

## BASE PROSPECTUS SUPPLEMENT



**HSBC Bank plc**

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

*as Issuer*

This Base Prospectus Supplement (the "**Base Prospectus Supplement**") is supplemental to and must be read in conjunction with the Base Prospectus dated 17 January 2012 relating to the Warrant and Certificate Programme and the supplements thereto dated 12 March 2012, 28 June 2012 and 7 August 2012 (the "**Base Prospectus**") prepared by HSBC Bank plc (the "**Bank**") in connection with the applications made for Warrants or Certificates to be admitted to listing on the Official List of the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000) (the "**FSA**"), and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**").

This Base Prospectus Supplement constitutes a supplement for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and a supplementary prospectus for the purposes of section 87G of the Financial Services and Markets Act 2000 (the "**FSMA**"). Terms defined in the Base Prospectus shall have the same meaning when used in this Base Prospectus Supplement.

To the extent that there is any inconsistency between any statement in this Base Prospectus Supplement and any other statement in, or incorporated by reference in, the Base Prospectus, the statements in this Base Prospectus Supplement will prevail.

The purpose of this Base Prospectus Supplement is to disclose certain country-specific risks relating to Warrants which are "Low Exercise Price Options" in relation to the following countries:

- (a) **India:** The Securities and Exchange Board of India ("**SEBI**") has been seeking information from all Foreign Institutional Investors ("**FIIs**") to ascertain FIIs and sub-accounts registered with SEBI that have a common ultimate / end beneficial owners. There is a risk that SEBI could use the information submitted to club the investment limits across entities registered with them as FII / sub-accounts, where the beneficial ownership is common across these entities, in determining the investment limitations as disclosed in the Base Prospectus. Liquidity in the Warrants linked to a Reference Asset, a Reference Asset Component or a Relevant Factor comprising underlyings listed in a stock exchange in India could be restricted by measure from the Issuer and/or its Affiliates in connection with managing the investment limitations as disclosed in the Base Prospectus.
- (b) **Japan:** Withholding tax rates on dividends paid by listed Japanese companies to Non-Japanese Residents have changed. The imposition of withholding tax will affect the amount of any Additional Amount payable to the Holders of Warrants linked to a Reference Asset, a Reference Asset Component or a Relevant Factor that is subject to such withholding tax.
- (c) **Vietnam:** On 27 May 2012, the Ministry of Finance ("**MOF**") of Vietnam officially disclosed Circular 60/2012/TT-BTC dated 12 April 2012 ("**Circular 60**") replacing certain previous Circulars issued by the MOF. The changes introduced under this Circular 60 include a change in the withholding tax rate on interest on debt securities, which will affect the investors in the Warrants linked to a Reference Asset, a Reference Asset Component or a Relevant Factor comprising

underlyings listed in a stock exchange in Vietnam as the imposition of the withholding tax on interest will affect the amount of any Additional Amount payable to the Holder of Warrants linked to a Reference Asset, a Reference Asset Component or a Relevant Factor that is subject to such withholding tax.

## **1. COUNTRY-SPECIFIC RISK FACTORS**

The Issuer wishes to disclose certain country-specific risks in relation to the following countries, relating to Warrants which are "Low Exercise Price Options".

### **1.1 India**

In addition to the limitations on the total holding of each FII/sub-account registered with SEBI as disclosed in the Base Prospectus, the Issuer wishes to disclose that recently SEBI has been seeking information from all FIIs to ascertain FIIs and sub-accounts registered with SEBI that have a common ultimate / end beneficial owners, which SEBI refers to as 'FII Group'. If an FII and any associated FIIs and sub-accounts have the same beneficial owners, SEBI sees these as being part of a group and requires the FIIs concerned to report this to SEBI. Group entities include entities that have direct or indirect common shareholding / beneficial ownership / beneficial interest of more than 50 per cent. The 'FII Group' related information is to be reported by FIIs to SEBI in the prescribed format. This requirement stems from the FII Regulations read with the Government of India Guidelines of 14 September 1992, which states: "*The holding of a single FII in any company would also be subject to an upper limit of 10% of total issued capital. For this reason, the holdings of an FII group will be counted as holdings of a single FII*". There is a risk that SEBI could use the information submitted to club the investment limits across entities registered with them as FII / sub-accounts, where the beneficial ownership is common across these entities, in determining the investment limitations as disclosed in the Base Prospectus. Liquidity in the Warrants linked to a Reference Asset, a Reference Asset Component or a Relevant Factor comprising underlyings listed in a stock exchange in India could be restricted by measure from the Issuer and/or its Affiliates in connection with managing the investment limitations as disclosed in the Base Prospectus.

### **1.2 Japan**

The withholding tax rates on dividends paid by listed Japanese companies to Non-Japanese Residents have changed. Specifically, dividends paid by listed Japanese companies to Non-Japanese Residents are subject to withholding tax at a general rate of 15%, which is presently reduced to 7% until 31 December 2012 then 7.147% from 1 January 2013 to 31 December 2013, and thereafter increased to 15.315% from 1 January 2014 to 1 January 2037. However, such reduced rates do not apply to an individual investor owning 3% or more of the outstanding shares of a listed company. The imposition of the withholding tax on dividends will affect the amount of any Additional Amount payable to the Holders of Warrants linked to a Reference Asset, a Reference Asset Component or a Relevant Factor that is subject to such withholding tax.

### **1.3 Vietnam**

In relation to taxation issues concerning investment in listed securities in Vietnam, any income derived from a Foreign Investor outside Vietnam's investment in securities in Vietnam is subject to corporate income tax ("**CIT**") provided for by Circular 60 issued by the MOF applicable to corporate investors or subject to personal income tax ("**PIT**") provided for by Circular 84/2008/TT-BTC dated 30 September 2008 issued by the MOF applicable to individual investors.

Circular 60 was officially disclosed by the MOF on 27 May 2012, replacing previous Circulars issued by the MOF, being Circular 134/2008/TT-BTC dated 31 December 2008 providing guidelines on implementation of tax obligations applicable to foreign organisations and foreign individuals

doing business or having income in Vietnam, Circular 197/2009/TT-BTC dated 9 October 2009, and Circular 64/2010/TT-BTC dated 22 April 2010. Circular 60 took effect from 27 May 2012.

The Circular provides that interest on debt securities is subject to a withholding tax imposed at a rate of 5 per cent. applicable to both corporate and individual bondholders (except interest on tax-exempt bonds). However, it is important to note that for interest on debt securities received by corporate bondholders before 1 March 2012, the withholding tax rate is 10%. The imposition of the withholding tax will affect the amount of any Additional Amount payable to the Holders of Warrants linked to a Reference Asset, a Reference Asset Component or a Relevant Factor that is subject to such withholding tax.

Save as disclosed in this Base Prospectus Supplement and in any prior supplements to the Base Prospectus, no significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen since the publication of the Base Prospectus.

In circumstances where Article 16(2) of the Prospectus Directive (as implemented in the United Kingdom by Section 87Q(4) of the FSMA) applies, investors who have agreed to purchase or subscribe for any Warrants prior to the publication of this Base Prospectus Supplement shall have the right to withdraw their acceptance. The final date for the exercise of such right to withdraw is the second working day following the date of publication of this Base Prospectus Supplement.

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

26 September 2012