interest or the Physical Delivery Amount: [●]
- (b) Cash settlement and/or physical delivery: (Specify whether or not Notice of Settlement is applicable.)
- (c) [[Issuer/Holder] option to change settlement method and, if yes, chosen method and procedure for changing settlement:] [Yes, [give or append the details]/No]
- (d) If settlement is by physical delivery: [●]

⁶¹ If the Final Redemption Amount is other than 100% of the nominal amount the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation [809/2004] apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with. [Note that some regulators may require the inclusion of information relating to paragraph 5 of Annex XII even when (it being understood that this information is not required under Annex XII) the nominal value of the Notes is €100,000 or more. Where Annex XII does not apply but the revenues generated by the Notes are linked to an underlying, consideration must nonetheless be given to including all the information relating to the said underlying.]

- (i) Method of delivery of Physical Delivery Amount and consequences of Potential Adjustment Events, Exceptional Events or Additional Disruption Events: [●]
- (ii) Details of how and when Transfer Notice is to be delivered: [●]
- (iii) Details of how entitlement to Physical Delivery Amount will be evidenced: [●]
- (e) The party responsible for calculating the redemption amount and/or interest amount, or the Physical Delivery Amount, payable (if not the Calculation Agent): [●]
- (f) Provisions where calculation by reference to the underlying assets and/or Formula is impossible or impracticable: [●]
- (g) Details of any other relevant terms, any stock exchange requirements/tax considerations (include details of person responsible for transfer expenses): [●]
- (h) Method of calculating Early Redemption Amount (if for reasons other than following a redemption for tax reasons or an Event of Default): [●] per Note of [●] of specified Denomination/Market Value
- (i) Valuation Date: [●]
- (j) Details of Stock Exchanges(s) and Related Exchange(s): [●]
- (k) Rate of Exchange: [Applicable/Not Applicable]
- (l) Such other additional terms or provisions as may be required: [●]

PROVISIONS RELATING TO REDEMPTION

21. **Redemption at the option of the Issuer:** [Applicable/Not Applicable]
 (Condition 8(c))

(If not applicable, delete the remaining

subparagraphs of this paragraph)

- (a) Optional Redemption Amounts[of each Note and, if relevant, the method of calculating such amount(s)]: *[specify – if not par, and also specify details of any formula]*
[[●]
per Note with a specified denomination of [●]]
- (b) Series redeemable in part: *[specify – otherwise redemption will only be permitted of entire Series]*
- (i) Minimum Redemption Amount: [●]
- (ii) Maximum Redemption Amount: [●]
- (c) Call Option Date(s)/Call Option Period: *[Specify]*
- (d) [Notice period⁶²]: [●]
22. **Redemption at the option of the Noteholders:** [Applicable/Not Applicable]
(Condition 8(d))
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Optional Redemption Amount(s) [of each Note and, if relevant, method of calculation of this/these amount(s)]: *[specify – if not par, also specify details of any formula]*
- (b) Put Option Date(s)/Put Option Period: *[Specify]*
[●] per Note with a specified nominal amount of [●]
- (c) [Notice Period⁶³]: [●]
23. **Redemption by Instalments:** [Applicable/Not Applicable]

⁶² If the notice periods applied differ from those provided for in the Terms and Conditions, issuers are advised to set forth the practical means of communicating the information through intermediaries, such as the clearing systems and depositaries, and the notice terms and conditions that shall apply, for example between the Issuer and its Financial Agent

⁶³ If the notice periods applied differ from those provided for in the Terms and Conditions, issuers are advised to set forth the practical means of communicating the information through intermediaries, such as the clearing systems and depositaries, and the notice terms and conditions that shall apply, for example between the Issuer and its Financial Agent

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Instalment payment amounts [●]
- (b) Instalment payment date(s) [●]
- (c) Other provisions relating to instalment payments [●]

24. **Final Redemption Amount of each Note**⁶⁴: [[●] per Note [of [●] specified denomination]/ Specified Denomination/Other (*specify*) /See Appendix]

In cases where the Final Redemption Amount is linked to an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket or any other variable

- (a) an Equity, Equity Basket, Index, Index Basket, ETF, ETF Basket, ADR/GDR, ADR/GDR Basket, Formula /other variable: [*Specify (in an appendix if necessary)*]
- (b) Party responsible for calculating the Interest Rate(s) and Final Redemption Amount (if not the Calculation Agent): [●] [*give name and address*]
- (c) Provisions for determining Final Redemption Amount where calculated by reference to an Index and/or a Formula and/or other variable: [●]
- (d) Determination Date(s): [●]
- (e) Provisions for determining Final Redemption Amount where calculation by reference to an Index and/or Formula and/or other variable is impossible or impracticable: [●]
- (f) Payment Date: [●]

⁶⁴ If the Final Redemption Amount is other than 100% of the nominal amount the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation [809/2004] apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with. [Note that some regulators may require the inclusion of information relating to paragraph 5 of Annex XII even when (it being understood that this information is not required under Annex XII) the nominal value of the Notes is €100,000 or more. Where Annex XII does not apply but the revenues generated by the Notes are linked to an underlying, consideration must nonetheless be given to including all the information relating to the said underlying.]

- (g) Minimum Final Redemption Amount: [●]
- (h) Maximum Final Redemption Amount: [[●] per Note of [●] Specified Nominal Amount/other (*specify*)/see Appendix]

[Provisions for Equity Linked Notes:

If the Closing Price is greater than or equal to the Strike Price, each Note shall be redeemed at the Specified Denomination (the "Final Redemption Amount").

If the Closing Price is less than the Strike Price, each Note shall be redeemed by delivery to the Holder of the Transfer Amount of the underlying for each Note held on the Settlement Date or, if later (and subject to Condition 8) three Business Days following receipt by the Issuer of a duly completed Transfer Notice and surrender of the said Note(s).]

Other Notes: At par/other - specify/See Appendix [●] attached hereto.

25. Early Redemption Amount:

Early Redemption Amount(s) of each Note paid [●]
on redemption for taxation reasons or an event of default or other early redemption events and/or the method of calculating the amount (if required or if different from that set out in Condition 8(e):

[Calculation Agent for the requirements of Condition 7(m):] [Not Applicable/*state name*]]

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

26. Form of Notes:

[Dematerialised Notes/Materialised Notes]

(Materialised Notes are solely in Bearer form)

[Delete as appropriate]

- (a) Form of Dematerialised Notes: [Not Applicable/If Applicable specify whether bearer form (*au porteur*)/administered registered form (*au nominatif administré*)/fully registered form (*au nominatif pur*)] (*Dematerialised Notes are only in book entry form*)

[Delete as appropriate]

- (b) Registration Agent: [Not Applicable/If applicable give name and address] *(Note that a Registration Agent must be appointed with regard to fully registered Dematerialised Notes only)*
- (c) Temporary Global Note: [Not Applicable/Temporary Global Note exchangeable for Definitive Materialised Notes on [●] (the "Exchange Date"), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Note]
27. Financial Centre(s) or other special provisions relating to Payment Dates for the purposes of Condition 9(g): [Not Applicable/Give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 15 (ii), 16(v) and 18(ix) relate]
28. Talons for future Coupons or Receipts to be attached to Definitive Materialised Notes (and dates on which such Talons mature): [Yes/No/Not Applicable. If yes, give details] *(Only applicable to Materialised Notes)*
29. Provisions relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/Give details]
30. Provisions relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/Give details]
31. Redenomination, redenominatisation and reconventioning provisions: [Not applicable/Application of provisions [of Condition 1(d)] [appended to these Final Terms]]
32. Provisions relating to consolidation: [Not Applicable/Application of provisions [of Condition 15(b)] [appended to these Final Terms]]
33. Other Final Terms: [Not Applicable/give details]
- (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 Base Prospectus under Article 16 of the Prospectus Directive.)*

PROVISIONS APPLICABLE TO SECURITIES LINKED TO AN EQUITY, EQUITY BASKET, INDEX, INDEX BASKET, ETF, ETF BASKET, ADR/GDR, ADR/GDR BASKET. SECURITIES REDEEMABLE IN CASH LINKED TO EQUITIES, EQUITY BASKET, INDEX, INDEX BASKET,

ETF, ETF BASKET, ADR/GDR, ADR/GDR BASKET

34. **Delivery of Securities (Equity Linked Notes only)** Transfer Notice: [Yes/No/Not Applicable]

Delivery of the Securities will be *via* the Clearance System. The delivery or Transfer of the Securities to each Holder is at the said Holder's risk and if delivery occurs later than the earliest possible date for delivery, no additional amounts will be payable by the Issuer.

35. **Provisions relating to Cash Equity Notes and Equity Linked Notes (excluding ADR/GDR Linked Notes):**

- (a) Securities: [•]
- (b) Underlying company or Security Issuing Company(ies): [•]
- (c) Market(s): [•]
- (d) Cash Settlement Payment Date [Maturity Date/Other - specify]

- (e) Security Transfer Amount (for Equity Linked Notes only): [•]

- (f) Settlement Date (for Equity Linked Notes only): Condition 19 [applies/does not apply]
- (g) Settlement Disruption Event (for Equity Linked Notes only): Condition 19 [applies/does not apply]
Disruption period:
- (h) Delivery Disruption Event: (for Equity Linked Notes only): Condition 19 [applies/does not apply]
- (i) Potential Adjustment Event: Condition 19 [applies/does not apply]
- (j) Merger Event: Condition 19 [applies/does not apply]
- (k) Nationalisation, Insolvency or Delisting: Condition 19 [applies/does not apply]
- (l) Tender Offer: [•]
- (m) Conversion (for Notes relating to debt securities only): Condition 19 [applies/does not apply]
- (n) Corrections to published prices affecting [•]

debt securities:

- (o) Spot Price: [•]
- (p) Barrier Levels: [•]
- (q) Barrier Period: [•]
- (r) Trigger Event: [•]
- (s) Trigger Level: [•]
- (t) Weighting: [•]
- (u) Strike Price: [•]
- (v) Strike Date: [•]
- (w) Knock-in Event: [Not Applicable/specify/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
- (x) Knock-in Period Beginning Date: [Not Applicable/specify]
- (y) Knock-in Period Ending Date: [Not Applicable/specify]
- (z) Knock-in Price: [Not Applicable/specify]
- (aa) Knock-in Valuation Time: [Not Applicable/specify]
- (bb) Knock-out Event: [Not Applicable/specify/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
- (cc) Knock-out Period Beginning Date: [Not Applicable/specify]
- (dd) Knock-out Period Ending Date: [Not Applicable/specify]
- (ee) Knock-out Period Ending Date Scheduled Trading Day Convention: [Not Applicable/specify]
- (ff) Knock-out Price: [Not Applicable/specify]
- (gg) Knock-out Valuation Time: [Not Applicable/specify]
- (hh) Scheduled Trading Day Convention: [Not Applicable/specify]
- (ii) Automatic Early Redemption Amount: [Not Applicable/specify]
- (jj) Automatic Early Redemption Date(s): [Not Applicable/specify]
- (kk) Automatic Early Redemption Event: [Not Applicable/specify]
- (ll) Automatic Early Redemption Price: [Not Applicable/specify]

(mm) Automatic Early Redemption Rate: [Not Applicable/specify]

(nn) Automatic Early Redemption Valuation Date(s): [Not Applicable/specify]

(oo) Rate of Exchange: [Not Applicable/specify]

36. Additional provisions relating to Equity Linked Notes:

37. Provisions relating to ADR/GDR Linked Notes:

(a) ADR/GDR Securities: [•]

(b) ADR/GDR Issuer: [•]

(c) Security Transfer Amount (for Equity Linked Notes only): [•]

(d) Settlement Date (for Equity Linked Notes only): [•]

(e) Settlement Disruption Event (for Equity Linked Notes only): [•]

(f) Disruption Period (if other than as specified in Condition 10(c)): [•]

(g) Delivery Disruption Event (for Equity Indexed Notes only): [•]

(h) Knock-in Event: [Not Applicable/specify/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]

(i) Knock-in Period Beginning Date: [Not Applicable/specify]

(j) Knock-in Period Ending Date: [Not Applicable/specify]

(k) Knock-in Price: [Not Applicable/specify]

(l) Knock-in Valuation Time: [Not Applicable/specify]

(m) Knock-out Event: [Not Applicable/specify/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]

(n) Knock-out Period Beginning Date: [Not Applicable/specify]

(o) Knock-out Period Beginning Date Scheduled Trading Day Convention: [Not Applicable/specify]

(p) Knock-out Period Ending Date: [Not Applicable/specify]

- (q) Knock-out Period Ending Date [Not Applicable/specify]
Scheduled Trading Day Convention:
- (r) Knock-out Price: [Not Applicable/specify]
- (s) Knock-out Valuation Time: [Not Applicable/specify]
- (t) Automatic Early Redemption Amount: [Not Applicable/specify]
- (u) Automatic Early Redemption Dates: [Not Applicable/specify]
- (v) Automatic Early Redemption Event: [Not Applicable/specify]
- (w) Automatic Early Redemption Price: [Not Applicable/specify]
- (x) Automatic Early Redemption Rate: [Not Applicable/specify]
- (y) Automatic Early Redemption Valuation Date(s): [Not Applicable/specify]
- (z) Rate of Exchange: [Not Applicable/specify]
- 38. Provisions relating to Index-linked Notes:** [Not Applicable/specify]
- (a) Composite Index: [•]
- (b) Index(ices): [•]
- (c) Index Sponsor: [•]
- (d) Markets: [•]
- (e) Related Exchange: [•]
- (f) Cash Settlement Payment Date [•]
- (g) Index Adjustment: [•]
- (h) Strike Date: [•]
- (i) Strike Price: [•]
- (j) Knock-in Event: [Not Applicable/specify/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
- (k) Knock-in Period Beginning Date: [Not Applicable/specify]
- (l) Scheduled Knock-in Period Beginning Date: [Not Applicable/specify]
- (m) Knock-in Period Ending Date: [Not Applicable/specify]
- (n) Knock-in Level: [Not Applicable/specify]

- (o) Knock-in Valuation Time: [Not Applicable/specify]
- (p) Knock-out Event: [Not Applicable/specify/"greater than"/"greater than or equal to"/"less than"/"less than or equal to"]
- (q) Knock-out Period Ending Date: [Not Applicable/specify]
- (r) Knock-out Level: [Not Applicable/specify]
- (s) Knock-out Valuation Time: [Not Applicable/specify]
- (t) Automatic Early Redemption Amount: [Not Applicable/specify]
- (u) Automatic Early Redemption Date(s): [Not Applicable/specify]
- (v) Automatic Early Redemption Event: [Not Applicable/specify]
- (w) Automatic Early Redemption Price: [Not Applicable/specify]
- (x) Automatic Early Redemption Rate: [Not Applicable/specify]
- (y) Automatic Early Redemption Valuation Date(s): [Not Applicable/specify]
- (z) Rate of Exchange: [Not Applicable/specify]
39. **Valuation Date(s)** [•]
40. **Valuation Time:** [•]
41. **Averaging Dates:** [•]
- (a) Relevant Prices: [Yes/No. *If yes, specify dates*]
- (b) Details relating to how the Final Redemption Amount will be calculated when the Notes relate to a Basket of Indices or Securities: [*Specify how the level of the index of the Equities' market value is to be determined*]
- (c) Averaging Date in the event of Market Disruption: [Omission/Postponement/Modified Postponement/Not Applicable/Other (specify)]
42. **Other provisions relating to Index-linked Notes, Cash Equity Notes and Equity Linked Notes:** [•]

PROVISIONS APPLICABLE TO SECURITIES LINKED TO AN EQUITY, EQUITY BASKET, INDEX, INDEX BASKET, ETF, ETF BASKET, ADR/GDR, ADR/GDR BASKET. SECURITIES REDEEMABLE IN CASH LINKED TO EQUITIES, EQUITY BASKET, INDEX, INDEX BASKET, ETF, ETF BASKET, ADR/GDR, ADR/GDR BASKET

DISTRIBUTION

43. **If syndicated, names [and addresses⁶⁵] of the Managers [and the underwriting commitments⁶⁶]:** [Not Applicable/*give names*], *addresses and underwriting commitments⁶⁷*]
- [(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)]
44. (a) Date of [Subscription] Agreement: []⁶⁸
- (b) Stabilising Manager(s) (if any): [Not Applicable/*give names*]
- If not syndicated, name [and address⁶⁹] of Dealer: [Not Applicable/*give name [and address⁷⁰]*]
45. **Total Commission and concession:** [] per cent. of the Aggregate Nominal Amount
46. **Additional selling restrictions:** [Not Applicable/specify]

⁶⁵ Not required for Notes with a denomination of at least €50,000

⁶⁶ If the Final Redemption Amount is other than 100% of the nominal amount the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation 809/2004 apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with.

⁶⁷ If the Final Redemption Amount is other than 100% of the nominal amount the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation 809/2004 apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with.

⁶⁸ If the Final Redemption Amount is other than 100% of the nominal amount the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation 809/2004 apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with.

⁶⁹ If the Final Redemption Amount is other than 100% of the nominal amount the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation 809/2004 apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with.

⁷⁰ If the Final Redemption Amount is other than 100% of the nominal amount the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to European Commission Regulation 809/2004 apply. These pro forma Final Terms have been annotated to indicate where the key additional requirements of Annex XII are dealt with.

47. **U.S. Selling Restrictions:**

The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

[TEFRA C rules/ TEFRA D rules/ TEFRA rules not applicable] (*TEFRA rules are not applicable to Dematerialised Notes*)

48. **Non-exempt Offer:**

[[Not Applicable] [An offer of the Notes may be made by the Managers [and [*specify, if applicable*]] other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been authorised*] ("**Public Offer Jurisdictions**") during the period from [*specify date*] until [*specify date*] ("**Offer Period**"). See Paragraph 19 of Part B below.]

49. **GENERAL**

The aggregate principal amount of Notes issued has [●] been translated into euro at the rate of [●] producing a sum of (solely for Notes not denominated in euro): [●]

[PURPOSE OF FINAL TERMS]

These Final Terms comprise the final terms required for the issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on the [Euronext Paris Regulated Market /other (*specify*)] of the Notes described herein pursuant to HSBC France's Euro[●] Notes Issuance Programme.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [(*Relevant third party information*) has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]⁷¹

Signed on behalf of HSBC France:

⁷¹ Include if third party information is provided, for example in compliance with Annex XII of European Regulation 809/2004 in relation to an index or its components, an underlying security or the issuer of an underlying security

By: _____

Duly authorised

**PART B
OTHER INFORMATION**

1. ISSUE-SPECIFIC RISK FACTORS

[Insert any risk factors that are material to the Notes admitted to trading in order to assess the market risk associated with these Notes and that may affect the Issuer's ability to fulfil its obligations under the Notes and which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included, consideration should be given as to whether they constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

2. [PUBLIC OFFER(S)]

- (a) Public offer(s): Yes/Not Applicable]
- (b) Member State: [the Notes will be offered to the public in [•] (insert any Member State of the European Economic Area where the Notes will be offered to the public/Not Applicable)⁷²

3. LISTING AND ADMISSION TO TRADING:

- (a) Listing: [Euronext Paris/other (specify)/None]
- (b) Market maker: [Agreement concluded between HSBC Bank plc and Euronext Paris/[For markets other than Euronext Paris (specify the market) continuous market making or fixing]/None]
- (c) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Paris/other (specify)] with effect from [●].][Application is due to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [Euronext Paris/other (specify)] with effect from [●].] / [Not Applicable]
- (In the case of a fungible issue, indicate that the original Notes are already admitted to trading.)
- (d) Regulated Markets or equivalent markets on which, to the knowledge of the Issuer, Notes of the same class as the Notes to be offered or admitted to trading are already admitted to trading: [●]

⁷² Not required for Notes with a denomination of at least €50,000

- (e) [Estimate of total expenses related to admission to trading: ⁷³]
- (f) Additional publication of Base Prospectus and Final Terms: (See paragraph 10 of the section "**General Information**" of the Base Prospectus).

4. RATINGS

Ratings:

The Issuer has been assigned an AA- rating by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., an A1 rating by Moody's Investors Service and an AA rating by Fitch Ratings.

The Notes to be issued have been rated as follows:

[S&P:]

[Moody's:]

[Fitch:]

[[Other]:]

[Include a brief explanation of the meaning of these ratings if this has previously been published by the rating provider. ⁷⁴]

(The rating assigned to the Notes issued under the Programme should be indicated above, or if an issue of Notes has been assigned a specific rating, the specific rating should be indicated above.)

Each credit rating agency is established in the European Union and has applied for registration under Regulation (EU) No 1060/2009 (the "**CRA Regulation**") as amended by Regulation (EU) No. 513/2011, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA

⁷³ Required solely for Notes with a denomination of at least €50,000

⁷⁴ Not required for Notes with a denomination of at least €50,000

Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

[[Insert rating agency] is established in the European Union and registered pursuant to European Parliament and Council Regulation EC 1060/2009]

[[Insert rating agency] is not established in the European Union and has not applied for registration pursuant to European Parliament and Council Regulation EC 1060/2009]

[Insert rating agency] is not established in the European Union and has not applied for registration pursuant to European Parliament and Council Regulation EC 1060/2009 but is accredited by [insert rating agency] which is established in the European Union and has applied for registration pursuant to European Parliament and Council Regulation EC 1060/2009.]]

5. **[NOTIFICATION]**

The *Autorité des marchés financiers*, which is the competent authority in France for the purpose of the Prospectus Directive has been requested to provide[/the *Autorité des marchés financiers*, which is the competent authority in France for the purpose of the Prospectus Directive has provided (*insert first alternative in the case of an issue that is contemporaneous with the establishment or updating of the Programme and use the second alternative in the case of subsequent issues*)]] the [*insert the name of the competent authority of the host Member State*] [with a]/[with the] certificate[s] of approval attesting that the Base Prospectus and the supplement(s) [has/have] been drawn up in accordance with the Prospectus Directive.]

6. **[THIRD PARTY INFORMATION, STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST⁷⁵**

If advisors are mentioned in these Final Terms, specify the capacity in which the advisors have acted.

Specify other information mentioned in the Final Terms which has been audited or reviewed by independent auditors and on which the independent auditors have produced a report. Insert the report or, if the competent authority so authorises, a summary of the report.

Where a statement or report attributed to a person as an expert is included in these Final Terms in respect of the Issuer or the Notes, provide such person's name, business address, qualifications and material interest if any in the Issuer. If the statement or report has been produced at the Issuer's

⁷⁵ [Note that some regulators may require the inclusion of such information even when the nominal value of the Certificates is €100,000 or more.]

request a statement should be attached to the effect that such document has been included, as well as the form and context in which it has been included, with the consent of that person who has approved the contents of that part in respect of the Issuer or the Notes.

Where information has been sourced from a third party, provide a statement certifying that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In addition, the Issuer shall identify the source(s) of the information.]

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

The purpose of this section is to describe any interest, including any conflicting interest, that may have a material effect on the issue/offer, detailing the persons involved and the nature of the interest. This requirement may be satisfied by the inclusion of the following statement: "Save as indicated in the "Subscription and Sale" section, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer".

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

8. [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(a) [Reasons for the offer: [●]

(See the "Use of Funds" section in the Base Prospectus – if the reasons for the offer are not those of financing the Issuer's activity, the reasons should be given here)

(b) [[Estimated net proceeds: [●]

(If the issue proceeds are intended for more than one use, the estimated net proceeds should be broken down into the proposed main uses, by descending order of importance. If the Issuer is aware that the estimated proceeds will be insufficient to fund all the proposed uses, it must indicate the amount and source of the additional funds required.)

(c) Estimated total expenses: [●]. [Include breakdown of expenses.]⁷⁶

(If the Notes are derivative securities to which Annex XII of European Commission Regulation 809/2004 applies it is only necessary to include net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

⁷⁶ Not required for Notes with a denomination of at least €50,000

9. **[Fixed Rate Notes only – Yield**

Yield: [●]

Calculated as [*include summarised description of calculation method*] on the Issue Date.

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

Spread of [●] per cent relative to French government bonds (OAT) with equivalent maturities.

This actuarial rate of return is of importance only for Holders that keep their Notes until final redemption

10. **Fixed Rate Notes only– Trends in Interest Rates**

Details of interest rate trends [EURIBOR/LIBOR/EONIA/CMS/TE/other] can be obtained from [Reuters/other].⁷⁷

11. **[Index-Linked or Other Variable-Linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF ITS EFFECT ON THE VALUE OF THE INVESTMENT AND THE ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING⁷⁸**

This section should indicate where the information on the past and future performance and volatility of the index/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances in which the risks are most evident]⁷⁹. Where the underlying is an index, include the name of the index and a description if composed by the Issuer and, if the index is not composed by the Issuer, indicate where the information about the index can be obtained. Include any other information concerning the underlying required by Paragraph 4.2 of Annex XII of European Commission Regulation 809/2004.

⁷⁷ Not required for Notes with a denomination of at least €50,000

⁷⁸ For derivative instruments to which Annex XII of European Commission *Regulation 809/2004* applies, please complete paragraphs [12 and]13 below relating to the effect on the value of the investment, the yield on the derivative instruments and information on the underlying.

⁷⁹ Not required for Notes with a denomination of at least €50,000

*[(When completing this paragraph, consideration should be given as to whether the matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under article 16 of the Prospectus Directive.)]*⁸⁰

12. **[Dual Currency Notes only – PERFORMANCE OF EXCHANGE RATE[S] AND EXPLANATION OF EFFECT ON THE VALUE OF THE INVESTMENT⁸¹**

*This section should include details of where the information on past and future performance and volatility of the relevant rate[s] can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances in which the risks are most evident]*⁸²⁸³

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

13. **[Derivative instruments only – EXPLANATION OF EFFECT ON THE VALUE OF THE INVESTMENT, THE YIELD ON THE DERIVATIVE INSTRUMENTS AND INFORMATION CONCERNING THE UNDERLYING**

[EXPLANATION OF EFFECT ON THE VALUE OF THE INVESTMENT

*Include a clear and comprehensive explanation of how the value of the investment is affected by the u and the circumstances in which the risks are most evident, and of the risk that investors may lose par their investment.]*⁸⁴

14. **SETTLEMENT PROCEDURE FOR DERIVATIVE INSTRUMENTS**

This section should contain the description of the settlement procedure for the derivative instruments.

15. **YIELD ON DERIVATIVE INSTRUMENTS**

Yield on derivative instruments: *[Indicate the terms and conditions relating to returns on derivative instruments.*

Payment or delivery date: **[●]**

⁸⁰ Only required if the Notes constitute derivative instruments to which Annex XII of European Commission Regulation 809/2004 applies (i.e. if the Final Redemption Amount is other than 100% of the nominal value of the Notes).

⁸¹ For derivative instruments to which Annex XII of European Commission Regulation 809/2004 applies, please complete paragraphs 12 and 13 below relating to the effect on the value of the investment, the yield on the derivative instruments and information on the underlying.

⁸² Not required for debt securities with a denomination of at least €50,000

⁸³ Only required if the Notes constitute derivative instruments to which Annex XII of European Commission Regulation 809/2004 applies (i.e. if the Final Redemption Amount is other than 100% of the nominal value of the Certificates)

⁸⁴ Not required for Notes with a denomination of at least €50,000

Calculation method: [●]

16. INFORMATION CONCERNING THE UNDERLYING

Exercise price or final reference price of the underlying: [●]

A statement setting out the type of the underlying and details of where information on the underlying can be obtained:

- indicate where the information about the past and the future performance of the underlying and its volatility can be obtained: [●]

-where the underlying is a transferable security: [Applicable/Not Applicable]

name of the issuer of the security [●]

ISIN (International Security Identification Number) or other such security identification code: [●]

- where the underlying is an index: [Applicable/[Not Applicable]

- the name of the index and a description of the index if it is composed by the Issuer. If the index is not composed by the Issuer, indicate where information about the index can be obtained: [●]

- where the underlying is an interest rate: [Applicable/[Not Applicable]

- a description of the interest rate: [●]

- other: [Applicable/[Not Applicable]

- where the underlying does not fall within the categories specified above the Final Terms must contain equivalent information: [●]

- where the underlying is a basket of underlyings: [Applicable/[Not Applicable]

- Weighting assigned to each component of the basket: [●]

A description of any market disruption or settlement disruption events that affect the underlying: [●]

Adjustment rules that apply in the case of [●]
events with an impact on the underlying⁸⁵:

OTHER

Name and address of Calculation Agent: [●]

[Information on taxes on the income from the [●]]
Notes withheld at source in the country where
admission to trading (other than in
Luxembourg and France) is sought):

17. **[Derivative instruments only – POST ISSUANCE INFORMATION CONCERNING THE UNDERLYING**

The Issuer will not provide any post-issuance information, unless so required by any applicable regulations.

[If post-issuance information must be provided, specify what information will be provided and w. information can be obtained.]

18. **OPERATIONAL INFORMATION**

ISIN Code: [●]

Common Code: [●]

Depositories: [●]

(a) Euroclear France to act as Central [Yes/No]
Depository:

(b) (Common Depository for Euroclear [Yes/No]
Bank and Clearstream Banking,
société anonyme:

Any clearing system(s) other than Euroclear [Not Applicable//give name(s), number(s) and
Bank and Clearstream Banking, *société address(es)]*
anonyme and the corresponding identification
number(s):

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agents **HSBC Bank plc**
designated for the Notes: 8 Canada Square
London E14 5HQ
United Kingdom

HSBC France
103, avenue des Champs Elysées

⁸⁵ Only required if the Notes constitute derivative instruments to which Annex XII of European Commission Regulation 809/2004 applies

75008 Paris
France

Names and addresses of additional Paying Agent(s) (if any) [●]

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

CONDITIONS, OFFER STATISTICS, PROPOSED SCHEDULE AND PROCEDURE FOR SUBSCRIBING TO THE OFFER

Conditions to which the offer is subject: [●]

Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and timetable for announcing to the public the amount of the offer: [●]

The period, including any possible changes, during which the offer will be open and description of the application/subscription process: [●]

[A description of the possibility of reduction of subscriptions and the manner for refunding excess amounts paid by subscribers]⁸⁶: [●]

Details of the minimum and/or maximum subscription amount, (either in number of securities or total investment amount): [●]

Method and time limits for paying up the securities and for delivery of the securities [●]

A full description of the manner in which and date on which the results of the offer are to be made public: [●]

Category of prospective investors to which the securities are offered: [●]

Procedure for exercise of any right of pre-emption, the negotiability of subscription rights and the processing of subscription rights not exercised:⁸⁷ [●]

⁸⁶ Not required for derivative instruments to which Annex XII of European Commission *Regulation* applies

⁸⁷ If the offer is being made simultaneously in the markets of two or more countries and a tranche has been or is reserved for certain of these, indicate such tranche

20. **[DISTRIBUTION AND ALLOTMENT PLAN⁸⁸**

The various categories of prospective investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is reserved for certain of these, indicate the said tranche: [•]

Process for notification to subscribers of the amount allotted and indication whether dealing may begin before notification is made: [•]

21. **[PRICING**

Indication of the expected price at which the securities will be offered or the method of determining the price and the process for its disclosure. Indicate the amount of any expenses and taxes specifically charged to the subscriber or purchaser: [•]

22. **[Derivative instruments only – PLACING AND UNDERWRITING**

Name and address of the coordinator(s) of the global offer and of the different parts of the offer and, to the extent known to the Issuer or to the offeror, of the dealers in the various countries where the offer takes place:

Entities having agreed to underwrite the issue on a firm commitment basis and entities having agreed to place the Notes without a firm commitment or under 'best efforts' arrangements. Where not all of the issue is underwritten, indicate the portion not covered:

⁸⁸ Not required for Notes with a denomination of at least €50,000 unless Annex XII of European Commission Regulation 809/2004 applies

TAXATION - CERTIFICATES AND WARRANTS

The purchasers of and/or subscribers to Warrants and Certificates are responsible for the payment of any taxes and duties due under the laws and practices of the country of purchase or the tax regulations that apply to them.

The Issuer shall not be liable for the payment of any tax, duty, withholding tax or other payment due from the purchasers and/or subscribers and resulting from the holding or transfer of a Warrant or a Certificate by the purchasers and/or subscribers.

Prospective investors are strongly advised to consult their own independent and duly qualified tax advisors as to the consequences for their personal situation of application of the laws and regulations governing the purchase, holding, sale and exercise of Certificates and of Warrants.

TAXATION - NOTES

The following is a summary limited to certain tax considerations relating to the holding of Notes in France. It includes specific information on the taxation at source of income from the Notes. This summary is based on the laws in force in France as at the date of this Base Prospectus. Tax laws, their application and interpretation are subject to change, including with retroactive effect, which may affect the description provided below, which does not purport to be comprehensive.

Prospective investors are strongly advised to consult their own independent and duly qualified tax advisors as to the tax consequences of the laws and regulations governing the purchase, holding, sale and exercise of the Notes.

1. **EU Savings Directive**

On 3 June 2003, the European Union adopted Directive 2003/48/EC regarding the taxation of savings income (the "Savings Directive"). The Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income within the meaning of the Savings Directive made by a paying agent located within its jurisdiction to, or to the benefit of, an individual resident in another Member State or to certain entities operating in this other Member State. However, during a transitional period some Member States (Luxembourg and Austria) will instead impose a withholding tax system on interest payments as defined in the Directive unless the beneficiary of the payment opts for the exchange of information. As from 1 July 2011 up to the end of the transition period, the rate of such withholding tax is 35 per cent.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax should be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person shall be obliged to pay additional amounts with respect to any Note to offset this withholding tax. If a withholding tax is imposed on payments made by a Paying Agent, the Issuer shall be required to maintain a paying agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

The Savings Directive was implemented into French law by Article 242 *ter* of the French Tax Code (*Code général des impôts*) and requires paying agents located in France to provide the tax authorities with certain information relating to interest payments made to effective beneficiaries domiciled in another Member State, in particular information relating to their identity and address together with a detailed list of the various categories of interest paid to these beneficiaries is required.

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

2. **France**

Pursuant to the third amended French finance act for 2009 (*loi de finances rectificative pour 2009* - n° 2009-1674) dated 30 December 2009 (the "**Law**"), payments of interest and other revenues made by the Issuer with respect to Notes shall not be subject to the withholding tax set out in Article 125 A III of the French Tax Code (*Code général des impôts*) unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French Tax Code (a "**Non-Cooperative State**"). If such payments under the Notes are made in a Non-Cooperative State, a 50 % withholding tax shall be applicable (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French Tax Code. The 50% withholding tax is applicable irrespective of the Noteholder's tax residence. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, according to Article 238 A of the French Tax Code, interest and other revenues on the Notes shall not be deductible from the Issuer's taxable income, if they are paid or accrued to persons domiciled or

established in a Non-Cooperative State or paid into a bank account opened in a financial institution located in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be classified as dividends pursuant to Articles 109 *et seq.* of the French Tax Code, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out in Article 119 *bis* 2 of the French Tax Code at a rate of 30% or 55%, subject to the more favourable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, the Law provides that neither the 50% withholding tax provided by Article 125 A III of the French Tax Code nor the non-deductibility of interest and other revenues paid in respect of the Notes, shall apply in respect of a particular issue of Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes was not to allow the payment of interest or other revenues to be made in a Non-Cooperative State (the "Exception"). Pursuant to ruling (*rescrit*) No. 2010/11 of the *Direction générale des finances publiques* dated 22 February 2010, an issue of Notes shall benefit from the Exception without the Issuer having to provide any proof of the main purpose and effect of such issue of Notes, if such Notes are:

- (i) offered by means of a public offer of financial securities within the meaning of Article L.411-1 of the French Monetary and Financial Code (*Code monétaire et financier*) or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading facility provided that such market or facility is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider or by any other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the operations of a central depository or of a French securities delivery and settlement systems operator within the meaning of Article L.561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

In the present case, as all the conditions of the abovementioned ruling are fulfilled, the interest and other income paid in respect of the Notes shall be exempt from the withholding tax provided for in Article 125 A III of the French Tax Code and shall not fall within the scope of the non-deductibility provision provided for under Article 238 A of the Tax Code.

PURCHASES AND SELLING RESTRICTIONS

Subject to the terms and conditions of the dealer agreement to be concluded between the Issuer, the Permanent Dealers and the Arranger (the "**Dealer Agreement**"), the Notes, Certificates and Warrants shall be offered by the Issuer to the Permanent Dealers (other than HSBC France). The Issuer nonetheless reserves the right to sell Notes, Certificates and Warrants directly on its behalf to Dealers that are not the Permanent Dealers. The Notes, Certificates and Warrants may be resold at their market price or at a similar price prevailing at the date of such resale and which shall be determined by the relevant Dealer. The Notes, Certificates and Warrants may also be sold by the Issuer through Dealers acting as the Issuer's agents. The Dealer Agreement also provides for the issue of syndicated Tranches jointly subscribed by two or more Dealers.

The Issuer shall pay each Dealer a mutually agreed commission in respect of the Notes, Certificates and Warrants subscribed to by the Dealer. The Issuer has agreed to reimburse the Arranger in respect of the expenses incurred for updating the Programme and to reimburse the Dealers for some of the expenses linked to their involvement in the Programme.

The Issuer has undertaken to indemnify the Dealers with regard to certain liabilities incurred in the offering and selling of Notes, Certificates and Warrants. The Dealers have undertaken to indemnify the Issuer with regard to certain liabilities incurred in the offering and selling of Notes, Certificates and Warrants. The Dealer Agreement permits, in certain conditions, the Dealers to terminate any agreement entered into for subscription to Notes, Certificates and Warrants before payment to the Issuer of the funds relating to such Notes, Certificates and Warrants.

Selling Restrictions

1. General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers in circumstances including, but not limited to, a change in a relevant law, regulation or directive. Any such modification shall be set out in the Final Terms relating to the issue of the Notes, Certificates or Warrants or in a supplement to this Base Prospectus.

Each Dealer has agreed that it shall comply, insofar as possible, with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes, Certificates or Warrants or in which it has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Dealer shall have responsibility therefore.

2. European Economic Area

With regard to each Member State of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each subsequent Dealer appointed under the Programme shall be required to represent 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 shall not make an offer of Notes, Certificates or Warrants, 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, subject to the exception that it may, with effect from the Relevant Implementation Date, make an offer of such Notes, Certificates or Warrants to the public in that Relevant Member State:

- (a) if the final terms of the Notes, Certificates or Warrants specify that an offer of those Notes, Certificates or Warrants may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes, Certificates or Warrants that 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 final terms that provide for such Non-exempt Offer, in accordance with the Prospectus Directive, during the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;

- (b) at any time to qualified investors as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 Prospectus Directive Amending Directive (as defined below), to 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers appointed by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within the scope of Article 3(2) of the Prospectus Directive,

provided that no such offer referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes, Certificates or Warrants to the public**" in relation to any Notes, Certificates or Warrants in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes, Certificates or Warrants to be offered to enable an investor to decide to purchase or subscribe the Notes, Certificates or Warrants, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and the amendments thereto, including the 2010 Prospectus Directive Amending Directive, as implemented in the Relevant Member State) and includes any implementing measure in each Relevant Member State and the expression "**2010 Prospectus Directive Amending Directive**" means Directive 2010/73/EU.

3. **United States**

The Notes, Certificates and Warrants have not been and shall not be registered under the United States Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them in Regulation S.

Each Dealer has agreed and each further Dealer appointed under the Programme shall be required to agree that, except as permitted by the Dealer Agreement, it shall not offer or sell in the United States or its territories or to or for the account of U.S. persons (i) at any time as part of their general distribution or (ii) until 40 days after completion of the distribution of such Tranche as determined and certified to the Issuer, by the Fiscal Agent, or in the case of Notes, Certificates and Warrants issued on a syndicated basis, the Lead Manager, and it shall have sent to each Dealer to which it sells Notes, Certificates and Warrants during the authorised distribution period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes, Certificates and Warrants within the United States or its possessions to, or for the account of U.S. persons. Terms used in this paragraph have the meanings given to them in Regulation S.

The Notes, Certificates and Warrants are being offered and sold outside the United States to non-U.S. persons in accordance with Regulation S. In addition, during the first 40 days following the beginning of the offering of an identifiable Tranche of Notes, Certificates or Warrants, an offer or sale of Notes, Certificates or Warrants within the United States by any Dealer (whether or not participating in the offering of such Tranche of Notes, Certificates or Warrants) may breach the registration requirements of the United States Securities Act.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes, Certificates and Warrants outside the United States. The Issuer and the Dealers reserve the right to

reject any offer to purchase the Notes, Certificates and Warrants, in whole or in part, for any reason whatsoever. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure of its contents without the prior written consent of the Issuer to any such U.S. person or other person within the United States is prohibited.

4. **United Kingdom**

Each Dealer has represented, warranted and agreed that:

- (a) with regard to any Notes, Certificates and Warrants with a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and shall not offer or sell any Notes, Certificates and Warrants other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their business or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their business where the issue of the Notes, Certificates and Warrants would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by the Issuer;
- (b) it has communicated or caused to be communicated and will 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, Certificates and Warrants only in circumstances in which Section 21(1) of the FSMA does not or shall not apply to the Issuer; and
- (c) it has complied and shall comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes, Certificates and Warrants in, from or otherwise involving the United Kingdom.

5. **Japan**

The Notes, Certificates and Warrants have not been and shall not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended: the "FIEA"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and shall not, directly or indirectly, offer or sell any Notes, Certificates and Warrants in Japan or to or for the benefit of a resident of Japan (as defined in Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act No. 228 of 1949, as amended), or to others for re-offering or re-sale, directly or indirectly, in Japan, or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws, regulations and ministerial guidelines of Japan.

6. **France**

Each of the Dealers and the Issuer has represented and agreed that:

- (a) Offer to the public in France:

it has not made an offer of Notes, Certificates and Warrants to the public (*offre au public*) in France and shall only make such an offer in the period beginning (i) when a prospectus relating to these Notes, Certificates and Warrants has been authorised by the *Autorité des marchés financiers* (the "AMF"), on the date of its publication or, (ii) when a prospectus has been authorised by the competent authority of another Member State of the EEA that has implemented EU Prospectus Directive 2003/71/EC, on the date of notification of such authorisation to the AMF, all in accordance with articles L.412-1 and L.621-8 of the French Monetary and Financial Code and the provisions of the AMF's General Regulation (*Règlement*

general), and ending at the latest on the date which is 12 months after the date of authorisation of the Base Prospectus; or

(b) Private placement in France:

[in connection with their initial distribution]⁸⁹, it has not offered or sold and shall not offer or sell, directly or indirectly, any Notes, Certificates or Warrants to the public in France and has not distributed or caused to be distributed and shall not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, Certificates and Warrants and such offers, sales and distributions have been and shall be made in France only to (a) providers of third-party portfolio management services (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) other than individuals investing for their own account, and/or (c) a restricted group of investors (*cercle restreint d'investisseurs*), all as defined in, and in accordance with, articles L.411-1, L.411-2, and D.411-1 to D.411-4 of the French Monetary and Financial Code and other applicable regulations.

These selling restrictions may be amended in the relevant Final Terms.

7. Hong Kong

Each Dealer has represented and agreed that (i) it has not offered or sold and shall not offer or sell in Hong Kong, by means of any document, the Notes, Certificates and Warrants other than (a) to "**professional investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and shall not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, Certificates and Warrants which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (unless permitted to do so under the securities laws of Hong Kong) other than with respect to Notes, Certificates and Warrants which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

8. The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme shall be required to represent and agree, that it will not make an offer of Notes, Certificates or Warrants 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 The Netherlands in reliance on Article 3(2) of the Prospectus Directive unless:

- (i) such offer is made exclusively to legal entities that are qualified investors (as defined in the Prospectus Directive and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in the Netherlands; or
- (ii) the standard exemption logo and wording are disclosed as required by article 5:20(5) of the Dutch Financial Supervision Act (*Wet op het financieeltoezicht*, the "**FMSA/DFSA**"); or
- (iii) such offer is otherwise made in circumstances in which article 5:20(5) of the FMSA/DFSA is not

⁸⁹To be inserted only if admission to trading on Euronext Paris is envisaged.

applicable,

provided that no such offer of Notes, Certificates and Warrants 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 expressions (i) an "offer of Notes, Certificates or Warrants to the public" in relation to any Notes, Certificates or Warrants in The Netherlands; and (ii) "Prospectus Directive", have the meanings given to them above in the paragraph entitled "European Economic Area".

- (b) In addition and without prejudice to the relevant restrictions set out under (ii) above, Zero Coupon Notes or Zero Coupon Warrants (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam N.V., admitted on one or more markets or systems held or operated by Euronext Amsterdam N.V., in accordance with the Dutch Savings Certificates Act (*Wet inzakespaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations.

No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Global Security; (b) in respect of the transfer and acceptance of Zero Coupon Notes or Zero Coupon Warrants in definitive form between individuals who are not acting in a business or professional capacity; (c) in respect of the initial issue of Zero Coupon Notes or Zero Coupon Warrants in definitive form to the first holders thereof; or (d) in respect of the transfer and acceptance of such Zero Coupon Notes and Warrants within or from the Netherlands if all the Zero Coupon Notes and Warrants (either in definitive form or as rights representing an interest in a Zero Coupon Note or a Zero Coupon Warrant in global form) of any particular Series or Tranche are issued outside The Netherlands and are not distributed in The Netherlands in the course of initial distribution or immediately thereafter.

If the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes or Warrants have to be complied with.

As used herein, "Zero Coupon Notes or Warrants" are Notes or Warrants in bearer form that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their holding and on which no interest is due whatsoever.

9. **Switzerland**

Each Dealer has agreed, and each subsequent Dealer appointed under the Programme shall be required to agree, that it will comply with the laws, regulations and guidelines in Switzerland at all times, including, but not limited to, any regulations made by the Swiss National Bank, in relation to the offer, sale, delivery or transfer of the Notes, Certificates and Warrants or the distribution of any offering material in respect of such Notes, Certificates and Warrants.

10. **Spain**

Each Dealer has represented and agreed (and each subsequent Dealer appointed under the Programme shall be required to represent and agree) that it has not made an offer of the Notes, Certificates and Warrants to the public (*oferta pública*) in Spain and shall make such an offer only in the period beginning on the date of notification of the authorisation of this Base Prospectus relating to the Notes, Certificates and Warrants by the CSSF in Luxembourg to the Spanish financial markets regulator (*Comisión Nacional del Mercado de Valores - CNMV*), in accordance with the Spanish Securities Market Act (*Ley 24/1988 de 28 de Julio, del Mercado de Valores*) of 28 July 1988, as amended (the "**LMV**"), Royal Decree 1310/2005 of 4 November, which partially develops the Spanish Securities Market Act in relation to admission to listing on official secondary markets, public offers and the prospectus required therefor and the related regulations, and ending at the latest on the date which is 12 months after the date of the authorisation of this Base Prospectus.

The Notes, Certificates and Warrants may not be offered or sold in Spain other than by institutions authorised under the Spanish Securities Market Act and Royal Decree 217/2008 of 15 February under the legal regime applicable to investment services companies to provide investment services in Spain, and in compliance with the provisions of the Spanish Securities Market Act and any other applicable legislation.

11. Italy

Each Dealer has represented and agreed (and each subsequent Dealer appointed under the Programme shall be required to represent and agree) that:

(a) Offer to the public in Italy:

it shall not offer the Notes, Certificates and Warrants to the public in the Republic of Italy until a prospectus has been authorised by the competent authority of another Member State of the EEA that has implemented EU Prospectus Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and notice of such authorisation has been given to the Italian financial markets regulator (*Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") in accordance with the passporting procedure set forth in the Prospectus Directive as implemented by Article 98 of the Legislative Decree no. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Articles 11 and 12 of CONSOB Regulation no. 11971 of 14 May 1999, as amended (the "**Issuers Regulation**").

(b) Private placement in Italy:

Prior to the passporting of the Base Prospectus by CONSOB, in accordance with Italian securities legislation, the Notes, Certificates and Warrants may not, and shall not, be offered, sold, transferred or delivered, directly or indirectly, in an offer to the public in the Republic of Italy and copies of this Base Prospectus, the relevant Final Terms or any other document relating to the Notes, Certificates and Warrants may not, and shall not, be distributed in the Republic of Italy, unless an exemption applies. Accordingly, each of the Dealers and the Issuer has represented and agreed (and each subsequent Dealer appointed under the Programme shall be required to represent and agree) not to offer, market, solicit or sell the Notes in the Republic of Italy except:

- (i) to qualified investors (*investitori qualificati*), as defined in Article 34-ter, paragraph 1(b) of the Issuers Regulation; or
- (ii) in any other circumstances that are specifically exempted from compliance with the restrictions on offers to the public, as provided under Article 100 of the Financial Services Act and its implementing regulations, including article 34-ter of the Issuers Regulation.

Each Dealer has also represented and agreed (and each subsequent Dealer appointed under the Programme shall be required to represent and agree) that any offer, sale, transfer or delivery of the Notes, Certificates and Warrants or distribution of copies of this Base Prospectus, the relevant Final Terms or any other document relating to the Notes, Certificates and Warrants in the Republic of Italy under (a) or (b) above must, and shall, be effected in accordance with all relevant Italian securities, tax and exchange laws and any other applicable laws and regulations and in particular shall be made:

- (i) by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Legislative Decree no. 385 of 1 September 1993 (the "**Banking Act**") and CONSOB Regulation no. 16190 of 29 October 2007, each as amended; and
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in the Republic of Italy; and

- (iii) in compliance with any other applicable requirement or limitation which may be imposed by CONSOB, the Bank of Italy or any other Italian authority.

Any investor purchasing the Notes, Certificates and Warrants in the offering has sole responsibility for ensuring that any offer and resale of the Notes, Certificates and Warrants purchased in the offering complies with the applicable Italian laws and regulations. Article 100-bis of the Financial Services Act affects the transferability of the Notes, Certificates and Warrants in the Republic of Italy to the extent that the Notes, Certificates and Warrants are placed solely with qualified investors and such Notes, Certificates and Warrants are then systematically resold to non-qualified investors on the secondary market at any time in the twelve (12) months following such placing. Should this occur without the publication of a prospectus in the Republic of Italy or outside the scope of one of the exemptions referred to above, purchasers of Notes, Certificates and Warrants not acting in a business or professional capacity are entitled to have such purchase declared void and to claim damages from the authorised intermediary from whom the Notes, Certificates or Warrants were purchased.

This Base Prospectus, the Final Terms or any other document relating to the Notes, Certificates and Warrants and the information contained herein are intended only for the use of its recipients and are not to be distributed to any third-party resident or located in the Republic of Italy for any reason.

12. **Andorra**

The Notes, Certificates and Warrants shall be offered or sold only to Andorran banks or financial entities duly authorised by the Andorran Government to operate within the financial sector in Andorra or otherwise as lawfully permitted in Andorra.

13. **Liechtenstein**

The Notes, Certificates and Warrants are offered by way of a private placement to a limited number of investors in Liechtenstein and as such do not form part of any public offering in Liechtenstein. This Base Prospectus, any supplements to the Base Prospectus, Issue Prospectuses and Final Terms shall be treated as confidential and may only be relied upon by the addressee and not a third party. In the event of any on-selling by an investor, the investor must respect the public offering restrictions under Liechtenstein law.

14. **Monaco**

The Notes, Certificates and Warrants shall only be offered or sold to duly authorised banks and licensed portfolio management companies in Monaco or otherwise as lawfully permitted in Monaco.

15. **Belgium**

This Base Prospectus has not been submitted for authorisation to the Belgian Financial Services and Markets Authority. Accordingly, Notes, Certificates and Warrants that have a maturity of less than 12 months and qualify as money market instruments (and therefore fall outside the scope of the Prospectus Directive) may not be distributed in Belgium by way of a public offering, as defined for the purposes of the law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets.

GENERAL INFORMATION

1. Authorisations

The issues of Notes were authorised in a resolution of the Issuer's Board of Directors on 27 July 2011. This authorisation is scheduled to expire at the latest on 26 July 2012.

2. Euronext Paris

The following procedures shall apply, in particular, to the Warrants and Certificates admitted to trading on Euronext Paris:

(a) Autorité des marchés financiers ("AMF")

Before any Warrants or any Certificates are listed on Euronext Paris (such Warrants being referred to hereinafter as "**Paris Listed Warrants**" and such Certificates being referred to hereinafter as "**Paris Listed Certificates**"), the Final Terms must be published on the AMF website at <http://www.amf-france.org> and on HSBC's website at <http://www.hsbc.fr> or any of the Issuer's websites that may replace this website.

The Base Prospectus was authorised by the AMF on 28 June 2012 under number n°12- 311.

(b) Euronext Paris

The listing of Warrants and Certificates on Euronext Paris is subject to authorisation by this market operator. This authorisation shall be announced by publication of a notice in NYSE Euronext Notices.

3. Clearing of Notes, Certificates and Warrants

The Notes, Certificates and Warrants issued under this Base Prospectus have been accepted for clearing by Euroclear France. The purchase and sale of the Notes, Certificates and Warrants can only be made based on book entries in accordance with Euroclear France's rules and operating procedures (or with those of any other Clearing System).

The ISIN Code, Common Code and Mnemonic Code (if any) of the Notes, Certificates and Warrants of each issue are specified in the Final Terms.

4. Market making

The Notes, Certificates and Warrants admitted for trading on Euronext Paris are the subject of a liquidity agreement entered into by HSBC Bank plc with Euronext Paris on 9 May 2012. However, execution of this agreement does not protect fully against illiquidity risk.

- For Notes, Certificates and Warrants traded on a European market other than Euronext Paris, the continuous market making or fixing conditions shall be indicated in the Final Terms.
- For Notes, Certificates and Warrants traded on Euronext Paris:

(a) Continuous trading

HSBC Bank plc has undertaken to be a liquidity provider with regard to Euronext Paris SA. This role provides for setting a bid/ask range in the order book for Notes, Certificates and Warrants during the trading session, as described in greater detail in the Base Prospectus.

The Issuer and the liquidity supplier draw the reader's attention to the fact that under the liquidity agreement and more generally under the operating rules of Euronext Paris SA:

- prior to passing an order for Notes, Certificates and Warrants it is essential to be familiar with stock market trading techniques and, in particular, to be familiar with the characteristics of the various types of stock market orders available to investors. The investor is also strongly advised to be aware of the liquidity provider's bid/ask range (price and quantity) when the order is about to be transmitted to the liquidity provider;
- the liquidity provider may temporarily suspend disclosure of its bid/ask range if it is not in a position to determine reliably the value of the Notes, Certificates and Warrants. This is likely to occur, in particular when quotation of the underlying(s) of the Notes, Certificates or Warrants, or any other market parameter or instrument required for determining such valuation, is no longer published in real time and/or has stopped;
- the liquidity provider shall suspend publication of the ask price if it no longer has a sufficient number of Notes, Certificates or Warrants to meet the demand; and
- the liquidity provider shall suspend publication of bid and ask prices if a very low valuation of the Notes, Certificates or Warrants results in an ask price that is equal to or lower than the maximum spread which the liquidity provider has undertaken to maintain.

Euronext Paris SA and HSBC Bank plc may modify the liquidity agreement, particularly with regard to the conditions of the bid/ask range as such changes could affect the liquidity of the Notes, Certificates or Warrants. Any change in the ranges indicated above shall be the subject of a Supplement. The agreement is wholly suspended in the case of 'force majeure' or exceptional event that is outside the control of the parties to the agreement.

The Issuer and the liquidity provider hereby inform the public that they shall do their utmost, in normal market and liquidity conditions of the underlying(s) to improve the minimum liquidity provided for under the agreement and, in the interests of the holders in particular, reduce the maximum spread between the bid and ask prices.

(b) Fixing

HSBC Bank plc shall display the fixing price of the Notes, Certificates and Warrants in accordance with the provisions of the Appendix to the Euronext Cash Markets Trading Manual. In such cases, the Final Terms shall specify the form of trading of the Notes, Certificates and Warrants.

5. **Litigation and arbitration**

(a) HSBC France

There are no administrative, legal or arbitration proceedings involving significant claims or amounts in the context of the issue and offer of the Notes, Certificates and Warrants and to which the Issuer is party, and to the best of its knowledge no administrative, legal or arbitration proceedings are pending or threatened involving significant claims or amounts in the context of the issue and offer of Notes, Certificates and Warrants that have had or could have, in either case and during at least the 12 months preceding publication of this Base Prospectus, any significant adverse effect on its capacity to fulfil its obligations in respect of the Notes, Certificates and Warrants.

6. **Significant changes**

(a) in the financial or trading position of HSBC France

There has been no significant change in the financial or trading position of HSBC France since the end of the last reporting period for which interim financial statements were published.

(b) In the financial position of the HSBC group

There has been no significant change in the financial position of the HSBC group, other than those described in the Registration Document filed with the French financial markets regulator, the AMF, under number D.12-0413 dated 25 April 2011, since the end of the last reporting period for which interim financial statements were published.

7. **Trends**

(a) HSBC France

No significant event has affected the Issuer's outlook since the date of its most recent audited financial statements.

(b) HSBC group

See item 6 in the cross-reference table provided on page 82 of this Base Prospectus.

8. **Significant agreements**

(a) HSBC France

No agreement has been entered into by the Issuer (other than the agreements entered into in the normal course of its business) that could carry an entitlement or obligation that might have a significant impact on the Issuer's ability to fulfil its obligations in respect of the Warrants and Certificates.

(b) HSBC group

See item 10 in the cross-reference table provided on page 83 of this Base Prospectus.

9. **Documents available**

For as long as the Warrants and Certificates shall remain in circulation, copies of the following documents shall be available, free of charge, on simple request, *via* HSBC France's website (<http://www.hsbc.fr>) or any other of the Issuer's websites that may replace it, during business hours, or from the Issuer's specified office and from the relevant Fiscal Agent:

(a) the Issuer's Articles of Association;

(b) the Agency Agreement;

(c) the Issuer's most recent annual and interim reports and all its unaudited interim consolidated financial statements; and

(d) this Base Prospectus, any applicable Supplements hereto and the Final Terms of each issue (also available from the AMF website at <http://www.amf-france.org>).

The Issuer publishes interim and annual financial statements.

RESPONSIBILITY FOR THE BASE PROSPECTUS

Person responsible for this Base Prospectus

On behalf of the Issuer

Having taken all reasonable measures to ensure such is the case, I declare that to the best of my knowledge the information contained or incorporated by reference in this Base Prospectus is consistent with the facts and no omission has been made that might affect its import.

Paris, 28 June 2012

HSBC France

103, avenue des Champs Elysées

75008 Paris

France

Represented by:

Xavier Boisseau

Head of Global Market

HSBC France



In accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement Général*) of the Autorité des marchés financiers (the "AMF"), in particular Articles 212-31 to 212-33, the AMF has granted to this Base Prospectus the visa n°12-311 on 28 June 2012. This document may only be used for the purposes of a financial transaction if completed by Final Terms. It was prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L.621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it. This visa has been granted subject to the publication of Final Terms in accordance with article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.

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