

## BASE PROSPECTUS



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

as Issuer

### WARRANT AND CERTIFICATE PROGRAMME

On 3 September 2007, HSBC Bank plc (the "**Issuer**" or the "**Bank**") established a Warrant and Certificate Programme (the "**Programme**") under which warrants (the "**Warrants**") may be issued by the Issuer.

This document (which expression includes all documents incorporated by reference herein) has been prepared for the purpose of providing disclosure information with regard to the Warrants. It has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC as amended (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus (as from time to time supplemented, the "**Base Prospectus**"). In relation to any Warrants, this Base Prospectus must be read as a whole and together also with the relevant final terms (the "**Final Terms**"). Any Warrants issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect any Warrants already in issue. This Base Prospectus will be valid until 12 months from the date hereof.

The Issuer may also issue certificates (the "**Certificates**") under the Programme which will be issued on or substantially on the terms and conditions of the Warrants with references to Warrants being deemed to refer to the Certificates of the relevant series and with such amendments as the Issuer shall determine and agree with the relevant Manager(s). References in this Base Prospectus to Warrants shall when the context so permits include references to Certificates.

Applications have been made to admit Warrants issued under the Programme to listing on the Official List of the FCA and to trading on the regulated market of the London Stock Exchange plc (the "**London Stock Exchange**"), which is a regulated market for the purposes of Directive 2004/39/EC.

**Information on how to use this document is set out on page ii and a table of contents is set out on page 1.**

The Warrants have not been and will not be registered under the United States Securities Act 1933, as amended (the "**Securities Act**") or the state securities laws of any state of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act ("**Regulation S**") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Warrants are being offered and sold (A) in the United States only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act ("**Rule 144A**") and (B) to non-U.S. persons in offshore transactions in reliance on Regulation S. Prospective purchasers are hereby notified that the sellers of Warrants pursuant to clause (A) above may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A thereunder.

The Issuer has been assigned the following long-term credit ratings: AA- by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"); Aa3 by Moody's Investors Service Limited ("**Moody's**"); and AA- by Fitch Ratings Limited ("**Fitch**"). Each of Standard & Poor's, Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such, each of Standard & Poor's, Moody's and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

Programme Arranger and Manager

**The Hongkong and Shanghai Banking Corporation Limited**

Manager

**HSBC Bank plc**

30 May 2014

## HOW TO USE THIS DOCUMENT

This Base Prospectus provides information about the Warrants. It is split up into a number of sections, each of which is briefly described below.

"**Summary**" provides an overview of information included in this Base Prospectus.

"**Risk Factors**" provides details of the principal risks associated with the Issuer and the Warrants which may be issued under the Programme.

"**Description of the Warrants**" provides details of how an investment in the Warrants works and how payments under the Warrants are calculated.

"**Incorporation by Reference**" provides details of documents which form part of this Base Prospectus and which are publicly available, but which are not set out in full in this document.

"**Use of Proceeds**" provides details of what the Issuer intends to do with the subscription monies it receives for the Warrants it issues.

"**Clearing and Settlement**" provides details of the clearing systems through which the Warrants may be held and how interests in the Warrants may be transferred.

"**Taxation**" provides details of some of the key tax consequences of acquiring, holding and transferring Warrants in several jurisdictions.

"**Certain ERISA Considerations**" provides details of U.S. regulations which may be relevant for investors buying on behalf of U.S. regulated employee benefit plans.

"**General Information**" provides additional, general disclosure on the Programme.

"**Terms and Conditions of the Warrants**" sets out the legal terms and conditions which govern Warrants issued under the Programme.

"**Form of Final Terms for the Warrants**" sets out the template of the "Final Terms", a document which will be filled out for each issue of Warrants and which will complete the terms and conditions in respect of each particular issue of Warrants.

"**Purchase and Sale of Warrants**" sets out details of the arrangements between the Issuer and the Managers as to the offer and sale of Warrants and summarises selling restrictions that apply to the offer and sale of Warrants in various jurisdictions.

"**Transfer Restrictions and Investor Representations**" sets out restrictions on transfers of the Warrants in different jurisdictions which may be applicable to a purchaser of the Warrants and a number of representations which the purchaser is deemed to make in respect of the Warrants.

"**Index and ETF Disclaimers**" sets out disclaimers which may be applicable in respect of an issue of Warrants which are linked to a reference index or an exchange-traded fund.

"**Information relating to Funds**" contains a summary overview of funds which invest in Saudi Arabian securities and which may be applicable in respect of an issue of Warrants linked to such funds.

"**Summary of Provisions relating to the Warrants while in Global Form**" provides details on the different global forms of Warrant which may be issued and how they may be exchanged and transferred.

"**Index of Defined Terms**" indicates where terms used in this Base Prospectus have been defined.

## IMPORTANT NOTICES

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

*The Warrants may be issued for consideration of more or less than, or equal to, EUR100,000 (or its equivalent in another currency) per Warrant.*

*The Issuer does not intend to provide post issuance information.*

*None of the Managers nor the Programme Arranger has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility or liability is accepted by the Programme Arranger or the Managers as to the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or the Warrants or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer under the preceding paragraphs.*

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

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

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

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

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

*The distribution of this Base Prospectus and the offer, distribution or sale of Warrants may be restricted by law in certain jurisdictions. None of the Issuer, the Programme Arranger or any Manager represents that this Base Prospectus may be lawfully distributed, or that any Warrants may be lawfully offered, or assumes any responsibility for facilitating any such distribution or offering, in any such jurisdiction. In particular, action may be required to be taken to permit a public offering of any Warrants or a distribution of this Base Prospectus in any jurisdiction. Accordingly, no Warrants may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Warrants come must inform themselves about, and observe, any such restrictions.*

*For details of certain restrictions on the distribution of this Base Prospectus and the offer or sale of Warrants in the United States, the European Economic Area, the United Kingdom, France, Australia, Kingdom of Bahrain, Hong Kong, Japan, Singapore, India, Indonesia, Korea, Malaysia, Mexico, New Zealand, Norway, PRC, Philippines, Russia, Switzerland, Taiwan, Thailand, United Arab Emirates (excluding the Dubai International Financial Centre) and Vietnam, see "Purchase and Sale of Warrants" below.*

#### **United States**

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") NOR ANY U.S. STATE OR FOREIGN SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED OF THE WARRANTS OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS AND ANY ACCOMPANYING BASE PROSPECTUS SUPPLEMENTS AND FINAL TERMS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

*In addition, during the 40-day period beginning on the later of the date on which a series of Warrants is first offered pursuant to Regulation S to persons other than distributors and the date of closing of such offering, such Warrants will only be issued or transferred to a person that is neither a U.S. person (as defined in Regulation S) nor holding such Warrants for the account or benefit of a U.S. person, unless the Warrants are being offered and sold in accordance with Rule 144A.*

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

*Transfers of the Warrants may be conditional upon delivery of certain certifications and are subject to significant restrictions as described under "Purchase and Sale of Warrants" including the right of the Issuer to refuse the recognition of transfers of the Warrants.*

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

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

#### **AVAILABLE INFORMATION**

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

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

## **United Kingdom**

*All applicable provisions of the United Kingdom Financial Services and Markets Act 2000 (as amended) ("FSMA") must be complied with in respect of anything done in relation to any Warrants in, from or otherwise involving the United Kingdom. Any document received in connection with an issue of Warrants may only be distributed in circumstances in which the restriction in Section 21(1) of the FSMA does not apply.*

## **Australia**

*This document has not been lodged with the Australian Securities and Investments Commission or ASX Limited. Prior to making a decision to purchase a Warrant, each prospective purchaser should read this document in its entirety and seek professional advice as to whether the purchase is appropriate in the context of the purchaser's particular investment needs, objectives and financial and taxation circumstances.*

## **Hong Kong**

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

## **Saudi Arabia**

*This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**").*

*The Capital Market Authority does not make any representations as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document you should consult an authorised financial adviser.*

## **Singapore**

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

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

All references in this Base Prospectus to "**Sterling**", "**GBP**" and "**£**" refer to the lawful currency of the United Kingdom, all references to "**U.S. dollars**", "**USD**" and "**U.S.\$**" refer to the lawful currency of the United States of America, all references to "**Hong Kong dollars**", "**HKD**" and "**HK\$**" refer to the lawful currency of the Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"), all references to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the People's Republic of China ("**PRC**"), which solely for the purpose of this Base Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China ("**Macau**") and Taiwan, all references to "**Offshore RMB**", where the context requires, are Chinese Renminbi that is freely deliverable between accounts in the relevant Offshore RMB Centre as specified in the relevant Final Terms in accordance with the law and applicable regulations and guidelines issued by the relevant authorities in the relevant Offshore RMB Centre as specified in the relevant Final Terms prevailing as of the Trade Date of the Warrants, all references to "**Japanese Yen**", "**JPY**" and "**¥**" refer to the lawful currency of Japan and all references to "**Euro**", "**euro**", "**EUR**" and "**€**" refer to the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with

the Treaty on the Functioning of the European Union, as amended (the "**Treaty**"). Any other currency referred to in any Final Terms will have the meaning specified in the relevant Final Terms.

In this Base Prospectus, "**Conditions**" means the terms and conditions of the Warrants.

Other than as expressly defined in any other section of this Base Prospectus, terms defined in the Conditions and the "Summary of Provisions Relating to the Warrants while in Global Form" section have the same meanings in all other sections of this Base Prospectus.

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## SUMMARY

*This section provides an overview of information included in this Base Prospectus. It includes blank placeholders for options provided for under the Programme which will only be known at the time of each issuance of Warrants. A completed summary of each individual issue will be annexed to the relevant Final Terms.*

*Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).*

*This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.*

*Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not Applicable".*

<b>Section A – Introduction and Warnings</b>		
<b>A.1</b>	<b>Introduction and Warnings:</b>	<p>This summary must be read as an introduction to the prospectus and any decision to invest in the Warrants should be based on a consideration of the prospectus as a whole by the investor, including any information incorporated by reference and read together with the relevant final terms.</p> <p>Where a claim relating to the information contained in the prospectus is brought before a court in a Member State of the European Economic Area, the claimant may, under the national legislation of the Member States, be required to bear the costs of translating the prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in the Warrants.</p>
<b>A.2</b>	<b>Consent by the Issuer to the use of the prospectus in subsequent resale or final placement of the Warrants, indication of offer period and conditions to consent for subsequent resale or final placement and warning:</b>	<p>Not Applicable. The prospectus has been prepared solely in connection with the admission of Warrants to trading on a regulated market pursuant to Article 3(3) of the Prospectus Directive and there will be no public offer of the Warrants. The Issuer does not consent to the use of the prospectus for subsequent resales.</p>



<b>Section B – Issuer</b>		
<b>B.1</b>	<b>Legal and commercial name of the Issuer:</b>	The legal name of the issuer is HSBC Bank plc (the " <b>Issuer</b> ") and, for the purposes of advertising, the Issuer uses an abbreviated version of its name, HSBC.
<b>B.2</b>	<b>Domicile and legal form of the Issuer, the legislation under which the Issuer operates and its country of incorporation:</b>	<p>The Issuer is a public limited company registered in England and Wales under registration number 14259. The liability of its members is limited. The Issuer was constituted by Deed of Settlement on 15 August 1836 and in 1873, registered under the Companies Act 1862 as an unlimited company. It was re-registered as a company limited by shares under the Companies Acts 1862 to 1879 on 1 July 1880. On 1 February 1982 the Issuer re-registered under the Companies Acts 1948 to 1980 as a public limited company.</p> <p>The Issuer is subject to primary and secondary legislation relating to financial services and banking regulation in the United Kingdom, including, <i>inter alia</i>, the UK Financial Services and Markets Act 2000 as amended, for the purposes of which the Issuer is an authorised person carrying on the business of financial services provision. In addition, as a public limited company, the Issuer is subject to the UK Companies Act 2006.</p>
<b>B.4b</b>	<b>Known trends affecting the Issuer and the industries in which it operates:</b>	<p>The Issuer expects global GDP growth to accelerate modestly in 2014. This improvement reflects a shift from contraction to expansion in the eurozone, a rise in growth in the US and the UK as well as rising emerging markets growth.</p> <p>The Issuer expects UK GDP to rise by 2.6 per cent. in 2014 driven by ongoing thawing in credit conditions, rising investment and household consumption supported by loose monetary policy and a recovering housing market.</p> <p>Recent developments in the eurozone economy signal a recovery, although its strength will likely be only gradual and dependent on global trade as there remain significant headwinds to domestic demand. The provision of credit is likely to remain weak which will in turn hinder investment and consumption growth. The Issuer expects the eurozone GDP to grow by only 0.8 per cent. in 2014.</p>
<b>B.5</b>	<b>The group and the Issuer's position within the group:</b>	<p>The whole of the issued ordinary and preference share capital of the Issuer is beneficially owned by HSBC Holdings plc ("<b>HSBC Holdings</b>", together with its subsidiaries, the "<b>HSBC Group</b>"). The Issuer is the HSBC Group's principal operating subsidiary undertaking in Europe.</p> <p>The HSBC Group is one of the largest banking and financial services organisations in the world. Its international network covers 75 countries and territories in Asia, Europe, North and Latin America, and the Middle East and North Africa. Its total assets as at 31 March 2014 were U.S.\$2,758 billion.</p>
<b>B.9</b>	<b>Profit forecast or estimate:</b>	Not Applicable. There are no profit forecasts or estimates made in the prospectus.
<b>B.10</b>	<b>Nature of any qualifications in the audit reports on the historical financial information:</b>	Not Applicable. There are no qualifications in the audit reports on the audited, consolidated financial statements of the Issuer for the financial years ended 31 December 2012 or 31 December 2013.
<b>B.12</b>	<b>Selected key financial information, no material adverse change and no</b>	The selected key financial information regarding the Issuer set out below has been extracted without material adjustment from the audited consolidated financial statements of the Issuer for the years ended 31 December 2012 and 31 December 2013.

	significant change statement:				
		<b>Year Ended</b> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">31 December 2012</th> <th style="text-align: center;">31 December 2013</th> </tr> </thead> </table>		31 December 2012	31 December 2013
	31 December 2012	31 December 2013			
<b>For the period (£m)</b>					
Profit on ordinary activities before tax <sup>1</sup> .....	1,004	3,294			
Total operating income .....	15,407	15,868			
Net operating income before loan impairment charges and other credit risk provisions .....	12,488	12,840			
Profit attributable to shareholders of the parent company .....	2,384	2,495			
<b>At period end (£m)</b>					
Total equity attributable to shareholders of the parent company .....	31,675	32,370			
Risk weighted assets .....	193,402	185,879			
Loans and advances to customers (net of impairment allowances) .....	282,685	305,032			
Customer accounts .....	324,886	390,017			
Ratio of customer advances to customer accounts .....	87.0	78.2			
<b>Capital ratios (%)</b>					
Core Tier 1 ratio .....	11.4	12.1			
Tier 1 ratio .....	12.4	13.0			
Total capital ratio .....	17.3	18.0			
<b>Performance and efficiency ratios (%)</b>					
Return on average shareholders' funds (equity) of the parent company <sup>2</sup> .....	3.5	7.9			
Cost efficiency ratio <sup>3</sup> .....	82.0	66.8			
<sup>1</sup> Excludes gain on sale of £1,265 million of HSBC Private Banking Holdings (Suisse) SA to HSBC Holdings plc in 2012. <sup>2</sup> The return on average total shareholders' equity is defined as profit attributable to shareholders of the parent company divided by the average total shareholders' equity. <sup>3</sup> The cost efficiency ratio is defined as total operating expenses divided by net operating income before loan impairment charges and other credit risk provisions.					
		<p>There has been no material adverse change in the prospects of the Issuer since 31 December 2013.</p> <p>There has been no significant change in the financial or trading position of the Issuer since 31 December 2013.</p>			
<b>B.13</b>	<b>Recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency:</b>	Not Applicable. There have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of its solvency.			
<b>B.14</b>	<b>Dependence upon other entities within the group:</b>	<p>The Issuer is a wholly owned subsidiary of HSBC Holdings.</p> <p>The Issuer and its subsidiaries form a UK-based group (the "<b>Group</b>"). The Issuer conducts part of its business through its subsidiaries and is accordingly dependent upon those members of the Group.</p>			
<b>B.15</b>	<b>The Issuer's principal activities:</b>	The Group provides a comprehensive range of banking and related financial services. The Group divides its activities into four business segments: Retail Banking and Wealth Management; Commercial Banking; Global Banking and Markets; and Global Private Banking.			
<b>B.16</b>	<b>Controlling persons:</b>	The whole of the issued ordinary and preference share capital of the Issuer is owned directly by HSBC Holdings.			
<b>Section C – Securities</b>					

C.1	<b>Description of type and class of securities:</b>	<p><b>Issuance in series:</b> Warrants will be issued in series which may comprise one or more tranches issued on different issue dates. The Warrants of each tranche of the same series will all be subject to identical terms, except for the issue dates and/or issue prices of the respective tranches.</p>
		<p>[The [Warrants][Certificates] being issued are Series [ ], Tranche [ ] [Warrants/Certificates] linked to [ ]]. The number of [Warrants/Certificates] being issued is [ ].</p> <p>All references to "<b>Warrants</b>" in this summary include Certificates where applicable.</p> <p><b>Form of Warrants:</b></p> <p>The Warrants will be issued in registered form and represented by</p> <p>[a restricted global registered warrant which will be [deposited with a custodian for, and registered in the name of a nominee for the Depository Trust Company ("<b>DTC</b>")][deposited with a common depository for, and registered in the name of a common nominee for Euroclear Bank S.A./N.V. ("<b>Euroclear</b>") and Clearstream Banking, société anonyme ("<b>Clearstream, Luxembourg</b>")][and]</p> <p>[[an unrestricted global registered warrant] [a combined global registered warrant] which will be deposited with a common depository for, and registered in the name of a common nominee for Euroclear Bank S.A./N.V. ("<b>Euroclear</b>") and Clearstream Banking, société anonyme ("<b>Clearstream, Luxembourg</b>")]</p> <p><b>Security Identification Number(s):</b></p> <p>The Warrants have been accepted for clearance through [Euroclear][./and] [Clearstream, Luxembourg] [and] [DTC].</p> <p>The Warrants will be allocated the following Security Identification Number[s]:</p> <p>ISIN Code: [ ]</p> <p>[Common Code: [ ]]</p> <p>[CUSIP: [ ]]</p> <p>[Valoren Number: [ ]]</p> <p>[SEDOL: [ ]]</p>
C.2	<b>Currency of the securities issue:</b>	The Settlement Currency is [ ] (the " <b>Settlement Currency</b> ")
C.5	<b>Description of any restrictions on the free transferability of the securities:</b>	<p>The Warrants are freely transferable. However, there are restrictions on the offer and sale of the Warrants and the Issuer and the Managers have agreed restrictions on the offer, sale and delivery of Warrants and on distribution of offering materials in the United States, the European Economic Area (France, Italy, Spain and the United Kingdom), Australia, Kingdom of Bahrain, Hong Kong, Japan, Singapore, India, Indonesia, Korea, Malaysia, Mexico, New Zealand, Norway, the People's Republic of China, Philippines, Russia, Saudi Arabia, Switzerland, Taiwan, Thailand, United Arab Emirates (excluding the Dubai International Financial Centre), the Dubai International Financial Centre and Vietnam. In addition, investors of the Warrants, by their purchase of the Warrants, will be deemed to have given certain representations, warranties, undertakings, acknowledgements and agreements.</p>

<p><b>C.8</b></p>	<p><b>The rights attaching to the securities, including ranking and limitations to those rights:</b></p>	<p><b>Cash call options:</b> Warrants give the holder rights, including the right to receive a cash amount from the Issuer calculated by reference to the value of [ ], being the Reference Asset[s][, being the Reference Ind[ex][ices]]. Warrants create call options exercisable by the Warrantholder; there is no obligation upon such Warrantholder to exercise its Warrant nor any obligation upon the Issuer to pay any amount in respect of unexercised Warrants.</p> <p><b>Payment under the Warrants:</b></p> <p>[A Warrantholder will receive one type of payment under the Warrants: the "Cash Settlement Amount"].</p> <p>[There are [two/three] types of payment a Warrantholder will receive under the Warrants: the "Cash Settlement Amount" [and/,] [the Supplementary Amount] [and] [any "Additional Amounts"].</p> <p>[The Issuer may also elect to pay to Warrantholders a "Non-Cash Distribution Amount".]</p> <p>[(1)] <i>Cash Settlement Amount:</i></p> <p>[The Warrants are "Equity-Linked Warrants" and therefore the Cash Settlement Amount payable is linked to [one security][a basket of securities], namely [ ] (the "<b>Reference Assets</b>"). The Cash Settlement Amount of each Equity-Linked Warrant is calculated by identifying the "Realisable Sale Price" of the Reference Assets linked to one Warrant, dividing such price by an exchange rate (embedding conversion costs) to convert such price from the currenc[y/ies] in which the underlying[s] [is][are] quoted on an exchange, namely [ ] (the "<b>Reference Currency</b>") into the currency in which the Warrants are denominated, namely [ ] (the "<b>Settlement Currency</b>") and subtracting a percentage fee retained by the Managers or their affiliates.</p> <p>The "Realisable Sale Price" will be determined[, taking into account the weighting of each Reference Asset in the basket,] on a particular date or dates by reference to payments which the Issuer or its designated Affiliate receives in unwinding the arrangements it has entered into to hedge the price risk and currency risk of the Reference Assets at the time of such determination (for instance, selling equity securities, redeeming related financial instruments or closing out of hedge transactions) or if no such hedging has been entered into, a notional amount of what the Issuer would have received if it had done so, as determined by the Calculation Agent, less any other costs (including, for instance, brokers' fees, transaction processing fees and actual or potential taxes, including those costs that would be incurred by the Issuer and/or its designated Affiliates of investing in the Reference Assets whether directly or synthetically).]</p> <p>[In addition, a provision may be made for tax for [the][each] Reference Asset in the PRC where the exact amount of tax payable is uncertain. The Issuer will reimburse the Warrantholder to the extent the provision made turns out to be too high, or the Warrantholder will reimburse the Issuer to the extent it is too low. If no tax is determined to be payable by a long-stop date, the Issuer will reimburse the Warrantholder for the whole of the provision, <b>provided that</b> the Warrantholder shall remain liable to the Issuer if the amount of tax is clarified subsequent to the long-stop date.]</p>
		<p>[The Warrants are "Index-Linked Warrants" and therefore the Cash Settlement Amount payable is linked to [one index][several indices], namely [MSCI [ ] Index] [FTSE [ ] Index] [TSWE [ ] Index] [Kospi [ ] Index] [Hang Seng [ ] Index] [TOPIX [ ] Index] [S&amp;P [ ] Index] [ ]]</p> <p>The Cash Settlement Amount of each Index-Linked Warrant is calculated by</p>

identifying the "Final Index Level" of [the Reference Index] [the basket of Reference Indices] linked to the Warrant, and subtracting a percentage fee retained by the Managers or their affiliates. The "Final Index Level" is determined [, taking into account the weighting of each Reference Index in the basket.] on a particular date or dates by reference to: [payments which the Issuer or its designated Affiliate receives in unwinding the arrangements it has entered into to hedge the final index level and currency risk of [the][each] Reference Index (for instance, selling equity securities underlying the Reference Index, selling futures or options contracts relating to the Reference Index, redeeming related financial instruments or closing out of hedge transactions) or if no such hedging has been entered into, a notional amount of what the Issuer would have received if it had done so, as determined by the Calculation Agent] [official settlement prices disclosed on an exchange for settling futures or options contracts] [the level of the Reference Index], as converted (where applicable) from the currencies in which the component securities of the [Reference Index] [each Reference Index] are quoted on their respective exchange (the "**Reference Currency**") into the currency in which the Warrants are denominated, namely [ ] (the "**Settlement Currency**") at an exchange rate embedding conversion costs, and less any other costs incurred by the Issuer or its affiliates (including, for instance, brokers' fees and taxes levied on securities held which underlie the Reference Index).]

*[(2) Additional Amounts:*

This series of Warrants will entitle the Warrantholder to Additional Amounts corresponding to distributions which would be payable to a notional holder of a fixed amount of the [Reference Asset][Reference Assets][Reference Index][Reference Indices] (such as dividends or interest payments) which is an institution subject to the same laws as the Issuer and/or its designated Affiliates. Such amounts will be payable in cash converted from the Reference Currency into the Settlement Currency at an exchange rate that would have been used in connection with such conversion.]

*[(3) Supplementary Amount:*

This series of Warrants will entitle the Warrantholder to an amount (the "**Supplementary Amount**") calculated on the basis of a per annum rate applied to the initial price of the relevant equity security constituting the Reference Asset, adjusted to take into account any costs (including but not limited to brokers' fees, transaction processing fees and actual or potential taxes that would be incurred)[, less a percentage early exercise cost retained by the Issuer if the Warrants are exercised prior to their expiry date].

Such Supplementary Amount will be payable in cash, as converted (where applicable) from the Reference Currency into the Settlement Currency at a specified exchange rate.]

*[Non-Cash Distribution Amount:*

The Issuer may, at its absolute discretion, pay to Warrantholders an amount (the "**Non-Cash Distribution Amount**") calculated to reflect the cash equivalent amount of any non-cash distribution made in respect of the underlying securities to the holders of such securities, such as an issue of warrants or preference shares.]

The Warrants do not bear interest.

**No guarantee or security:** The Warrants are the obligations of the Issuer only and are unsecured.

**Status of the Warrants:** Warrants issued under the Programme will be

		<p>unsecured and unsubordinated obligations of the Issuer and will rank <i>pari passu</i> and without preference among themselves and, at their date of issue, with all other unsecured and unsubordinated obligations of the Issuer (unless preferred by law).</p> <p><b>No events of default:</b> There are no events of default applicable to the Warrants.</p> <p><b>Tax:</b> Warrantheolders will be liable for and/or subject to any taxes, including withholding tax, payable in respect of the Warrants.</p> <p><b>Modification and substitution:</b> Modifications to the terms and conditions of the Warrants (the "<b>Conditions</b>") may be made without the consent of any Warrantheolders to cure any ambiguity or manifest error or correct or supplement any Conditions <b>provided that</b> it is not materially prejudicial to the interest of Warrantheolders, or is of a formal, minor or technical nature or comply with mandatory provisions of the law of the Issuer's jurisdiction of incorporation, or corrects inconsistency between the final terms and the relevant termsheet relating to the Warrants. The Warrants permit the substitution of the Issuer with its Affiliate without the consent of any Warrantheolder where the Issuer provides a guarantee of the Affiliate's obligations.</p> <p><b>Termination for illegality:</b> If the Calculation Agent determines that the performance of the Issuer's obligations under any Warrants has become unlawful or impractical in whole or in part for any reason, the Issuer may terminate such Warrants early in accordance with the Conditions.</p> <p><b>Governing Law:</b> English law.</p>
C.11	<b>Listing and trading:</b>	<p>Application has been made to admit Warrants issued under the Programme to the Official List of the Financial Conduct Authority and to trading on the regulated market of the London Stock Exchange plc.</p> <p>[Application will be made for the Warrants to be admitted to listing on the Official List and to trading on the London Stock Exchange effective on or about [     ].]</p>
C.15	<b>Description of how the value of the investment is affected by the value of the underlying instrument:</b>	<p>[The Warrants can only be acquired for consideration of at least EUR 100,000 (or its equivalent in another currency) per Warrant.] [The Warrants can be acquired for less than EUR 100,000 (or its equivalent in another currency) per Warrant.]</p>
		<p>The Warrants are designed to track the price of [     ] [(the "<b>Reference Asset[s]</b>")][(the "<b>Reference Ind[ex][ices]</b>")]. The Cash Settlement Amount payable on exercise of any Warrant is linked to a [fixed amount of the Reference Asset[s]][fixed level of the Reference Ind[ex/ices] by way of a hedge in respect of such [fixed amount of the Reference Asset[s]][fixed level of the Reference Ind[ex/ices] (whether directly or synthetically). In general, as the value of the [Reference Asset[s]][Reference Ind[ex/ices] increases or decreases, so will the Cash Settlement Amount payable in respect of such Warrants.</p> <p>[The quoted price of the Reference Asset[s]][The quoted level of the Reference Ind[ex/ices] may diverge from the Cash Settlement Amount payable under the Warrant owing to any disparity between the hedge and the Reference Asset, and subject to the deduction of costs, such as, amongst other things, brokers fees, transaction processing fees and actual or potential taxes, and including those costs that would be incurred by the Issuer and/or its designated Affiliates of investing in the Reference Assets whether directly or synthetically, and a fee to</p>

		be retained by the Issuer, the Managers and/or their Affiliates.
<b>C.16</b>	<b>Expiration or maturity date of securities:</b>	<p>The Expiry Date in respect of the Warrants is [ ] (the "<b>Expiry Date</b>"). The Warrants are:</p> <p>["American Style Warrants" and are therefore exercisable on any Business Day during the period beginning on (and including) [•] and ending on (and including) the Expiry Date.</p> <p>["European Style Warrants" and are therefore exercisable on the Expiry Date]</p> <p>["Bermudan Style Warrants" and therefore exercisable on [ ] [and/or] [the Expiry Date]]</p>
<b>C.17</b>	<b>Settlement procedure:</b>	<p>The Warrants will be cash-settled.</p> <p>Any Cash Settlement Amount[, Supplementary Amount, Non-Cash Distribution Amount] [or Additional Amount] due to the Warrantholder will be paid through [DTC][,/and] [Euroclear] [and] [Clearstream, Luxembourg]</p>
<b>C.18</b>	<b>Return on securities:</b>	<p>The date on which the Cash Settlement Amount [and Supplementary Amount] is scheduled for payment is the [fifth] [ ] business day following [the last date on which an unwind of any applicable underlying hedge transaction relating to the Warrants has been achieved or which the Calculation Agent determines would have been achievable by the Issuer and/or its designated Affiliates][the valuation date or, if applicable, the last averaging date, on which an official settlement price (or any applicable fallback) for settling one or more exchange-traded contracts relating to the Warrants is determined][the valuation date or, if applicable, the last averaging date, on which the reference level of the Reference Index or Reference Indices relating to the Warrants is determined].</p> <p>[Unless exercised before the Expiry Date, the Warrants will be automatically exercised on such date, at which time the Warrantholder will be entitled to receive the Cash Settlement Amount (if any) [and any Supplementary Amount].]</p> <p>[To be entitled to any Cash Settlement Amount [and any Supplementary Amount], the Warrantholder will be required to deliver an exercise notice to the Principal Warrant Agent before 10.00 a.m. on the Expiry Date, otherwise the Warrant shall become void.]</p> <p>[The Additional Amount will be valued as at the date the Cash Distribution is notified as the record date for payment to the holders of the underlying securities. <b>Provided that</b> the Cash Distribution falls within the period from [(but excluding)] [and (including)] [•] to [(and including)] [(but excluding)] [•] (the "<b>Additional Payment Period</b>") and the Issuer has determined a Notional Holder would have received payment in full of a corresponding amount had the Notional Holder held the Securities, the Additional Amounts will be due from the Issuer on the next payment date for payment of Additional Amounts.]</p> <p>[The Non-Cash Distribution will be valued as at the date the relevant Non-Cash Distribution is notified as the record date for distribution to the holders of the underlying securities. <b>Provided that</b> the Non-Cash Distribution falls within the period from [(but excluding)] [and (including)] [•] to [(and including)] [(but excluding)] [•] (the "<b>Additional Payment Period</b>") and the Issuer has determined a Notional Holder would have received (in full) a cash amount in consideration of its disposal of the Non-Cash Distribution had the Notional Holder held the Securities, the Non-Cash Distribution Amount will be due from the Issuer on the next payment date for payment of Additional Amounts.]</p>
<b>C.19</b>	<b>Exercise price or final reference price of the</b>	On exercise of the Warrant, the Cash Settlement Amount will be calculated by ascertaining a cash amount which [the Issuer has received under the hedging

	<b>underlying:</b>	arrangements it has entered into or the Issuer would notionally receive had it hedged such a [fixed amount of the Reference Asset] [fixed number of units in the Reference Index, averaged out over a period] [correlates to the official settlement price of a futures or options contract] [correlates to the level of an index]. The Calculation Agent then deducts certain cost items (such as, amongst other things, brokers' fees, transaction processing fees and actual or potential taxes that would be incurred) and a fee to be retained by the Issuer, the Managers and/or their Affiliates.
<b>C.20</b>	<b>Type of the underlying:</b>	<p>The Warrants are:</p> <p>["<b>Equity-Linked Warrants</b>", being Warrants in relation to which the Cash Settlement Amount is linked to [one security, namely][a basket of securities, comprised of], [ ] (the "<b>Securities</b>"). The Securities are the Reference Asset[s] to which the Warrants are linked.]</p> <p>["<b>Index-Linked Warrants</b>", being Warrants in relation to which the Cash Settlement Amount is linked to [one index, namely][a basket of indices, comprised of] [MSCI [ ] Index] [FTSE [ ] Index] [TSWE [ ] Index] [Kospi [ ] Index] [Hang Seng [ ] Index] [TOPIX [ ] Index] [S&amp;P [ ] Index] [ ]]</p> <p>References to ["<b>Reference Asset</b>"]["<b>Reference Index</b>"], either in the singular or plural form, shall refer to any [Reference Asset] [Reference Index] (as the case may be) applicable to a Series of Warrants.</p> <p>[Information on the [Reference Assets/Reference Index] can be found [ ].</p>



**Section D – Risks**

<p><b>D.2</b></p>	<p><b>Key risks specific to the Issuer:</b></p>	<p><b>The Issuer has exposure to counterparties in the eurozone which may be affected by a sovereign or currency crisis:</b> In spite of austerity measures and structural reforms, peripheral eurozone countries continue to exhibit a high ratio of sovereign debt to gross domestic product or short to medium-term maturity concentration of their liabilities and further structural reforms are still needed to contain the threat of the exit of one or more countries from the eurozone. Although the Group's exposure to the peripheral eurozone countries is limited and reduced further in 2013, the Group is still exposed to counterparties in core European countries which could be affected by any sovereign or currency crisis.</p> <p><b>The Issuer's parent company is subject to regulatory commitments and consent orders:</b> HSBC Holdings has entered into agreements with US and UK government agencies to comply with certain forward-looking obligations with respect to anti-money laundering and sanctions requirements. Failure to comply with the terms of such agreements may have a material adverse effect on the Group.</p> <p><b>UK and European banking structural reform legislation and proposals could materially adversely affect the Issuer:</b> Major changes to the corporate structure and business activities of the Issuer, including the establishment of a ring-fenced bank for retail banking activities, are expected pursuant to UK and European banking structural reform legislation and proposals. The most likely restructuring will involve separating the Issuer's retail activities from the Issuer.</p> <p><b>The Issuer is subject to a number of legal and regulatory actions and investigations:</b> The Issuer is subject to a number of legal and regulatory actions and investigations, the outcomes of which are inherently difficult to predict. An unfavourable result in one or more of these could result in the Issuer incurring significant expense, substantial monetary damages, loss of significant assets, other penalties and injunctive relief, potential regulatory restrictions on the Issuer's business and/or a negative effect on the Issuer's reputation.</p> <p><b>Unfavourable legislative or regulatory developments, or changes in the policy of regulators or governments could materially adversely affect the Issuer:</b> The Issuer's businesses are subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, guidance, voluntary codes of practice and their interpretations in the UK, the EU and the other markets where the Issuer operates. This is particularly so in the current environment, where the Issuer expects government and regulatory intervention in the banking sector to continue to increase for the foreseeable future, for example, there remains continued uncertainty as to the ongoing amount and quality of capital that banks will be required to hold under the EU Capital Requirements Directive and Regulation.</p> <p><b>The Issuer is subject to the substance and interpretation of tax laws in the jurisdictions in which it and members the Group operate:</b> The Issuer is subject to the substance and interpretation of tax laws in all countries in which it and members of its Group operate, the risk associated with changes in tax law or in the interpretation of tax law, the risk of changes in tax rates and the risk of consequences arising from failure to comply with procedures required by tax authorities.</p> <p><b>The Issuer's operations are highly dependent on its information technology systems:</b> The reliability and security of the Issuer's information and technology infrastructure and the Issuer's customer databases are crucial to maintaining the service availability of banking applications and processes and to protecting the HSBC brand. Critical systems failure, prolonged loss of service, internet crime or fraud or a material breach of security could lead to financial loss and cause</p>
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		<p>damage to the Issuer's business and brand.</p> <p><b>The Issuer's operations have inherent reputational risk:</b> Reputational risk may arise from negative public opinion about the actual or perceived manner in which the Issuer conducts its business activities, its financial performance, and actual or perceived practices in banking and the financial services industry generally. Negative public opinion may adversely affect the Issuer's ability to keep and attract customers and, in particular, corporate and retail depositors, which in turn could have a material adverse effect on the Issuer.</p> <p><b>The Issuer has significant exposure to counterparty risk both within the financial sector and to other risk concentrations:</b> Financial institutions are necessarily interdependent because of trading, clearing, counterparty or other relationships, which could affect its funding and its ability to manage the risks of its business.</p> <p><b>The Issuer is subject to risks associated with market fluctuations:</b> The Issuer's businesses are exposed to changes in, and increased volatility of, interest rates, inflation rates, credit spreads, foreign exchange rates, commodity, equity, bond and property prices and the risk that the Issuer's customers act in a manner inconsistent with its business, pricing and hedging assumptions. It is difficult to predict with any accuracy changes in market conditions, and such changes could have a material adverse effect on the Issuer.</p> <p><b>Liquidity, or ready access to funds, is essential to the Issuer's business:</b> If the Issuer is unable to raise funds, its liquidity position could be adversely affected and the Issuer might be unable to meet deposit withdrawals or obligations under committed financing facilities and insurance contracts, to fund new loans, investments and businesses or to repay borrowings as they mature.</p>
D.6	<p><b>Key risks specific to the securities and risk warning to the investor:</b></p>	<p><b>Credit risk:</b> The Warrants are direct, unsubordinated and unsecured obligations of the Issuer and not of any other person. If the Issuer's financial position were to deteriorate, there could be a risk that the Issuer would not be able to meet its obligations under the Warrants (the Issuer's credit risk). If the Issuer were insolvent or defaulted on its obligations under the Warrants, in the worst case scenario, investors in the Warrants could lose all of their invested amounts.</p> <p><b>The Warrants are unsecured obligations:</b> The Warrants are not secured and so investors would not have recourse to the Reference Assets or securities underlying the Reference Index (as applicable) or any other security or collateral. If the Issuer becomes unable to pay amounts owed to investors under the Warrants, such investor does not have any recourse to any assets and may not receive any payments under the Warrants.</p> <p><b>The Warrants are not ordinary debt securities:</b> The Warrants do not pay interest and, upon expiry or upon exercise, may return less than the amount invested or nothing. Warrants are designed to track the price of the Reference Assets or level of the Reference Index (as applicable). If the performance of such underlying does not move in the anticipated direction or if the issuer thereof becomes insolvent, the Warrants will be adversely affected and, in a worst case scenario, may become worthless.</p>
		<p><b>Payments under the Warrants may be delayed:</b> Payments to Warrantholders which are calculated by reference to hedging arrangements will only be due if the proceeds would have been received by an investor outside the jurisdiction where the Reference Assets or securities underlying a Reference Index are listed or quoted. There is a risk that limitations on the importation and withdrawal of funds in such jurisdiction could lead to potential delays in payments under the Warrant or, in the worst case, the Warrants becoming</p>

		<p>worthless.</p> <p><b>No ownership rights:</b> The Warrants do not confer any legal or beneficial interest or any voting or dividend rights in the Reference Asset or the securities underlying the Reference Index.</p> <p><b>There may be no active trading market or secondary market for liquidity for Warrants:</b> Any series of Warrants may not be widely distributed and there may not be an active trading market, nor is there assurance as to the development of an active trading market. If there is no liquid market, investors may not be able to realise their investment in the Warrants until the expiry of such Warrants or may not realise a return that equals or exceeds the purchase price of their Warrants.</p> <p><b>Certain factors affecting the value and trading price of Warrants:</b> The Cash Settlement Amount payable under the Warrants may be affected by fluctuation in value of the Reference Asset or Reference Index (as applicable), changes in interest rates, volatility of the Reference Asset or Reference Index, time remaining to expiry, dividend rates on the Reference Asset or the securities underlying a Reference Index or, where applicable, the number and type of underlying Reference Assets or Reference Indices included in a basket to which the relevant Warrants relate.</p> <p><b>Conflicts of interest may arise between the interests of the Issuer or its affiliates and those of the Warrantholders:</b> The Issuer or its affiliates may enter into hedging or other transactions (i) relating to Reference Assets or securities underlying a Reference Index (as applicable) or (ii) with issuers of Reference Assets or securities underlying a Reference Index (as applicable). The Issuer or its affiliates may also publish research or other reports relating to Reference Assets or securities underlying a Reference Index (as applicable). Any such activities may have a negative effect on the value of Warrants relating to such Reference Assets or Reference Indices. In addition, the Issuer may assume roles as hedging party, service providers in respect of Reference Assets which are funds, calculation agent under the Warrants or publisher of research reports. In respect of any of these roles the Issuer may have interests that conflict with the interests of Warrantholders.</p> <p><b>Commission and cost of hedging:</b> The issue price of the Warrants may include commissions charged by Issuer or its affiliates and expected costs of hedging the Issuer's obligations under the Warrants. Accordingly, there is a risk that, upon issue, the market price of Warrants may be lower than original issue price of the Warrants. Also, fees, commission and hedging costs may be deducted from the Cash Settlement Amount.</p> <p><b>[Exchange rate risks and exchange control risks:</b> The Issuer will pay amounts in respect of the Warrants in the Settlement Currency. Where the Reference Currency is not the same as the Settlement Currency, amounts payable under the Warrants may be affected by multiple currency conversion costs which may be passed on to investors. Where the Settlement Currency is not the same as the investor's home currency, the realisable value of the investment in the investor's home currency may be at risk from fluctuations in the exchange rate. Government and monetary authorities may impose or modify exchange controls that could adversely affect an applicable exchange rate or transfer of funds in and out of the country. As a result of such restrictions and controls the Issuer may suspend its obligations to make any payment under any Warrants if and for as long as such exchange controls have occurred and are continuing. Warrantholders shall not be entitled to any interest or other compensation in respect of any such suspension.]</p>
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	<p><b>[Emerging market risks:</b> Investors in Warrants relating to [Reference Assets] [securities underlying a Reference Index] which are issued in or located in or listed on an exchange in an emerging market should be aware that investment in emerging markets are subject to greater risks than well-developed western markets. Institutions relied upon for the efficient functioning of capital</p>

		<p>markets, such as stock exchanges, economic, legal and regulatory institutions, systems for the clearing, settlement and registration of securities, may be less developed. Disclosure standards may be less onerous on issuers and accountancy practices may differ from those which are internationally accepted. Political conditions in certain geographic locations where the issuers of Reference Assets may operate may be volatile or unstable, and there could be increased price volatility.]</p> <p><b>[RMB risks:</b> There are restrictions on the conversion of RMB into other currencies. The amount of Offshore RMB deliverable outside PRC may be limited, which may affect the liquidity of Offshore RMB linked Warrants. The market for Offshore RMB is a different market to that of RMB deliverable in PRC. The Offshore RMB exchange rate may be influenced by the onshore RMB exchange rate. The Offshore RMB market may become illiquid or Offshore RMB may become inconvertible or non-transferable. In such circumstances the Issuer may settle payments under the Warrants in another currency. In addition, interest rates are government-controlled in PRC and changes therein may affect the Offshore RMB interest rate which may cause the value of the Warrants to fluctuate.]</p> <p><i>Investors may lose the value of their entire investment or part of it, as the case may be.</i></p>
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<b>Section E – Offer</b>		
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks:</b>	Not Applicable. The prospectus has been prepared solely in connection with the admission of Warrants to trading on a regulated market pursuant to Article 3(3) of the Prospectus Directive. There will be no public offer of the Warrants and thus reasons for the offer and use of proceeds are not required.
<b>E.3</b>	<b>Description of the terms and conditions of the offer:</b>	Not Applicable. The prospectus has been prepared solely in connection with the admission of Warrants to trading on a regulated market pursuant to Article 3(3) of the Prospectus Directive. There will be no public offer of the Warrants and thus a description of the terms and conditions of the offer is not required.
<b>E.4</b>	<b>Description of any interests material to the issue/offer, including conflicting interests:</b>	<p>The Issuer or its affiliates may engage in transactions involving Reference Assets or Reference Index which may have a positive or negative effect on the value of such Reference Assets or Reference Index and therefore on the value of any Warrants to which they relate. Certain Affiliates of the Issuer may also be the counterparty to the hedge of the Issuer's obligations under an issue of Warrants [and [ ] is the Calculation Agent responsible for making determinations and calculations in connection with the Warrants] [and may be a service provider in respect of Reference Assets which are funds]. The Issuer or its Affiliates may from time to time advise the issuer or obligors of, or publish research reports relating to, Reference Assets. The views or advice may have a positive or negative effect on the value of the [Reference Assets] [Reference Indices] and may be inconsistent with purchasing or holding the Warrants relating to the [Reference Assets] [Reference Index].</p> <p>[Fees [are][may be] payable by the Issuer to the Manager(s) acting as underwriter(s) of issues of the Warrants.]</p> <p>Save as disclosed above, no person involved in the issue of the Warrants has an interest material to the issue.</p>
<b>E.7</b>	<b>Estimated expenses charged to the investor by the Issuer or the offeror:</b>	Not Applicable. The prospectus has been prepared solely in connection with the admission of Warrants to trading on a regulated market pursuant to Article 3(3) of the Prospectus Directive. There will be no public offer of the Warrants and expenses in respect of the listing of Warrants are not charged directly by the Issuer or Managers to the investor.

## RISK FACTORS

*This section provides details of the principal risks associated with the Issuer and the Warrants which may be issued under the Programme.*

*Any investment in the Warrants is subject to a number of risks. Prior to investing in the Warrants, prospective investors should carefully consider risk factors associated with any investment in the Warrants, the business of the Issuer and the industry in which it operates, together with all other information contained in this Base Prospectus, including, in particular the risk factors described below and the risk factors set out in the registration document of the Issuer dated 28 April 2014, incorporated by reference. The Issuer considers such risk factors to be the principal risk factors that may affect the Issuer's obligations under the Warrants and/or risk factors that are material for the purposes of assessing the market risk associated with the Warrants. Words and expressions defined in the Conditions or elsewhere in this Base Prospectus have the same meanings in this section.*

*Prospective investors should note that the risks relating to the Issuer, the industry in which it operates and the Warrants summarised in the section of this Base Prospectus headed "Summary" are the risks that the Issuer believes to be those key to an assessment by a prospective investor of whether to consider an investment in the Warrants. However, as the risks which the Warrants are subject to and which the Issuer faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Base Prospectus headed "Summary" (and set out in more detail below) but also, among other things, the other risks and uncertainties described below.*

*The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Warrants and should be used as guidance only. Additional risks and uncertainties relating to the Issuer or the Warrants that are not currently known to the Issuer, or that the Issuer currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer, the value of the security or index underlying the Warrants or the Warrants themselves, and, if any such risk should occur, the price of the Warrants may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Warrants is suitable for them in light of the information in this Base Prospectus and their personal circumstances.*

### **Risks relating to the Bank**

A description of the risk factors relating to the Issuer that may affect the ability of the Issuer to fulfil its obligations under the Warrants are set out in (i) the section entitled "Risk Factors" on pages 3 to 20 of the Registration Document (as defined in the section headed "Incorporation by Reference" below) and (ii) the sections entitled "Principal Risks and Uncertainties" on pages 20 to 24 and "Regulation and Supervision" on pages 79 to 81 of the 2013 Annual Report and Accounts (as defined in the section headed "Incorporation by Reference" below).

### **Risks relating to the Warrants**

#### ***Guidance note in respect of this Risk Factors section***

This Risk Factors section is divided into a number of sub-sections.

Details of these sub-sections are set out in the table below, alongside an indication of which Risk Factors are applicable to a particular issue of Warrants.

<b>Name of sub-section</b>	<b>Applicable to</b>	<b>Explanation</b>
(1) Risks applicable to all Warrants	All Warrants	This sub-section will be relevant for all issues of Warrants, as it details the risk factors which the Issuer deems to be material in respect of all Warrants issued under the Programme. <i>In addition, risk factors from the following sub-sections may be relevant to an issue of Warrants.</i>

Name of sub-section	Applicable to	Explanation
(2) Specific risk factors relating to Equity-Linked Warrants  (3) Specific risk factors relating to Index-Linked Warrants	Equity-Linked Warrants only  Index-Linked Warrants only	Warrants issued pursuant to the Programme will be either: (i) linked to one security or a basket of securities (including shares, depositary receipts, funds, exchange-traded bonds (including exchange-traded convertible bonds)) (" <b>Equity-Linked Warrants</b> "); or (ii) linked to one or more indices (" <b>Index-Linked Warrants</b> ").
(4) Specific risks relating to Warrants linked to Reference Assets or securities underlying Reference Indices tied to emerging markets	Warrants linked to Reference Assets/ securities underlying Reference Indices which are: <ul style="list-style-type: none"> <li>• listed in an emerging markets country; and/or</li> <li>• issued by an entity incorporated in an emerging markets country.</li> </ul>	This section will only be relevant for Warrants which relate to Reference Assets or securities underlying Reference Indices tied to emerging market countries.
(5) Specific risks relating to Warrants linked to Reference Asset(s) denominated in Offshore RMB and traded outside the PRC and Warrants settled in Offshore RMB outside the PRC	Warrants denominated in Offshore RMB or linked to Reference Assets denominated in Offshore RMB and/or settled in Offshore RMB only	This section details risks associated with Offshore RMB and will only be applicable where the Reference Assets to which the Warrant is linked is Offshore RMB or where the settlement currency of Warrants is denominated in Offshore RMB and/or where the Warrants are settled in Offshore RMB.
(6) Country-specific risks relating to the Warrants	Either:  Warrants which link to Reference Assets listed in or issued by entities incorporated in Brazil, Chile, France, India, Italy, Korea, the People's Republic of China, Peru, the United States or Vietnam; or  Warrants which link to a Reference Index comprised of underlying assets listed in or issued by entities incorporated in Brazil, Chile, France, India, Italy, Korea, the People's Republic of China, Peru, the United States or Vietnam	This sub-section is divided into parts discussing additional risk factors for each of Brazil, Chile, France, India, Italy, Korea, the People's Republic of China, Peru, the United States or Vietnam. Which of these parts is applicable to an issue of Warrants depends on the jurisdictions of the Reference Assets to which the Warrants are linked.  The risk factors described in this section may give further detail on risks identified in the section entitled " <i>(1) Risks applicable to all Warrants</i> ".



## (1) Risks applicable to all Warrants

The Issuer may issue Warrants linked to equity or debt securities issued by entities in one or more jurisdictions, or an index which references equity or debt securities from such jurisdictions. A number of these Warrants may have features which contain particular risks for prospective investors. Set out below is a description of the principal risks that should be taken into consideration by prospective investors of Warrants.

### *Credit risk*

The Warrants are direct, unsubordinated and unsecured obligations of the Issuer and not of any other person. If the Issuer's financial position were to deteriorate, there could be a risk that the Issuer would not be able to meet its obligations under the Warrants (the Issuer's credit risk). If the Issuer were insolvent or defaulted on its obligations under the Warrants, in the worst case scenario, investors in the Warrants could lose all of their invested amounts.

Investors should be aware that any rating of the Issuer reflects the independent opinion of the relevant rating agency and is not a guarantee of the Issuer's credit quality. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by its assigning rating agency at any time.

### *Warrants are unsecured obligations*

It will be particularly important for the investor to evaluate the Issuer's credit risk when considering an investment in the Warrants as the Warrants are unsecured and so the investor would not have recourse to the Reference Assets, the securities underlying any Reference Index or any other security/collateral. If the Issuer became unable to pay amounts owed to the investor under the Warrants, such investor does not have recourse to the Reference Assets, the securities underlying any Reference Index or any other security/collateral and, in a worst case scenario, may not receive any payments under the Warrants.

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

The terms of the Warrants differ from those of ordinary debt securities and an investment in the Warrants is not equivalent to an investment in a time deposit. Warrants do not pay any interest and are not covered by the Financial Services Compensation Scheme.

The repayment of any amount invested in Warrants and any return on investment is variable and not guaranteed. Unlike a savings account or similar investment with a lower return and little or no capital risk, Warrants issued under the Programme may potentially have a greater return but there is a greater risk of loss of capital.

This is because the Warrants are designed to track the price of the underlying Reference Asset(s) or the level of the Reference Index (or Reference Indices). The value of the Reference Assets and the level of a Reference Index can alter sharply because they reflect the performance of the securities underlying an index or general stock and other market conditions. Therefore, there is a risk that, if the underlying Reference Asset(s) or Reference Index (or Reference Indices) does not move in the anticipated direction, the Warrants may return less than the amount invested or, in a worst case scenario, nothing. In such circumstances, investors could lose their entire invested amount. In addition, investors should note that there is a risk that if the issuers of an underlying Reference Asset(s) or securities underlying a Reference Index become insolvent, the value of such Reference Asset(s) or Reference Index will become zero. As a result thereof the value of the Warrants will be adversely affected and in a worst case scenario become zero as well. Investors in the Warrants would then lose all of their invested amounts.

### *Payments under the Warrants may be delayed*

Payments to Warrantholders calculated by reference to the price of hedging arrangements (which may include disposal of the underlying Reference Asset or securities underlying the Reference Indices) will not be due unless or until the proceeds of disposal would have been received by an investor outside the Reference Jurisdiction (a "**Foreign Investor outside the Reference Jurisdiction**"), where "**Reference Jurisdiction**" means the jurisdiction of the listing or quotation system on which any Reference Asset or any security underlying a Reference Asset is principally listed or quoted (or of the exchange or quotation system indicated as the "Exchange" in the relevant Final Terms) and so there is a risk that limitations on the importation and withdrawal of funds may lead to potential delays or the non-receipt of funds. If

Foreign Investors outside the Reference Jurisdiction become unable to invest directly in or hold Reference Assets or securities underlying the Reference Indices in the Reference Jurisdiction or they are not allowed to sell or receive proceeds from the sale of such Reference Assets, then the Warrants may, in the worst case, become worthless.

***No ownership rights***

An investment in Warrants relating to a Reference Asset or Reference Index is not the same as an investment in the Reference Asset(s) or the securities underlying any Reference Index and does not provide a holder of Warrants with any of the rights that a holder of a Reference Asset or such security underlying a Reference Index may have (such as voting rights and rights to receive dividends).

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

Any Series of Warrants issued under the Programme will be new securities which may not be widely distributed and for which there is no active trading market (even where, in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche which is already issued). Accordingly, the investor is subject to the risk that its investment in the Warrants may be difficult or impossible to trade.

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

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

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

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

Fluctuations in the price, value and/or level of the Reference Asset or Reference Index may affect the value of the Warrants, but equally an investor in the Warrants is subject to the risk that expectations of fluctuation in price, value and/or level of the Reference Asset or Reference Asset during the remaining period to the expiry of the exercise period of the Warrants or any earlier exercise date would adversely affect amounts payable in respect of the Warrants. The price, value and/or level of the relevant Reference Asset or Reference Index may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macro-economic factors and speculation.

(b) ***Interest rates***

Rising interest rates may lower the value of the Reference Asset or Reference Index, and thus, the value of the Warrants. Changes in interest rates may also affect the economy of a country in which the Reference Asset is traded, and which may adversely affect the value of the Warrants.

(c) *Volatility of the Reference Asset*

If the size and frequency of market fluctuations in value of the Reference Asset or Reference Index decreases, the trading value of the Warrants would likely decrease.

(d) *Time remaining to expiry*

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

(e) *Dividend rates*

An investor in the Warrants is subject to the risk that changes in dividend or other distribution rates on the Reference Assets or securities underlying a Reference Index may adversely affect the trading value of the Warrants. If the dividend or other income rates on the Reference Assets or securities underlying a Reference Index increase, the trading value of the Warrants are likely to decrease (although, where Additional Amounts are specified in the Final Terms, the investor might otherwise be entitled under the Warrants to payments equivalent to such distributions).

(f) *Value of baskets*

The value of a basket of debt, equity or indices to which any Warrants relate may be affected by the number and type of underlying Reference Assets or Reference Indices included in such basket. Investors in the Warrants are subject to the risk that other risks relating to the Reference Assets or Reference Indices which adversely affect the value of the Warrants will be exacerbated due to the number of and/or type of Reference Assets or Reference Indices in a basket.

If a particular Reference Index, or a basket of Reference Indices or Reference Assets relates to companies which are all in or connected with a particular industry, the value of such basket will be affected to a greater extent by the economic, financial and other factors affecting that industry than if the securities underlying a Reference Index, Reference Indices or Reference Assets included in the basket relate to various industries that are affected by different economic, financial or other factors or are affected by such factors in different ways.

***Potential conflicts of interest***

The Issuer or its Affiliates may from time to time (i) advise the issuers of or obligors in respect of Reference Assets or securities underlying a Reference Index regarding transactions to be entered into by them; (ii) engage in transactions involving Reference Assets or securities underlying a Reference Index for their proprietary accounts and for other accounts under their management; (iii) carry out hedging activities related to the Warrants by purchasing Reference Asset(s) or the securities underlying Reference Indices; or (iv) publish research reports relating to certain Reference Assets or Reference Indices or to the issuers of certain such Reference Assets or securities underlying the Reference Indices. Any such activities may have a 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 or the Issuer itself may (i) be the counterparty to the hedge of the Issuer's obligations under an issue of Warrants; (ii) be the Calculation Agent responsible for making determinations and calculations in connection with the Warrants; (iii) act as or be affiliated with a service provider, investment manager, investment adviser or trustee in respect of a Fund to which Warrants may be linked; or (iv) publish research reports which express opinions or provide recommendations that are inconsistent with purchasing or holding the Warrants referencing the Reference Assets. Accordingly, there is a risk that certain conflicts of interest may arise both among the Issuer or these Affiliates and between the interests of the Issuer or these Affiliates and the interests of Warrant holders.

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

The determination of the Cash Settlement Amount, Additional Amount, Supplementary Amount and/or Non-Cash Distribution Amount (where applicable) will be made by the Calculation Agent in its sole and absolute discretion with reference to the corresponding amounts under any relevant underlying hedge transactions as it deems appropriate. The Calculation Agent will also determine in certain circumstances the effect on the Warrants of restrictions and controls imposed on investors in Reference Assets or securities underlying Reference Indices and the consequences for the Warrants which includes adjustments to the terms of the Warrants or termination of the Warrants at an amount which in the opinion of the Calculation Agent is fair. Accordingly, an investor in the Warrants is subject to the risk that the calculation of payment and other determinations under the Warrant are conclusively determined by one party which may be the Issuer itself or its Affiliates and the investor cannot object to such calculation or determination.

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

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

The original issue price of the Warrants includes the commission or fee charged by the Issuer and/or the Managers and/or their Affiliates and the cost or expected cost of hedging the Issuer's obligations under the Warrants and may include a distribution fee payable to the distributor of the Warrants. Accordingly, there is a risk that, upon issue, the price, if any, at which the Issuer, the Managers or their Affiliates would be willing to purchase Warrants from the investor in the secondary market would be lower than the original issue price or the market price of the Reference Asset or the quoted level of the Reference Indices. Such fee, commission and cost of hedging may also be deducted from the Cash Settlement Amount payable on expiry or upon exercise of the Warrants. In addition, any such prices may differ from values determined by pricing models used by the Issuer, the Managers or their Affiliates as a result of such compensation or other transaction costs.

### ***Timing issues concerning dividend or coupon payments***

Investors who own the Warrants immediately prior to the ex-dividend/coupon date may become entitled to receive an Additional Amount reflecting the dividend or coupon under the Reference Asset(s) that are shares or bonds. However, the amount paid to the investors in the Warrants could be lower than the relevant dividend or coupon paid by the issuer of the relevant Reference Assets as the amount payable to Warrantholders will be the net dividend or coupon amount after conversion of such amount from the currency in which it was paid into the relevant Settlement Currency (as referred to in the applicable Final Terms) and after the deduction of all costs, expenses, fees, levies, taxes (including potential taxes which the Calculation Agent considers may arise) incurred in connection therewith, as determined by the Issuer in its sole and absolute discretion.

Also investors should note that for Warrants linked to a total return index, dividends on the constituents of the Index may be taken into account in the Index calculation in accordance with the formula for and method of calculating the Index, and in such case, investors will not separately receive any payments relating to any dividends or other distributions relating to any securities which comprise the constituents of the Index.

### ***Disclosure of beneficial ownership***

An investor might be treated as the beneficial holder of Reference Assets or securities underlying a Reference Index to which its Warrants relate. Consequently, depending on the size of an investor's exposure to the Reference Assets, an investor in the Warrants is subject to the risk that it (or the Issuer/its Affiliates) may be required by laws, regulations, rules, guidelines or other administrative practice in the Reference Jurisdiction or the jurisdiction in which the Issuer and/or its Affiliates are incorporated or domiciled to provide information regarding the beneficial holder and the Warrants to any governmental or regulatory authority in the Reference Jurisdiction or the jurisdiction in which the Issuer and/or its Affiliates are incorporated or domiciled. The Issuer and its Affiliates reserve the right to request further

information regarding the investor and the Warrants from the investor in order to comply with such disclosure requirements.

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

The Issuer will generally pay amounts in respect of the Warrants in the Settlement Currency (as referred to in the applicable Final Terms). As a result thereof there are various potential exchange rate risks that investors in the Warrants need to consider.

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

If an investor anticipates that it will need to convert payments made under the Warrants from the Settlement Currency into a currency of its choice (the "**Investor's Currency**") (for instance, if other obligations of the investor are payable in the Investor's Currency), then the investor is subject to the risk that the currency conversion rate which it must pay for exchanging the Settlement Currency into the Investor's Currency becomes less attractive and therefore decreases the realisable value of its investment.

An appreciation in the value of the Investor's Currency relative to the Settlement Currency at any time would decrease (i) the value any exercise amount payable to the investor and (ii) the market value of the Warrants, in each case where converted into the Investor's Currency at that time. As a result, the amount that the investors receive in respect of the Warrants, as converted, may be less than expected or zero.

#### ***Issuer converting amounts received in Reference Currency into the Settlement Currency***

Equally, the investor bears a currency conversion risk where the Reference Currency (in which the Reference Asset or Reference Index is principally denominated, as specified in the applicable Final Terms), is a currency other than the Settlement Currency. This is because, in order for the Issuer to make payments of the Cash Settlement Amount and/or any relevant Additional Amounts in respect of the Warrants, it will need to convert the amounts it receives in respect of the underlying assets/indices (denominated in the Reference Currency) into the Settlement Currency. The investor will pay the currency conversion costs and associated costs as a deduction from the Cash Settlement Amount payable at expiry or upon exercise and therefore is subject to the risk that the rate applicable between the two currencies and/or associated costs becomes less attractive and therefore decreases the value of the investment in the Warrants.

In addition, where the Reference Currency needs to be converted into another currency (e.g. USD) before conversion into the Settlement Currency, the associated multiple currency conversion costs (including, without limitation, bid/offer spreads and operating expenses) would be passed on to investors, thus reducing the amounts payable under such Warrants.

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

Investors in Warrants should also be aware that there is the risk that authorities with jurisdiction over the Investor's Currency, Settlement Currency and/or Reference Currency such as government and monetary authorities may impose or modify (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or transfer of funds in and out of the country. It is impossible to predict whether the value of one such currency relative to another will rise or fall during the term of the Warrants. The Issuer may also suspend its obligations to make any payment under any Warrants if and for as long as such exchange controls have occurred and are continuing. Warrant holders will not be entitled to any interest or other compensation in respect of any such suspension.

#### ***Alternative Payment Currency Risk***

If "Payment of Alternative Payment Currency Equivalent" is specified as applicable in the relevant Final Terms, an investor is subject to the risk that payments in respect of such Warrants will be made in the Alternative Payment Currency specified in the relevant Final Terms instead of the Settlement Currency. To the extent the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay the Cash Settlement Amount, Additional Amounts and/or Supplementary Amounts (if applicable) as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Issuer shall be entitled to settle any such payment in the Alternative Payment Currency specified in the relevant Final Terms on the due date at the Alternative Payment Currency Equivalent (as defined in the Conditions) of any such Cash Settlement Amount, Additional Amounts and/or Supplementary Amounts (if applicable).

In this case, the risk factors in the section entitled "(1) Risks applicable to all Warrants - Exchange rate risks and exchange controls" would apply as if the relevant Alternative Payment Currency were the Settlement Currency.

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

Warrant holders are subject to the risk that a Market Disruption Event will occur. A Market Disruption Event may occur in respect of Warrants if, as determined by the Calculation Agent: a related stock exchange closes early without notice; limitations are imposed on trading; trading is suspended; or market participants are prevented from obtaining valuations or effecting transactions.

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

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

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

#### ***Additional Disruption Events***

Prospective investors should note that Additional Disruption Events may occur in relation to the relevant Warrants in certain circumstances described in the Conditions. If any Additional Disruption Event occurs in relation to the relevant Warrants, the Issuer may, at its sole and absolute discretion, declare an exercise date in respect of the Warrants and the Warrant holders will receive an early termination amount based on the determinations made by the Calculation Agent.

Prospective investors should note that certain Additional Disruption Events such as Change in Law, Hedging Disruption Event, Increased Cost of Hedging, Insolvency Filing and Currency Event may be specified to be applicable in the relevant Final Terms:

- "Change in Law" may occur where the Issuer determines it will or has become illegal for it to hedge its obligations under the Warrants or where the Issuer or its designated Affiliates would incur materially increased costs in performing its obligations under the Warrants, each due to a change in law;
- "Hedging Disruption" may occur if the Issuer or its Affiliates become unable to hedge or would suffer material delay in conducting any hedging transactions relating to the Warrants;
- "Increased Cost of Hedging" may occur where the Issuer would incur a materially increased cost, other than as a consequence of deterioration in its own creditworthiness, in hedging its obligations under the Warrants;
- "Insolvency Filing" may occur where if an issuer of Reference Assets or the securities underlying the Reference Indices institutes or has instituted against it insolvency, bankruptcy or winding-up proceedings or proceedings for relief under similar laws; and
- "Currency Event" may occur where an event happens that has the effect of restricting the transferability, the convertibility and the deliverability of certain currencies in respect of the Warrants.

Upon the occurrence of the declaration of such an exercise date prior to the originally scheduled exercise dates or expiry dates of the relevant Warrants, Warrant holders may suffer a loss of some or of all of their investment and will forego any future appreciation in the relevant Reference Index that may occur following such redemption.

### ***Illegality***

A Warrantholder is subject to the risk that if the Calculation Agent determines in its absolute discretion that the performance of the Issuer's obligations under any Warrants (or the Issuer's or the Issuer's designated Affiliates' obligations under any hedging or funding arrangement established in connection therewith) shall have become unlawful or impracticable in whole or in part. Following such illegality event the Issuer may terminate its obligations under the Warrants against payment of an amount determined by the Calculation Agent representing the fair market value of such Warrant immediately prior to such termination (adjusted to account fully for any reasonable expenses and costs incurred by the Issuer and/or its designated Affiliates in connection with the Issuer's obligations under the Warrants or any related hedging or funding arrangements as a result of such events). Warrantholders may suffer a loss of some or all of their investment as a result of such early termination. Also, if the Warrants are to be terminated, the Warrantholders will forego any future appreciation in the relevant Reference Asset or securities underlying the relevant Reference Index.

### ***Limitations on exercise***

If so indicated in the applicable Final Terms, a Warrantholder must tender a specified minimum number of Warrants and integral multiples of Warrants thereafter at any one time in order to exercise. Thus, Warrantholders with fewer than the specified minimum number of Warrants or specified multiples thereof will either have to sell their Warrants or purchase additional Warrants, incurring transaction costs in each case, in order to realise their investment. Furthermore, Holders of such Warrants incur the risk that there may be differences between the trading price of such Warrants and the Cash Settlement Amount.

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

There is a risk that actions or omissions of the issuer of securities or funds to which the Warrants relate or the sponsor of an index to which the Warrants are linked or others outside the control of the Issuer may adversely affect the rights of the Warrantholders and/or the value of the Warrants (for instance, if the issuer of Reference Assets were to amend the rights under the securities by amendment of its constitutive documents or if the sponsor of an index were to amend the rules applicable to how the level of the index is valued). There is a risk that such actions may give rise to an adjustment to, or early termination of, the Warrants.

### ***Change of Law***

The Conditions are based on English law and United Kingdom tax law in effect as at the date of this Base Prospectus. There is a risk that the interpretation and/or effect of the Conditions may be subject to change in such a manner as to adversely affect the contractual rights of holders of the Warrants. The value of the Warrants may also be affected by changes in the laws of the Reference Jurisdiction of the Reference Assets (including those underlying a Reference Index). No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice or the law or administrative practice of the Reference Jurisdictions after the date of this Base Prospectus.

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

Prospective investors intending to invest in the Warrants to hedge against the market risk associated with investing in a Reference Asset or securities underlying a Reference Index should recognise that there is a risk that the value of the Warrants may not exactly correlate with the value of the Reference Asset or Reference Index to which they relate. This is, in part, due to fluctuating supply and demand for the Warrants and any transaction and other costs reflected in the value of the Warrants. For these reasons, among others, it may not be possible to purchase or liquidate Warrants at the prices used to calculate the value of any relevant Reference Asset or Reference Index to which such Warrants relate. Accordingly, investors who invest in Warrants as a means of hedging may be exposed to risks arising out of such differences in value.

### ***Modification and substitution***

Investors in the Warrants are subject to the risk that the Conditions may be modified without the consent of any Warrantholders where the Issuer determines that:

- the modification is not materially prejudicial to the interests of the Warrantholders as a whole; or

- where the modification of the Warrants is of a formal, minor or technical nature or is made to correct a manifest error or comply with mandatory provisions of the law of the Issuer's jurisdiction of incorporation; or
- where the terms and conditions are inconsistent with the termsheet relating to the relevant Warrants.

There is a commercial risk that the obligations of the Warrantholder will be owed by a principal debtor other than the Issuer. The Warrants permit the substitution of an affiliate of the Issuer as principal debtor in respect of the Warrants without the consent of any Warrantholder, **provided that** the Issuer provides a guarantee.

#### *Clearing systems*

Warrants will be represented by global registered warrants or global warrants which are held by or on behalf of Euroclear and Clearstream Luxembourg or DTC, as the case may be. While the Warrants are represented by a Global Warrant, investors will be able to trade their interests only through Euroclear and Clearstream, Luxembourg. Therefore, investors will have to rely on the procedures of such clearing systems for transfer, payment and communication with the Issuer to receive payments under the Warrants and for exercise of the Warrants and investors in the Warrants are therefore subject to the risk of those settlement procedures failing such that payments due under the Warrants may be delayed and that book entries in the register are entered incorrectly which may lead to difficulties with an investor asserting ownership of its Warrants.

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

#### *Risks relating to taxation*

##### *UK stamp duty and stamp duty reserve tax in relation to the Warrants*

Transactions involving Warrants may be subject to United Kingdom stamp duty or stamp duty reserve tax, and are subject to the risk that instruments effecting or evidencing transfers of Warrants and executed in the United Kingdom may not be admissible in evidence in civil proceedings unless duly stamped. An instrument of transfer executed outside the United Kingdom is also subject to the risk that it may be inadmissible in United Kingdom civil proceedings unless duly stamped after it has been first received in the United Kingdom.

##### *U.S. – FATCA Withholding*

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

Whilst the Warrants are in global form and held within Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme (together, the "**ICSDs**"), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Warrants are discharged once it has paid the common depositary for the ICSDs (as registered holder of the Warrants through its nominee) and the Issuer has



therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries.

*Taxation issues concerning investment in Reference Assets in the Reference Jurisdiction*

Under the terms of the Warrants, the amount of a payment to the investor under the Warrants may be decreased to take into account the effect of taxes in the Reference Jurisdiction on an investment in the Reference Assets or securities underlying a Reference Index.

In general, there is a risk that tax law or practice (including applicable double taxation treaties) will change in the future in any Reference Jurisdiction resulting in the imposition of or increase in tax on an investment in, or disposition of, Reference Assets or securities underlying a Reference Index located in that Reference Jurisdiction.

The imposition of such taxes could:

- (i) decrease the following amounts payable under Warrants:
  - (A) the Cash Settlement Amount; and/or
  - (B) the amount of any Additional Amount (as defined in the Conditions); and/or
- (ii) impose a liability upon the Warrantholder or increase the liability that the Warrantholder has to pay any applicable stamp duty, documentary taxes and duties and transfer taxes and other charges payable in connection with the subscription, purchase or exercise of the Warrants.

The investor in the Warrants will be obliged to pay all taxes payable in connection with the subscription, purchase or exercise of such Warrant and the delivery of the Cash Settlement Amount and/or, if applicable, any Additional Amount. If tax is levied on the Issuer or its designated Affiliates in respect of Reference Assets or securities underlying a Reference Index which relate to the Warrants, the investor under the Warrants will be liable to reimburse the Issuer or its designated Affiliates in respect of such tax irrespective of whether the Warrants have been exercised or have otherwise expired.

In addition, there are risks of certain taxes being imposed on:

- (i) Warrants either linked to Reference Assets denominated in Offshore RMB or in respect of which the Settlement Currency is Offshore RMB, as described in the sub-section entitled:
  - "Specific risks relating to Warrants linked to Reference Asset(s) denominated in Offshore RMB and traded outside the PRC and Warrants settled in Offshore RMB outside the PRC – Gains on the transfer of Warrants denominated in Offshore RMB may become subject to income taxes under PRC tax laws"; and/or
- (ii) an investment in, or disposition of, Warrants relating to Reference Assets or securities underlying Reference Indices listed in or issued by entities incorporated in Brazil, Chile, France, India, Italy, Peru, the People's Republic of China and the United States, as described in the sub-section of the Risk Factors entitled "Country-specific risks relating to the Warrants" under the following headings:
  - "Brazil – IOF tax and/or income tax";
  - "Chile – Chilean First Category Tax and/or Additional Tax ";
  - "France - French Financial Transactions Tax";
  - "India – Taxation issues concerning investment in Reference Assets in India";
  - "Italy – Italian financial transaction tax may apply to Warrants linked to Reference Assets that are securities issued by Italian issuers";
  - "People's Republic of China – Taxation Issues";
  - "Peru – Peruvian capital gains tax and withholding tax"; and

"United States – U.S. withholding tax may apply to Warrants linked to Reference Assets that are securities issued by U.S. issuers".

### ***European Resolution Regime***

On 18 December 2013, the Council of the European Union published a revised draft of a directive providing for the establishment of a European-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Recovery and Resolution Directive**" or "**RRD**"), which was subsequently approved by the European Parliament on 15 April 2014. Certain provisions of the RRD may also apply to holding companies of credit institutions and investment firms. The stated aim of the RRD is to provide supervisory authorities, including the relevant UK resolution authority, with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The powers proposed to be granted to supervisory authorities under the RRD include (but are not limited to) a "write-down and conversion of capital instruments" power and a "bail-in" power.

The write-down and conversion of capital instruments power may be used where the relevant UK resolution authority has determined that the institution concerned has reached the point of non-viability. It may be used before resolution has commenced, and must be used before the bail-in power is used. Any write-down effected using this power must reflect the insolvency priority of the written-down claims – thus, common equity must be written off in full before subordinated debt is affected. Where the write-down and conversion of capital instruments power is used, the write-down is permanent and investors receive no compensation (save that common equity tier 1 instruments may be required to be issued to holders of written-down instruments). The write-down and conversion of capital instruments power is not subject to the "no creditor worse off" safeguard.

The bail-in power would give the relevant UK resolution authority the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Warrants) of a failing financial institution or its holding company, and/or to convert certain debt claims (which could be amounts payable under the Warrants) into another security, including ordinary shares of the surviving entity, if any. The RRD provides that the relevant UK resolution authority will apply the "bail-in" power in accordance with a specified preference order which differs from the ordinary insolvency order. In particular, the RRD requires the relevant UK resolution authority to write down or convert debts in the following order: (i) additional tier 1, (ii) tier 2, (iii) other subordinated claims and (iv) eligible senior claims.

The RRD has been approved by the European Parliament and adopted by the Council of the European Union, although it has not yet been published in final form in the *Official Journal of the European Union*. The RRD contemplates that the majority of measures (including the write-down and conversion of capital instruments power) will be implemented with effect from 1 January 2015, with the bail-in power expected to be introduced by 1 January 2016. However, as discussed under "*Banking Act*" below, the anticipated entry into force of the provisions of the Banking Reform Act (as detailed below) will accelerate the implementation timeframe for many of the resolution powers in the United Kingdom.

As well as a "write-down and conversion of capital instruments" power and a "bail-in" power, the powers currently proposed to be granted to the relevant UK resolution authority under the RRD include the power to (i) direct the sale of the relevant financial institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply, (ii) transfer all or part of the business of the relevant financial institution to a "bridge institution" (an entity created for such purpose that is wholly or partially in public control) and (iii) separate assets by transferring impaired or problem assets to a bridge institution or one or more asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down. In addition, the RRD proposes, among the broader powers proposed to be granted to the relevant UK resolution authority, to provide powers to the UK resolution authority to amend the maturity date and/or any interest payment date of debt instruments or other eligible liabilities of the relevant financial institution and/or impose a temporary suspension of payments and/or discontinuing the listing and admission to trading of debt instruments.

There remains significant uncertainty regarding the ultimate nature and scope of these powers and, if ever implemented, how they would (if exercised) affect the Issuer and its securities (including the Warrants).

Accordingly, it is not yet possible to assess the full impact of the RRD on the Issuer and on holders of its securities (including the Warrants), and there can be no assurance that, the manner in which it is implemented or the taking of any actions by the relevant UK resolution authority currently contemplated in the RRD would not materially adversely affect the rights of holders of the Warrants, the market value of an investment in the Warrants and/or the Issuer's ability to satisfy its obligations under the Warrants.

Article 518 of Regulation (EU) No. 575/2013 (the "**CRD IV Regulation**") (which supplements the EU Capital Requirements Directive ("**CRD IV**")) states that if the RRD is not adopted by 31 December 2015, the European Commission should review and report whether the CRD IV Regulation should be amended so as to include write-down and conversion of capital instruments powers to ensure that relevant capital instruments fully absorb losses at the point of non-viability of the issuing institution and before any other resolution action is taken. This means that even if the RRD does not take effect, there is a strong possibility that powers equivalent to the "write-down and conversion of capital instruments" power described above could be brought into force in any event through this mechanism.

The powers which the RRD requires to be conferred on the UK resolution authorities (including especially the write-down and conversion of capital instruments power and the bail-in power) could, therefore, materially adversely affect the market value of all of the securities then in issue by the Issuer (including the Warrants), and could lead to the holders of those securities (including the Warrants) losing some or all of their investment. Moreover, trading behaviour, including prices and volatility, may be affected by the use or any suggestion of the use of these powers. As a result, in such circumstances, the Warrants are not necessarily expected to follow the trading behaviour associated with other types of securities.

### ***Banking Act***

The Issuer could be made subject to the special resolution regime under the Banking Act 2009 (the "**Banking Act**") which gives wide powers in respect of UK banks and their parent and other group companies to HM Treasury, the Bank of England, the Prudential Regulation Authority and the FCA in circumstances where a UK bank has encountered or is likely to encounter financial difficulties. These powers include powers to: (a) transfer all or some of the securities issued by a UK bank or its parent, or all or some of the property, rights and liabilities of a UK bank or its parent (which would include Warrants issued by the Issuer under the Programme), to a commercial purchaser or, in the case of securities, to HM Treasury or an HM Treasury nominee, or, in the case of property, rights or liabilities, to an entity owned by the Bank of England; (b) override any default provisions, contracts, or other agreements, including provisions that would otherwise allow a party to terminate a contract or accelerate the payment of an obligation; (c) commence certain new insolvency procedures in relation to a UK bank; and (d) override, vary or impose contractual obligations, for reasonable consideration, between a UK bank or its parent and its group undertakings (including undertakings which have ceased to be members of the group), in order to enable any transferee or successor bank of the UK bank to operate effectively. The Banking Act also gives power to HM Treasury to make further amendments to the law for the purpose of enabling it to use the special resolution regime powers effectively, potentially with retrospective effect.

The above powers could potentially be used in such a way as to result in Warrants absorbing losses in a manner similar to that described above in the discussion of the "bail-in" power under the RRD (see "*European Resolution Regime*" above).

In December 2013, the Financial Services (Banking Reform) Act (the "**Banking Reform Act**") received Royal Assent. The Banking Reform Act includes amendments to the Banking Act to add a bail-in option to the powers of the UK resolution authority. However, as of the date of this Base Prospectus, parts of the Banking Reform Act, including those relating to the bail-in option, have not yet come into force.

The bail-in option is introduced as an additional power available to the Bank of England, as the relevant UK resolution authority, acting through its special unit as part of the special resolution regime under the Banking Act, to enable it to recapitalise an institution which is in resolution by allocating losses to its shareholders and unsecured creditors in a manner that ought to respect the hierarchy of claims in an insolvency of a relevant financial institution, in accordance with the overriding public principle that shareholders and creditors of financial institutions should not receive less favourable treatment than they would have done in an insolvency. The bail-in option includes the power to cancel a liability or modify the terms of contracts for the purposes of reducing or deferring the liabilities of the bank under resolution

and the power to convert a liability from one form to another. The conditions for use of the bail-in option are, in summary, that the PRA determines that (i) the bank is failing or likely to fail and (ii) it is not reasonably likely that any other action can be taken to avoid the bank's failure and the UK resolution authority determines that it is in the public interest to exercise the bail-in option.

The bail-in option under the Banking Act would potentially apply to any debt and derivative securities issued by a bank under resolution or its parent company, regardless of when they were issued. The UK Government has expressed confidence that the bail-in option under the Banking Act can be introduced without the risk of having to adapt to a radically different regime when the RRD is implemented. However, it is possible that the RRD, when adopted, may nevertheless require amendments to the bail-in option implemented under the Banking Act.

Although the exercise of the powers under the bail-in option is subject to certain listed statutory pre-conditions, there remains uncertainty regarding the specific factors (including, but not limited to, factors outside the control of the Issuer or not directly related to the Issuer) which the UK resolution authority would consider in deciding whether to exercise such powers with respect to the Issuer and its securities. Moreover, as the UK resolution authority has considerable discretion in relation to how and when it may exercise such powers, holders of the Issuer's securities may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such powers and consequently its potential effect on the Issuer and its securities.

## **(2) Specific risk factors relating to Equity-Linked Warrants**

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

Investors in Equity-Linked Warrants are subject to the risk that certain circumstances in respect of Reference Assets occur (such as a subdivision, consolidation or reclassification of securities, a distribution of dividend or extraordinary dividend or any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Reference Assets). If the Calculation Agent determines that such circumstances have occurred, the Calculation Agent may make such corresponding adjustment(s) as it in its sole and absolute discretion determines to be appropriate, to the number of Reference Assets to which each Equity-Linked Warrant relates and to any other exercise, settlement, payment or other term of the relevant Equity-Linked Warrants and determine the effective date(s) of such adjustment(s). As a result of such adjustments the value of the relevant Equity-Linked Warrants may be adversely affected and the Warrantheolders may suffer a loss of some or all of their investment as a result.

### ***Extraordinary Events***

There is a risk in respect of Equity-Linked Warrants that certain events may occur in respect of Reference Assets (such a merger, a take-over or exchange offer, delisting, nationalisation or transfer to a governmental agency or the insolvency or bankruptcy of the issuer of the Reference Assets). If such an event has occurred, the Calculation Agent may take certain actions, such as adjusting certain Conditions or terminating the Warrants and Warrantheolders may suffer a loss of some or all of their investment as a result. If the Warrants are to be terminated, the Warrantheolders will forego any future appreciation in the relevant Reference Assets that may occur following such termination.

### ***Delisting or delay in allotment or listing of Reference Assets***

Certain Equity-Linked Warrants may be linked to Reference Assets which are, at the Trade Date of such Warrants, not yet allotted or not yet listed on an exchange. The terms and conditions of the Warrants may specify that the exercise period only commence when a Notional Holder, had it entered into an agreement to purchase the Reference Assets in respect of the Warrants on or around the Trade Date, would have received such Reference Assets, or, if later, the listing date of the Reference Assets on the Exchange, as determined by the Calculation Agent. If the Calculation Agent determines that listing or trading of such Reference Asset(s) has not commenced and will not commence in the foreseeable future prior to the Expiry Date of such Warrants, then this may trigger an Extraordinary Event in relation to such Warrants, entitling the Issuer to terminate them. In such circumstances, the Issuer's obligations under the relevant Warrants will be satisfied in full upon payment of an amount determined by the Calculation Agent in accordance with the relevant terms and conditions. As a result, Warrantheolders may receive an amount which is less than the amount they could have received had they invested in a Warrant linked to securities which were already listed on an exchange.

***Specific risks relating to Equity-Linked Warrants where Reference Assets are units in a Fund***

In respect of Equity-Linked Warrants where Reference Assets are Units in a Fund (as specified in the applicable Final Terms) ("**Fund-Linked Warrants**") one of the following events may occur:

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

Following the occurrence of such event, the Calculation Agent may make certain adjustments or substitutions for the Affected Units as the Calculation Agent may determine in its sole and absolute discretion, or the Calculation Agent may determine in its sole and absolute discretion that the relevant Warrants shall be terminated upon payment to the Warrant holders of such an amount as in the opinion of the Calculation Agent is fair in the circumstances, each of which may result in a loss to the Warrant holders.

***Specific risks relating to Equity-linked Warrants where Reference Assets are units in a Fund***

*Tax and Currency Risk*

The tax status of Funds in those jurisdictions in which they conduct their business and/or any change in taxation rules or treatment in such jurisdictions could affect the value of the assets of such Funds or the ability of Funds to achieve their investment objectives. Consequently this could adversely affect the value of the Warrants linked to such Funds. In addition, remittance of income and capital gains generated by underlying investments of Funds in certain countries may be dependent on there being liquidity in the relevant local currency and the absence of foreign exchange controls which inhibit or prevent the repatriation of such gains. In any such circumstances, the value of the notional shares of Funds may be adversely affected and as a result the relevant Funds and the value of the Warrants may be adversely affected.

*Class of Investments*

Prospective purchasers or investors should note that Funds may have legal or other discretions in relation to their investments and no assurance can be given that the exercise of such discretions will achieve the investment objectives of such Funds. Therefore, there is a risk that return on an investment in Funds may not be achieved. This would have an adverse effect on the value of the Warrants and the Cash Settlement Amount.

*Investment Risk*

There can be no assurance that any Fund will achieve its investment objectives. The investment income of each Fund is based on the income earned on the securities it holds, less expenses incurred. Therefore, the Funds' investment income may be expected to fluctuate in response to changes in such expenses or

income and this may have an adverse affect on the value of the Warrants and the Cash Settlement Amount.

*High yield*

Some Reference Funds may invest in high yield securities. High yield securities are typically medium or lower rated securities and are sometimes referred to as "junk bonds". Such securities are more likely to react to developments affecting market and credit risk than are more highly rated securities, which primarily react to movements in the general level of interest rates. The risk of loss due to default by issuers of high yield securities is significantly greater because lower rated and unrated securities of comparable quality generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness. In addition, Funds which invest in such securities may find it more difficult to sell high yield securities or may be able to sell the securities only at prices lower than if such securities were widely traded. Furthermore, such Funds may experience difficulty in valuing certain securities at certain times. Prices realised upon the sale of such lower rated (or unrated) securities, under these circumstances, may be less than the prices used in calculating the value of such Funds. All such risks could adversely affect the value of Warrants linked to Funds which invest in high yield securities.

*Provision of information*

None of the Issuer or any of its affiliates is under any obligation to provide information in respect of any Fund underlying the Warrants (including any information relating to the creditworthiness of such Funds) or monitor whether or not any event or circumstance in respect of any Funds underlying the Warrants has occurred. The Issuer may have acquired, or during the term of the Warrants may acquire, non-public information with respect to one or more Funds. The Issuer is not under any obligation to make such information available to Warranholders. Therefore, an investor in the Warrants should obtain and evaluate information concerning the relevant Funds as it would if it were investing directly in such Funds.

***Specific risks relating to Equity-Linked Warrants where Reference Assets are units in synthetic exchange-traded funds***

Equity-Linked Warrants may link to Reference Assets which are units in synthetic exchange-traded funds ("ETFs"). Typically, synthetic ETFs follow a strategy of investing in swaps and derivative instruments with an aim to replicate the performance of an underlying index or benchmark. Investors investing in Warrants linked to synthetic ETFs should consider the following risks.

(a) *Counterparty risk*

In addition to exposure to the Issuer's credit risk and the credit risk in respect of the underlying ETF, prospective investors are also exposed to the credit risk of counterparties which have issued the swaps or derivative instruments that underlie synthetic ETFs ("**Derivatives Issuers**"). In addition, investors should be aware that as Derivatives Issuers are predominantly international financial institutions there is a risk that the failure of one Derivatives Issuer could have a "knock-on" effect and lead to the insolvency of other Derivatives Issuers. Although Derivatives Issuers may have collateralised their obligations under the relevant derivative instruments, there is a residual risk that the market value of the collateral posted could have fallen substantially when the synthetic ETFs seeks to realise the collateral and could worth less than the outstanding obligations under the relevant derivative instruments. In such case, the Warranholders may suffer loss of their investment in the Warrants for the amount of the shortfall between the value of the collateral and the amounts due under the Warrants linked to such synthetic ETFs.

(b) *Management risk*

Synthetic ETFs are managed in a "passive" manner. This means that investments are made in swap and derivative instruments relating to underlying indices or benchmarks without the possibility to acquire or dispose of assets on an active basis in accordance with economic, financial and market analysis and investment judgements made by the fund's investment adviser. Accordingly, there is a risk that the passive investment strategy of such fund's investment adviser may not produce the intended results. For instance, the synthetic ETF may not be able to reduce the downside of poorly performing investments through timely disposition of assets in the

portfolio. This may have an adverse affect on the value of synthetic ETF and therefore on the Warrants linked to such synthetic ETFs.

(c) *Liquidity risk*

There is a risk that synthetic ETFs are not liquid or not as liquid as other ETFs. This is because swaps and derivative instruments may not be traded on the secondary market. As a consequence of the limited liquidity wider bid-offer spreads may apply to such derivative instruments and this may result in increased operating costs and potential losses for the synthetic ETFs and accordingly the value of the Warrants linked to such synthetic ETFs will be adversely affected.

(d) *Tracking error*

Although synthetic ETFs track the underlying index or benchmark, there is a risk that discrepancy occurs between the value of the synthetic ETF and the value of the underlying index or benchmark to which the synthetic ETF is linked. This could be the results of a failure of the tracking strategy of the synthetic ETF, currency differences between the ETF and the underlying index or benchmark, fees and expenses charged in connection with the synthetic ETF.

(e) *Trading at a discount or a premium*

There is a risk that synthetic ETFs are traded at a premium or discount of their net asset value. This may occur if the underlying index or benchmark is subject to restrictions or limitation for instance a limitation on foreign investment imposed in the jurisdiction to which the index or benchmark relates. Investors that acquire Warrants linked to a synthetic ETF at a premium are subject to the risk that they may not be able to recover the premium in the event of termination of underlying ETFs or the Warrants.

**(3) Specific risk factors relating to Index-Linked Warrants**

***Successor Index, Index Modification, Index Cancellation***

In the case of Index-Linked Warrants, certain adjustments may be made to the Reference Index or Indices, which may result in a loss to the Warrantholders. The Issuer considers the following to be material risks of adjustment:

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

**(4) Specific risks relating to Warrants linked to Reference Assets or securities underlying Reference Indices tied to emerging markets**

Warrants issued may relate to Reference Assets or securities underlying Reference Indices which are located in an emerging market. Investors in such Warrants should be aware that these markets are subject to greater risks than well-developed markets. The price of the Reference Assets and/or the level of the Reference Indices which are linked to an emerging market country may therefore be volatile and investment in the Warrants will involve additional risks and special considerations not typically associated with investing in Warrants which are linked to other more established economies.

The Issuer considers the following risks to be material:

(a) *Settlement procedures*

Many emerging market countries have only recently developed organised securities markets, and the institutions on which they depend, with the result that the procedures for settlements, clearing and registration of securities transactions can give rise to technical and practical problems. In addition, since most emerging markets have civil law systems, which do not recognise a distinction between legal and beneficial ownership, it is not usually possible to use nominees (which may affect how interests in the Reference Asset or the securities underlying the Reference Index are held) and the provision of custody services is a relatively novel practice in most emerging markets, and the controls put in place in more mature markets may not be available.

In the worst cases, the risk is that there will be disputes over the title to underlying securities which may cause a Foreign Investor outside the Reference Jurisdiction not to receive the proceeds of a disposal of such Reference Assets or such securities underlying a Reference Index, and in turn the Cash Settlement Amount will not be due under the Warrants. In other cases, inefficient systems may result in delayed payments on the Reference Assets or securities underlying a Reference Index, which may in turn delay payments under the Warrants.

(b) *Exchange controls and repatriation of profits*

Most emerging market countries operate exchange controls affecting the transfer of funds in and out of the country and the convertibility of the local currency. Some countries also impose restrictions on the ability of foreign investors to repatriate profits or the proceeds of sale of their investments without an official permit. In some cases the currency is non-convertible although many currencies are "semi-convertible". An investor in the Warrants where the underlying Reference Assets or Reference Indices are linked to an emerging market country are subject to the risk that, if the Reference Currency of the Warrants ceases to be convertible into the Settlement Currency or becomes only partly semi-convertible, then unless "Payment of Alternative Payment Currency Equivalent" is specified as applicable in the relevant Final Terms, the Warrants may return less on exercise or expiry than the amount invested or nothing.

Moreover the value of investments in the underlying Reference Assets or securities underlying a Reference Index can fluctuate significantly due to volatile exchange rates and high inflation. Emerging markets may experience higher volatility in their foreign exchange rate movements than other countries, and changes in the foreign exchange rates may have a negative impact on issuers of Reference Assets and securities underlying Reference Indices whose businesses are heavily reliant on exports and, as a consequence, the general economic conditions in emerging market countries which are heavily reliant on exports. The risk for an investor in the Warrants is that the price of the Warrant might be more volatile (as the amounts payable under the Warrant are linked to the value of the Reference Asset or Reference Index) or that issuers of the underlying Reference Assets or constituent securities of a Reference Index will not perform at an expected level, which may cause payments due under the Warrants to be lower than expected.

(c) *Disclosure and information*

The level of disclosure of information relating to a company's business and ownership to shareholders, and to the stock exchange on which its shares are listed, is much less extensive in most emerging markets than in more sophisticated markets. Although many emerging markets now have insider dealing laws, it cannot be assumed that the regulatory authorities have both the ability and the will to enforce the legislation rigorously. Similarly, although money laundering regulations have been introduced in some jurisdictions, their practical effect has yet to be assessed.

Accordingly, an investor in Warrants linked to an emerging market country are subject to the risk that information available on the Reference Assets and Reference Indices which might form the basis of its investment decision in respect of the Warrants may be of poorer quality than that available on Reference Assets and Reference Indices linked to well-developed markets and investors may not receive relevant information relating to the Reference Assets and Reference Indices at the same time as other market participants, which may cause price volatility and the market price of the Warrants may drop at a later point in time once all relevant information becomes available.



(d) *Market liquidity and volatility*

The stock exchanges of emerging market countries are generally much smaller (in terms of market capitalisation, turnover, and number of stocks traded) and are still in a premature stage when compared to the well-developed markets. The likelihood of exchange or market disruption e.g. temporary exchange closures, broker defaults, settlement delays and broker strikes and disputes among listed companies, the stock exchanges and other regulatory bodies, could be higher than the well-developed markets. These disruptions could have adverse effect on the overall market sentiment and on the value of the Reference Asset. The capital markets of emerging market countries could be heavily influenced by government policies and a limited number of major shareholders. The governing bodies could from time to time impose restrictions on trading in certain securities, limitations on price movements and margin requirements. Such events in turn may affect overall market sentiment and lead to fluctuations in the market prices of the Reference Assets, thus adversely affecting the value of the Warrants.

Therefore, there is a risk that the trading price of such Warrants may be more volatile and that value of the underlying Reference Assets or securities underlying Reference Indices may be adversely affected (following which, amounts payable under the Warrants would be adversely affected as a consequence).

(e) *Accounting standards*

In some emerging market countries, accounting standards and practices vary significantly from internationally accepted standards. It is therefore difficult in such jurisdictions to obtain reliable historic financial information on Reference Assets and Reference Indices which may underlie the Warrants even where accountancy laws have been reformed to bring them into line with international standards (a problem which hyper-inflation has exacerbated in some markets). Great care must therefore be taken to assess asset and business valuations. Entities in emerging market countries may not generally be subject to uniform accounting, auditing and financial reporting standards and auditing practices and requirements may not be comparable to those applicable to obligors located in developed countries.

(f) *Political risks*

The pace of political and social change will be more rapid than in well-developed markets. This is a common feature of emerging market countries and is often related to the transition from a centrally planned economy to a modern market economy. Far-reaching legal and political reforms have inevitably resulted in new constitutional and social tensions, and the possibility of continuing instability and even a reaction against market reforms cannot be discounted. Such instability may discourage investors from investing in the particular emerging market, which could reduce the market value of the underlying Reference Assets or securities underlying a Reference Index and therefore reduce the market value of the Warrants and the Cash Settlement Amount payable thereunder.

The unique political and diplomatic status of each emerging market relative to other countries may also make the equities and debt market in such emerging market more volatile and more price sensitive to global or regional economic and political developments than other markets. Such increased price volatility could lead to the Warrants' trading price (during the life of the Warrants) or the relevant Cash Settlement Amount (at expiry or upon exercise of the Warrants) being lower than expected.

There is particular risk that policies in emerging markets encouraging foreign investment may be abandoned or reversed. Restrictions imposed on foreign investment or restrictions which concern the repatriation of capital invested in emerging markets may increase the transaction costs payable by the Issuer and/or its Affiliates which, as such costs are passed to the investor, may thereby decrease the payments due under the Warrants, or entitle the Issuer to terminate the Warrants early. On a political level, such restrictions could lead to renationalisation of privatised industries and expropriation of private property without compensation which may have a negative effect on the financial position of the issuers of the Reference Assets or the securities which underlie the Reference Indices.

(g) *Currency exchange rate fluctuations*

The rapid pace of political and social change in emerging market countries increases the likelihood that currency exchange risks will eventuate where the Reference Jurisdiction of the underlying asset or index is an emerging market country. Currency exchange risks are described in detail above in the section entitled "*Risks applicable to all Warrants - Exchange rate risks and exchange controls*".

(h) *Economic risks*

The economies of individual emerging market countries may differ favourably or unfavourably from the economies of developed countries in such respects as growth of gross domestic product, rate of inflation, volatility of currency exchange rates, depreciation, capital reinvestment, resource self sufficiency and the balance of payments position. In the past, a number of emerging market countries' markets have experienced significant adverse economic developments, including substantial depreciation in currency exchange rates against major currencies, increased interest rates and inflation, reduced economic growth rates, increases in foreign currency debts, corporate bankruptcies, declines in market values of listed shares and government imposed austerity measures. All of these economic factors may adversely affect the value and performance of Reference Assets and securities underlying Reference Indices and therefore the value of the Warrants.

(i) *Restrictions and controls*

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

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

Warrants linked to Reference Asset(s) denominated in Offshore RMB and traded outside the PRC and Warrants settled in Offshore RMB outside the PRC may be issued under the Programme. For the purpose of those Warrants and where the context requires, "**Offshore RMB**" shall refer to Chinese RMB that is freely deliverable between accounts in the relevant Offshore RMB Centre as specified in the relevant Final Terms in accordance with the law and applicable regulations and guidelines issued by the relevant authorities in the relevant Offshore RMB Centre as specified in the relevant Final Terms prevailing as of the Trade Date of the Warrants. Set out below is a description of some of the risks that should be taken into consideration by prospective investors in such Warrants.

(a) *RMB is not freely convertible; Restrictions on RMB conversion through relevant Offshore RMB Centres (as specified in the relevant Final Terms) may adversely affect the liquidity of the Warrants*

RMB is currently not freely convertible. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Participating banks in Hong Kong, Singapore and Taiwan have been permitted to engage in the settlement of current account trade transactions in Renminbi under certain pilot schemes. As a result of the restrictions imposed by the PRC government on cross-border RMB fund flows, the availability of RMB outside of the PRC is limited, which may adversely affect the liquidity of Warrants and thus the value of the Warrants.

(b) *RMB interest rate risk*

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation (if any) may or may not influence the Offshore RMB interest rate. However, should the prevailing Offshore RMB interest rates fluctuate as a result, the value of the Warrants may fluctuate as well.

(c) *RMB exchange rate risk*

Offshore RMB represents a market which is different from that of RMB deliverable in the PRC. The exchange rate of Offshore RMB against the U.S. dollar, Hong Kong dollar or other foreign currencies may be different from the exchange rate of RMB deliverable in the PRC against such currencies. Apart from its own supply and demand, the Offshore RMB exchange rate may be influenced by the onshore exchange rate (which currently trades within a band set by authorities in the onshore interbank market), and the two rates may converge with or diverge from each other.

Further liberalisation (if any) of foreign exchange control in Mainland China and further progress on RMB internationalisation may or may not occur, and even if it does occur, it may or may not influence the Offshore RMB exchange rate. Should the prevailing Offshore RMB exchange rate fluctuates as a result, the value of the Warrants may fluctuate as well. If the value of Offshore RMB depreciates against the U.S. dollar, Hong Kong dollar or other foreign currencies, the value of a Warrantholder's investment in U.S. dollar, Hong Kong dollar or other applicable foreign currency terms will decline.

(d) *RMB payment risk*

If the Settlement Currency for the Warrants is Offshore RMB and "Payment of Alternative Payment Currency Equivalent" is specified as applicable in the relevant Final Terms, an investor is subject to the risk that payments in respect of such Warrants will be made in the Alternative Payment Currency specified in the relevant Final Terms instead of Offshore RMB. To the extent the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay the Cash Settlement Amount, Additional Amounts and/or Supplementary Amounts (if applicable) as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Issuer shall be entitled to settle any such payment in the Alternative Payment Currency specified in the relevant Final Terms on the due date at the Alternative Payment Currency Equivalent (as defined in the Conditions) of any such Cash Settlement Amount, Additional Amounts and/or Supplementary Amounts (if applicable). In this case, the risk factors in the section entitled "(1) Risks applicable to all Warrants - Exchange rate risks and exchange control risk" would apply as if the relevant Alternative Payment Currency were the Settlement Currency.

(e) *Gains on the transfer of Warrants settling in Renminbi may become subject to income taxes under PRC tax laws*

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Warrants by non-PRC resident enterprise or individual holders may be subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gain is income derived from sources within the PRC. However, uncertainty remains as to whether the gain realised from the transfer of Warrants by non-PRC resident enterprise or individual holders of Warrants would be treated as income derived from sources within the PRC and subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, holders of Warrants who are residents of Hong Kong, including enterprise holders of Warrants and individual holders of Warrants, will not be subject to the PRC EIT or IIT on capital gains derived from a sale or exchange of the Warrants.

Therefore, if non-PRC enterprise or individual resident holders of Warrants are required to pay PRC income tax on gains derived from the transfer of Warrants (such EIT is currently levied at the rate of 10 per cent. of gains realised and such IIT is currently levied at the rate of 20 per cent.

of gains realised (with deduction of reasonable expenses), unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual resident holders of Warrants reside that reduces or exempts the relevant EIT or IIT), the value of their investment in Warrants may be materially and adversely affected.

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

Investors in the Warrants should be aware that all Offshore RMB payments under the Warrants will be made solely by credit to Renminbi bank accounts maintained at banks in the relevant Offshore RMB Centre as specified in the relevant Final Terms in accordance with the law and applicable regulations and guidelines issued by the relevant authorities in the relevant Offshore RMB Centre as specified in the relevant Final Terms.

## **(6) Country-specific risks relating to Warrants**

*This section highlights some of the risks of an investment in Warrants that are linked to a Reference Asset listed on a stock exchange and/or issued by an entity incorporated in a particular country. Prospective investors should note that if the Warrants are linked to a Reference Asset or a basket of Reference Asset(s) listed on a stock exchange in and/or issued by an entity incorporated in one or more of the following countries, the additional country-specific risk factors for each of the relevant countries will be relevant when considering whether to invest in such Warrants.*

*The Issuer believes that the following factors are material for the purposes of assessing the market risk associated with the Warrants. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Each of the risks highlighted below could adversely affect the trading price of the Warrants or the rights of investors under the Warrants and, as a result, investors may lose the value of their entire investment or part of it.*

### ***Brazil***

#### ***IOF tax***

The *Imposto sobre Operações Financeiras* ("**IOF**") tax, currently set at 0 per cent., may be increased at any time in the future up to a rate of 25 per cent.

#### ***Income tax***

Gains realised in Brazil related to disposition or sale of Reference Assets are generally subject to income tax in Brazil at a rate of 15 per cent. However, capital gains assessed on a sale or other disposition of Reference Assets carried out on a Brazilian stock exchange are currently exempt from income tax, provided that certain requirements are met.

In the case of payments relating to Reference Assets which constitute, or are treated for tax purposes as, interest, such payments are generally subject to withholding income tax at the rate of 15 per cent. Swap transactions, including swap transactions entered into for hedging purposes, are also subject to income tax, however, at the rate of 10 per cent.

IOF tax and/or income tax may result in additional charges arising on the acquisition and/or disposal of Reference Assets, or on related hedging or other arrangements, and could impact the purchase or sale of the Warrants themselves. Should such IOF and/or income tax charges be payable by the Issuer or its affiliates (as applicable), Warrantholders are subject to the risk that payments under the Warrants may be adversely affected by such charges and amounts payable by the Issuer or its affiliates in respect of any such IOF and/or income tax charges may be deducted from the Cash Settlement Amount payable to Warrantholders.

If Brazilian IOF and/or income tax is payable in respect of Warrants linked to Reference Assets which are securities issued by Brazilian issuers, the Issuer will not be required to pay any additional amounts to Warrantholders with respect to the withheld amounts.

## **Chile**

### *Chilean First Category Tax and/or Additional Tax*

As a general rule, the Chilean Income Tax Law provides that capital gains arising from the disposal of shares in Chilean companies will first be subject to the First Category Tax (being the corporate tax applicable to Chilean entities at the rate of 20 per cent.) and, second, either the Personal Progressive Tax (applicable to Chilean individuals and payable at the rate of 0 – 40 per cent.) or the Additional Tax (applicable to non-Chilean investors), as applicable. The Additional Tax is triggered with the remittance or withdrawal of the profits obtained from relevant disposal and is payable at the rate of 35 per cent. of such profits. The First Category Tax can be used as a credit against the Additional Tax (and, if applicable, the Personal Progressive Tax) and, therefore, the total tax burden on the foreign investor will be 35 per cent. of the capital gain.

In summary, if no special regime applies, a capital gain realised by a non-Chilean company as a result of the sale of Chilean shares, as a general rule, will be subject to the 35 per cent. Additional Tax when the funds are remitted abroad.

Notwithstanding the above, the Income Tax Law contains certain exceptions to the general rule.

Pursuant to Article 17 No 8 of the Income Tax Law, capital gains will be subject to the First Category Tax alone, **provided that** the sale of the relevant Chilean shares (i) takes place at least one year after their acquisition, (ii) is carried out in the ordinary course of business and (iii) is not made to a related person or entity. If these requirements are satisfied, the total tax burden on the gain will be only 20 per cent.

In addition, pursuant to Article 107 of the Income Tax Law, a capital gain arising from the sale of Chilean shares that are regularly and substantially traded on a stock exchange (*presencia bursátil*) will not be taxable if those shares were acquired (i) on a stock exchange, (ii) in a public offer for the acquisition of shares regulated by law (a takeover bid), (iii) in a public placement of newly issued shares, (iv) in an exchange of bonds convertible into shares, or (v) in a redemption of securities process subject to Article 109 of the Income Tax Law **provided that** the shares were sold (i) on a recognised stock exchange, (ii) in a public offer for the acquisition of shares regulated by law (a takeover bid), or (iii) in a contribution of securities subject to Article 109 of the Income Tax Law.

The amount of a capital gain is determined by deducting the tax cost from the sale price of the relevant shares. The tax cost corresponds to the price paid for the shares or the amount contributed as capital, plus inflation adjustments.

In Chile, Nil Paid rights ("**NPR**") are not traded on-exchange, so proceeds from the sale of NPRs are taxed as an off-exchange transaction and are subject to 35 per cent. Additional Tax. Therefore, Warrants linked to Reference Assets that are securities issued by Chilean issuers may have Additional Tax applied to the proceeds from the sale of NPR.

There is a double taxation treaty in force between Chile and the UK. In cases where the shares owned represent less than 20 per cent. of the issued shares and there is a capital gain, the treaty limits the applicable tax to 16 per cent.

Warranholders are accordingly subject to the risk that payments under the Warrants may be adversely affected by the First Category Tax and/or Additional Tax, as applicable, as such taxes may be deducted from the Cash Settlement Amount payable to Warranholders.

## **France**

### *French Financial Transactions Tax*

Pursuant to article 235 ter ZD of the French tax code, acquisitions of equity securities within the meaning of article L 212-1 A of the French Monetary and Financial Code or similar instruments within the meaning of Article L 211-41 of the French Monetary and Financial Code that provide or could provide access to capital or voting rights, admitted to trading on a French, European or foreign regulated market within the meaning of articles L 421-4, L 422-1 or L 423-1 of the French Monetary and Financial Code and issued by a company having its head office in France and a market capitalization in excess of €1 billion ("**French Qualifying Securities**"), are subject to the French financial transactions tax ("**French**

**FTT**"), levied at the rate of 0.2 per cent.. The French FTT also applies to an acquisition of securities (irrespective of which entity issued such securities) when these securities represent French Qualifying Securities ("**Synthetic French Qualifying Securities**"). If applicable, the cost of the French FTT will be deducted from the amounts payable to the Warrantholder.

The French FTT could also be triggered if the Issuer and/or its affiliates choose to purchase Reference Assets or securities underlying Reference Indices to hedge their exposure under the Warrants if such Reference Assets or securities underlying Reference Assets are French Qualifying Securities or Synthetic French Qualifying Securities and assuming none of the French FTT exemptions provided for by Article 235 ter ZD of the French tax code applies to the relevant acquisition. If applicable, the cost of this French FTT will be deducted from the amounts payable to the Warrantholder.

### **India**

The Warrants reflect the risks of a direct investment in Indian equity, Indian debt or an index which references Indian equity, as the case may be, by a foreign portfolio investor ("**FPI**") who is subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as apply to the Issuer and/or its designated affiliates had the Issuer and/or its designated affiliates held the Securities.

#### *Market Access*

FPI investments in Indian Reference Assets and securities underlying Indian Reference Indices are substantially restricted and controlled by the Indian government and regulatory authorities.

There are limits on a FPI's maximum percentage holding of any single equity and FPIs are also limited in their ability to invest in certain sectors, such as the banking sector, insurance sector and telecom sectors. In such sectors, there is often a ceiling on total foreign holdings, against which holdings of the FPI are counted. In addition, foreign investment in Indian companies is subject to certain minimum and maximum valuation and pricing guidelines which restrict the Issuer's ability to acquire and dispose of investments in Indian companies at attractive prices. Accordingly, there may be a limit on the value or number of Warrants relating to Indian Reference Assets or Indian Reference Indices that may be issued and this may adversely affect an investor's ability to sell the Warrants and/or amounts payable under the Warrants. To the extent that the ceiling has been reached in that industry, further investment by FPIs may not be permitted.

#### *Nature of Warrants under the Indian Regulatory Regime*

The FPIs are required to remain in compliance with the Securities and Exchange Board of India Foreign Portfolio Investors Regulations, 2014 (the "**FPI Regulations**"), as amended. In the event of default, the Securities and Exchange Board of India ("**SEBI**") has the power to impose certain monetary penalties and/ or suspend or cancel the registration granted to the FPI. SEBI also has the power to prohibit the FPI from trading for a specified period. If the FPI's registration is suspended or cancelled by SEBI, the Calculation Agent may determine that a Hedging Disruption or Change in Law has occurred and terminate the Warrants at a fair value by way of compensation to the Warrantholders. The investor is subject to the risk that such value may be substantially less than what the Warrantholders have expected and, in the worst case scenario, such value may be zero.

Although the Issuer is not a registered FPI, the Issuer may invest in the Indian Reference Assets by way of instruments which are linked to securities that are listed or proposed to be listed on any recognised stock exchange in India ("**ODIs**") issued by an FPI or an FPI affiliate ("**ODI Issuer**") for the purpose of hedging the Warrants. In such case, the Warrants issued by the Issuer will be considered as an ODI by SEBI and the regulatory authorities in India. Pursuant to the FPI Regulations, no FPI may issue, or otherwise deal in ODIs, directly or indirectly, unless such ODIs are issued after compliance with "know your client" norms and are in compliance with all of the conditions as set out below under the section "Purchase and Sale of Warrants – India" in this Base Prospectus. In terms of the FPI Regulations, foreign institutional investors who hold a valid certificate of registration under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 ("**FII Regulations**"), shall be deemed to be a FPI till the expiry of the block of three years for which fees have been paid as per the FII Regulations. The Warrantholders should therefore be aware that any default in their representations and undertakings as set out in that section could result in early termination of the Warrants by the Issuer.

### *Taxation issues concerning investment in Reference Assets in India*

Further to the sub-section above entitled "*Risks applicable to all Warrants - Taxation issues concerning investment in Reference Assets in the Reference Jurisdiction*", an investor in Warrants which link to Indian Reference Assets or Indian Reference Indices is subject to the risk that imposition of taxes or withdrawal of tax reliefs in India or changes to tax law or practice in India may lead to increased tax costs for a FPI in respect of the Indian Reference Asset or securities underlying the Indian Reference Indices, which would lead to a decrease in the amounts payable under the Warrants. Further detail of the scope of this risk where the Warrants are linked to Indian Reference Assets/Indian Reference Indices is set out below.

#### (i) *Indian GAAR*

Pursuant to the enactment of the Finance Act, 2012 ("**Act**"), a General Anti Avoidance Rule ("**GAAR**") has been introduced. Under the Finance Act, 2013, GAAR would apply to income arising on or after 1 April 2015. Under the GAAR, the Indian tax authorities have been given the power to re-characterise or disregard any arrangement which qualifies as an "impermissible avoidance arrangement" ("**IAA**"). This means an arrangement, the main purpose of which is to obtain a "tax benefit" (i.e. a reduction or avoidance of tax that would be payable under the Income-tax Act, 1961 ("**ITA**")) and, amongst other things, which "lacks" or is "deemed to lack" commercial substance, in whole or in part. The Government of India, via a notification, has clarified that a person resident outside of India making an investment (directly or indirectly) in a FPI (formerly a foreign institutional investor) by way of off-shore derivative instruments or otherwise would fall outside the purview of GAAR. Nevertheless, FPIs making investments in securities in the Indian market could fall within the purview of GAAR. Accordingly, there is a risk that Indian tax authorities could deny tax exemption or relief claimed as per the provisions of the double-taxation avoidance agreement ("**DTAA**") by invoking provisions of the GAAR. If the relevant FPI is unable to take advantage of the DTAA and is subject to a higher rate of tax under the ITA, it would result in a decrease in amounts which would otherwise have been payable under the Warrants.

#### (ii) *Tax on transfer of Reference Assets or securities underlying Reference Indices*

In addition to the above, the Act has introduced certain retrospective amendments to existing provisions of the ITA to clarify that a transfer of shares or interests in a foreign entity, which derives its value substantially from the assets located in India, will be taxable in India. The Indian Finance Minister has verbally clarified in the press that the indirect transfer provisions should not be applicable to holders of "market access products". However, no statutory amendments have been made so far in this regard. In the absence of statutory provision exempting foreign investors of the FPI, there is a risk that the Indian tax authorities could seek to tax a non-resident investor on income from transfer (including sale) of any share or interest in a foreign entity, which derives its value substantially from the assets located in India, if the market access products qualify as shares or interests in a foreign entity.

Accordingly, depending on the tax treatment of the Reference Assets or securities underlying Reference Indices which relate to a particular Series of Warrants, an investor is subject to the risk that, on exercise of the Warrants, tax costs equivalent those which have been or would be payable by the Issuer and/or its affiliates in hedging its obligations in respect of the Reference Assets or securities underlying the Reference Indices will be deductible from amounts payable under the Warrants.

#### (iii) *Tax Residence Certificate*

Another amendment made by the Act is that a non-resident investor would be entitled to benefits of the applicable double-taxation avoidance agreement ("**DTAA**") only if it furnishes to the Indian tax authorities, a Tax Residence Certificate ("**TRC**") along with details in the prescribed form. In addition, the tax authorities may request certain documents in support of information provided in such form. In the absence of the same, tax treaty benefit would not be available. Accordingly, if the FPI is unable to provide TRC and the prescribed information to the Indian tax authorities, it would not be eligible to claim tax treaty benefit, which would result in a decrease in amounts which would otherwise have been payable under the Warrants.

### *Information on Foreign Portfolio Investors*

The SEBI has been seeking information from all FPIs to ascertain FPIs registered with SEBI that have common ultimate / end beneficial owners. The FPI Regulations state that foreign institutional investors who hold a valid certificate of registration under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 ("**FII Regulations**"), shall be deemed to be a FPI till the expiry of the block of three years for which fees have been paid as per the FII Regulations. In this regard, it should be noted that under the terms of the FPI Regulations, in case the same set of ultimate beneficial owner(s) invest through multiple entities, such entities shall be treated as part of the same investor group and the investment limits of all such entities shall be clubbed at the investment limit as applicable to a single FPI. For the purpose of ascertaining an investor group, all such entities having direct or indirect common shareholding / beneficial ownership / beneficial interest of more than 50 per cent., are considered as belonging to the same investor group. There is a risk that SEBI could use the information submitted to club the investment limits across entities registered with them as FPI / sub-accounts, where more than 50 per cent. of the shareholding / beneficial ownership / beneficial interest is common across these entities, in determining the investment limitations. Liquidity in the Warrants linked to a Reference Asset or a Reference Index comprising Reference Assets 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, thus the value of the Warrants could be adversely affected.

### **Italy**

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

A financial transaction tax has been introduced under Italian law, ("**Italian FTT**"), pursuant to Article 1, Law 24 December 2012, no. 228, as implemented by Ministerial Decree issued on 21 February 2013. The Italian FTT applies, *inter alia*, on cash settled derivatives ("**Italian FTT on Derivatives**") executed or modified on or after 1 September 2013, both traded or not on Qualifying Markets (as defined below) and unlisted, whose underlying are mainly shares or participated financial instruments issued by Italian resident companies or value of shares issued by Italian resident companies, including warrants and certificates. The condition is met when more than 50 per cent. of the equity portion of the underlying is represented by the market value of shares or participated financial instruments issued by Italian resident companies.

Accordingly, there is a risk that the Italian FTT on Derivatives could be triggered where the issuer of a Reference Asset relating to the Warrants is an Italian resident or the issuer of a security underlying a Reference Index is an Italian resident. The residence and nationality of the Issuer and any Warrantholder and the place of execution of the Warrant would be irrelevant as the application of the Italian FTT on Derivatives is exclusively dependent on the residence of the issuer of the underlying Reference Asset or securities underlying a Reference Index.

The Italian FTT on Derivatives applies at a fixed amount, due from both parties equally, as follows:

- Index-linked Warrants where a security underlying the Reference Index is issued by an Italian-resident company: from € 0.01875 to € 15, depending on the notional value of the contract;
- Equity-Linked Warrants where an underlying Reference Asset is issued by an Italian-resident company: from € 0.125 to € 100, depending on the notional value of the contract; and
- Warrants linked to a basket of Reference Assets or Reference Indices: from € 0.25 to € 200 depending on the notional value of the contract.

The above amounts are reduced by 80 per cent. where the transaction is implemented in a regulated market or in a multilateral trading facility. An investor in the Warrant is subject to the risk that payments under the Warrants will be adversely affected by this Italian transaction tax as these charges will be deducted from the Cash Settlement Amount.

The issuance of financial instruments qualifying as transferable securities (*valori mobiliari*) according to article (1)(1-ter)(c) or article (1)(1-ter)(d) of Legislative Decree no. 58 of 24 February 1998, is exempt



from Italian FTT on Derivatives. The Italian Ministry of finance clarified that, following the issuance, if a number of intermediate transfers (e.g. intermediate transfers between financial intermediaries) are required before the initial placement of the warrants to the ultimate investors, said intermediate transfers are exempt from Italian FTT. However, Italian FTT will apply to the transactions following the initial placement. In the case of cash-settled transferable securities, the cash settlement of such transferable securities is a transaction outside the scope of Italian FTT on Derivatives.

Besides the Italian FTT on Derivatives, the Italian FTT also applies to transfers of certain shares and participating financial instruments issued by Italian resident companies and other instruments representing the latter ("**Italian FTT on Shares**"), both traded or not on Qualifying Markets (as defined below) and unlisted.

Italian FTT on Shares applies on transactions negotiated and settled as from 1 March 2013. Accordingly, there is a risk that the Italian FTT on Shares could be triggered where the Issuer and/or its Affiliates purchase Reference Assets or securities underlying Reference Indices to hedge their exposure under the Warrants if such securities are shares and participating financial instruments issued by Italian resident companies and other instruments representing the latter and are not exempted from the Italian FTT requirement ("**in-scope securities**"). The residence and nationality of the parties to the transaction and the place of execution of the transaction would be irrelevant as the application of the Italian FTT on Shares is exclusively dependent on the residence of the issuer of the in-scope securities.

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

- 0.1 per cent. of the acquisition price on transfers transacted on a Qualifying Market (as defined below); and
- 0.2 per cent. of the acquisition price otherwise.

For the purpose of the application of the lower rate, "**Qualifying Markets**" are deemed to be:

- (i) regulated markets or multilateral trading facilities pursuant to Directive 1004/39/EC of the European Parliament and Council of 21 April 2004; and
- (ii) markets recognised by the Italian regulator Consob, established in an EU Member State or a state which allows for an adequate exchange of information with Italy.

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

An investor in the Warrants is subject to the risk that payments under the Warrants will be adversely affected by the Italian FTT as these charges may be deducted from the Cash Settlement Amount.

## **Korea**

### *Filing with Korean government in connection with the issuance of Warrants*

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

accepted, it may be subject to criminal penalties and administrative sanctions. No further Korean governmental approval is necessary for the initial offering and issuance of the Warrants.

### ***People's Republic of China***

#### *Market Access*

The Warrants are offshore products issued by the Issuer which offer a return that is linked to the performance of Reference Assets of the securities market of the PRC but are otherwise unrelated to any Underlying Company or underlying government. In respect of Warrants linked to Reference Assets that are traded on the PRC securities market and traded in RMB, such as "**A-shares**" or exchange-traded bonds, such Warrants reflect the risks of an investment in such Reference Assets by a Qualified Foreign Institutional Investor ("**QFII**"), and in respect of Warrants linked to Reference Assets that are traded on PRC securities markets and traded in freely convertible currencies such as USD or HKD, such as "**B-shares**", such Warrants reflect the risks of an investment in such Reference Assets by a foreign institutional investor outside PRC ("**Foreign Institutional Investor outside PRC**"); and in each case, such QFII or Foreign Institutional Investor outside PRC is subject to the same securities laws and rules and regulations of any securities regulators, exchanges and self-regulating organisations as apply to the Issuer and/or its designated Affiliates had the Issuer and/or its designated Affiliates held the Securities.

If the QFII regime is subject to change in the future, the Calculation Agent may determine that a Hedging Disruption or Change in Law has occurred and terminate the Warrants at fair value by way of compensation to the Warrantholders. The investor is subject to the risk that such value may be less than what the Warrantholders have expected.

#### *Legal Risk*

In respect of Warrants linked to A-shares, a QFII is required to deposit its capital with a qualified custodian bank ("**Custodian Bank**") in the PRC. However, the nature of the bank account opened by a QFII with the Custodian Bank ("**Custodian Account**") has never been clarified by the relevant PRC authorities. If the Custodian Account is deemed to be of the nature of a trust asset account, the capital of the QFII in such account will be remote from the bankruptcy of the Custodian Bank. However, if the Custodian Account is by nature a deposit account, if the Custodian Bank goes into insolvency, the QFII will only be an ordinary creditor and rank *pari passu* among all the unsecured creditors of the Custodian Bank. Although in practice it is unlikely that the Custodian Bank will become insolvent, theoretically there exists such a legal risk. Investors should be aware that if the Custodian Bank became insolvent and if the QFII were considered only as an ordinary creditor of the Custodian Bank, the QFII may not be able to claim back the amount of the A-shares held at the Custodian Bank and since the Issuer would be unable to liquidate the A-shares, the Warrants may, in the worst case scenario, become worthless.

#### *Regulatory Requirement*

Investments by QFIIs in the PRC are subject to restrictions on maximum percentage holding of single equities. In addition, some equity holdings are subject to lock-up periods and in respect of some A-shares repatriation of principal invested amounts in RMB are subject to a lock up period or monthly limits.

The investor in the Warrants will be subjected to the effect of equivalent restrictions and controls to those imposed on QFII or Foreign Institutional Investor outside PRC. Therefore, if QFII or Foreign Institutional Investor outside PRC became unable to invest directly in or alternatively held equities or QFIIs were not allowed to sell or receive proceeds from the sale of such equities, the value of the Warrants may be adversely affected and, in the worst case, may become worthless.

#### *Taxation Issues*

The relevant laws and regulations on taxation treatment of QFIIs or Foreign Institutional Investors outside PRC are not wholly clear in the PRC. In respect of the QFIIs, the Ministry of Finance and the State Administration of Taxation of the government of the PRC ("**SAT**") jointly issued a circular (Caishui [2005] No. 155 on 1 December 2005) to state that gains arising from securities trading through approved securities brokers will be exempted from business tax. In addition, SAT has clarified in a circular (Guoshuihan [2009] No. 47 dated 23 January 2009) that dividends and interest payments to QFIIs derived from the PRC are subject to a 10 per cent. withholding of PRC enterprise income tax ("**EIT**"). However, QFIIs may apply to the relevant tax authorities for tax relief in respect of any returns on dividends and

interest payments derived in the PRC under any applicable bilateral treaties/arrangements on the avoidance of double taxation signed between the PRC and their resident nations. Although this circular is dated 23 January 2009, it did not specify the effective date of such tax on dividends and interest payments (including whether it could be applied retrospectively). Notwithstanding the abovementioned uncertainty, as a matter of practice, the relevant tax bureaux have started collecting such tax since the issuance of the circular. Although, technically, gains on disposal of PRC securities by QFIIs should be subject to PRC EIT, the PRC tax authorities have not clarified whether income tax and other tax categories are payable on capital gains arising from securities trading of QFIIs. It is therefore possible that the relevant tax authorities may in the future clarify the tax position and impose income tax and/or other tax categories on realised gains by QFIIs from dealing in PRC equities and/or other securities. In respect of Foreign Institutional Investors outside PRC, SAT has stated in a circular (Guoshuihan [2010] No. 183 dated 6 May 2010) that withholding obligations exist for dividends on B-shares to any non-resident institution shareholder in the same manner as dividends on other listed shares issued by PRC tax resident companies. Similarly to the QFII, the PRC tax authorities have not clarified whether income tax and other tax categories are payable on capital gains arising from securities trading of Foreign Institutional Investors outside PRC, although technically gains on disposal of PRC securities by Foreign Institutional Investors should be subject to PRC EIT. It is therefore possible that the relevant tax authorities may in the future clarify the tax position and impose income tax and/or other tax categories on realised gains by QFIIs or Foreign Institutional Investors (as the case may be) from dealing in PRC equities and/or other securities.

Investors should be aware that before the PRC tax authorities clarify the tax treatment of QFIIs or Foreign Institutional Investors outside PRC on capital gains, Warrantheolders are subject to a 10 per cent. provisional capital gains tax deduction on realised gains on the Reference Asset (in addition to the 10 per cent. withholding tax on dividends and interests payments discussed above). The tax provisions are reflected as a deduction within the calculation of the Cash Settlement Amount, Additional Amount and/or Supplementary Amount (if applicable), as the case may be. In the case of capital gains tax, if the PRC tax authorities clarify the position before the valuation date, the actual tax rate will be applicable to the calculations. Investors should be aware that if at any time before 7 years after the final valuation date (regardless of whether the Warrants have already been exercised or expired) there is any Deduction Shortfall, Warrantheolders have an obligation to pay the Issuer such Deduction Shortfall.

## ***Peru***

### *Peruvian capital gains tax and withholding tax*

Payments qualifying as dividend distributions made by Peruvian companies in favour of individuals (either "resident" or "non-resident" in Peru) or "non-resident" entities, are subject to an Income Tax withholding, levied at a rate of 4.1 per cent. on the value of all such distributions.

Peruvian capital gains tax may apply whenever there is a direct or indirect transfer of securities issued by Peruvian companies (currently 5 per cent. if the transaction is executed through the Lima Stock Exchange or 30 per cent. if the transaction is executed over-the-counter). If Peruvian withholding tax is payable by the Issuer or its affiliates (as applicable) in respect of securities issued by Peruvian companies and held by the Issuer or its affiliates, or related hedging arrangements, the Issuer will not be required to pay any additional amounts to the Warrantheolders in respect of such withheld amounts.

Gains arising from issuances, cancellations, assignments and transfers of securities originally issued by non-Peruvian companies, transacted among non-Peruvian individuals or legal entities, will have no tax consequences in Peru, even if the agreed return thereon is linked to the quoted value of a Reference Asset traded on the Lima Stock Exchange.

## ***United States***

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

Where Warrants are linked to Reference Assets that are securities issued by U.S. issuers, certain payments on the Warrants could be subject to U.S. withholding tax (up to 30 per cent., depending on the applicable treaty). In addition, as currently proposed, U.S. withholding tax could be imposed on non-U.S. Warrantheolders to the extent U.S.-source dividends are paid on the Reference Assets, even if no corresponding payment is made on the Warrants to the non-U.S. Warrantheolders.

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

## ***Vietnam***

### *Market Access*

The investments by a Foreign Investor outside the Reference Jurisdiction are substantially restricted and controlled in respect of some sectors such as telecommunications, airlines or banking. In addition, the existing law also imposes a restriction on the maximum percentage holding of shares in listed companies or public companies and some shares are subject to a lock-up period which may be as long as 5 years.

Investors in the Warrants relating to Reference Assets or securities underlying a Reference Index for which the Reference Jurisdiction is Vietnam will be subject to the effect of equivalent restrictions and controls to those imposed on Foreign Investors outside Vietnam, as determined by the Calculation Agent. If Foreign Investors outside Vietnam become unable to invest directly in or hold Reference Assets in Vietnam or they are not allowed to sell or receive proceeds from the sale of such Reference Assets due to any lock-up period or other restriction on foreign investment in Vietnam, then the value of the Warrants may be adversely affected and, in the worst case, may become worthless.

### *Issuer's failure to comply with registration filing and post issuance reporting requirements*

Pursuant to the Vietnamese securities law, a Vietnamese company undertaking a public offer of securities (a "**Vietnamese Public Issuer**") is required to file certain documents (including a prospectus) with the State Securities Commission ("**SSC**") (Article 14.1 of the 2006 Securities Law, as amended). A prospectus must satisfy the disclosure standards for the disclosure documents for a public offer of securities (Article 3.2 of Circular No. 204/2012TT-BTC dated 19 November 2012 of the Ministry of Finance, "**Circular 204**").

In addition, a Vietnamese Public Issuer must comply with certain post issuance reporting requirements. In particular, it is required to file a completion report with the SSC within 10 business days following completion of the public offering (Article 25 of Circular 204). The Vietnamese Public Issuer must also, within 15 days following completion of the public offering, submit a filing to the local department of planning and investment in respect of an increase of its charter capital (Article 27 of Circular 204).

The failure by a Vietnamese Public Issuer to comply with registration filing and reporting requirements constitutes a violation of the securities regulations and subjects the Vietnamese Public Issuer to potential liability. Decree No. 108/2013/ND-CP dated 23 September 2013 of the Government provides a wide range of administrative sanctions that may be imposed in case of such a violation (for example, the imposition of a fine equal up to of 5 per cent. of the issue's proceeds). In addition the SSC has authority to order a Vietnamese Public Issuer to cancel the offered securities and return any issue proceeds to the investors. If the Calculation Agent determines that listing or trading of such Reference Asset(s) has not commenced and will not commence in the foreseeable future prior to the Expiry Date of such Warrants, then this may trigger an Extraordinary Event in relation to such Warrants, entitling the Issuer to terminate them. In such circumstances, the Issuer's obligations under the relevant Warrants will be satisfied in full upon payment of an amount determined by the Calculation Agent in accordance with the relevant terms and conditions and, accordingly, Warrant holders may receive an amount which is less than the amount they could have received had they invested in a Warrant linked to securities which were already listed on an exchange.

## DESCRIPTION OF THE WARRANTS

This section summarises the detailed provisions of the Terms and Conditions which set out how an investment in the Warrants works and how payments under the Warrants are calculated.

The Warrants are market access products, which are designed for investors who wish to be exposed to fluctuations in the price of one or more securities ("**Reference Assets**"), including ordinary or preference shares, warrants, depositary receipts, units in funds and exchange-traded bonds (including exchange-traded convertible bonds) (the related Warrants being "**Equity-Linked Warrants**") or the level of one or more indices ("**Reference Indices**") (the related Warrants being "**Index-Linked Warrants**"), but who do not wish to or are not able to hold the relevant Reference Assets themselves, or the underlying securities comprising the Reference Indices themselves. References to "**Reference Asset**" or "**Reference Index**", either in the singular or plural form, shall refer to any Reference Asset or Reference Index (as the case may be) applicable to a Series of Warrants.

Accordingly, each Warrant entitles the investor, upon exercise of the Warrant, to be paid a cash amount from the Issuer (the "**Cash Settlement Amount**") that tracks the quoted price of an underlying Reference Asset (or a basket of Reference Assets) or the level of the Reference Index (or a basket of Reference Indices) as the Issuer or its designated Affiliates or a notional holder would have received by disposing of the Reference Asset, the security underlying the Reference Index or the option or futures contract relating to the Reference Asset or the Reference Index. Each Warrant has a finite term (expiring on a date specified in the relevant Final Terms as the "**Expiry Date**") on or before which the Warrants may be exercisable either automatically or upon delivery of an exercise notice by the investor. The investor may be able to exercise the Warrants either on a specific date or on more than one date, depending on the terms of the specific issue.

Additionally, where "Additional Payment" is specified to be applicable the relevant Final Terms, the Warrant will also entitle the Warrantholder to receive cash payments corresponding to any cash distributions that a direct investor in the Reference Assets or the underlying securities comprising the Reference Index would ordinarily receive (the "**Additional Amounts**"), such as dividend or interest payments (a "**Cash Distribution**")

Furthermore, and regardless of whether "Additional Payments" is specified as applicable in the relevant Final Terms, if a direct investor in the Reference Assets or the underlying securities comprising the Reference Index receives a non-cash distribution, such as any distribution of preference shares, bonus shares, warrants or other securities (a "**Non-Cash Distribution**"), the Issuer may, in its absolute discretion, elect to (a) pay the holder of the relevant Warrant a cash equivalent amount of such Non-Cash Distribution (the "**Non-Cash Distribution Amount**"); (b) issue to each holder of the relevant Warrant additional Warrants relating to the securities constituting such Non-Cash Distribution that a direct investor in the Reference Assets or the underlying securities comprising the Reference Index would receive ("**Additional Warrants**"); and/or (c) make an adjustment to the notional number of Reference Assets to which each Warrant relates and/or to any other exercise, settlement, payment or other term of the relevant Warrants, to take account of such Non-Cash Distribution.

Any Cash Distribution or Non-Cash Distribution is only payable to the extent the underlying Cash Distribution or Non-Cash Distribution (as applicable) is made to the Issuer or its designated Affiliates or a notional holder within a period specified by the terms of the Warrants. Cash Distributions and Non-Cash Distributions may only become payable once the Issuer or its designated Affiliates or a notional holder have been paid in full.

Further details of the Cash Settlement Amount, Additional Amounts and Non-Cash Distribution Amounts are provided below, together with additional information as to how they are affected by the value of the underlying Reference Index or Reference Asset.

### (A) Cash Settlement Amounts

As the Cash Settlement Amount payable is designed to track the quoted price of the underlying Reference Asset or the level of the Reference Index, in general, if:

- the price of the Reference Assets increases or decreases, the Cash Settlement Amount for Equity-Linked Warrants increases or decreases, respectively; and

- the level of the Reference Index increases or decreases, the Cash Settlement Amount for Index-Linked Warrants increases or decreases, respectively.

For either Equity-Linked or Index-Linked Warrants, the Cash Settlement Amount payable may not exactly match the price of Reference Asset or the level of the Reference Index to which it relates. This may be because:

- the currency in which the investment in the Warrants is denominated (the "**Settlement Currency**") may differ from the currency in which the Reference Asset or Reference Index is quoted (the "**Reference Currency**"); in such circumstances, the Issuer will determine the value of the underlying Reference Asset or Reference Index in the Reference Currency, but the Issuer will then convert this into the Settlement Currency at an exchange rate available to the Issuer to determine the Cash Settlement Amount payable, and the Issuer may deduct any conversion costs;
- the Issuer is entitled to deduct other cost items from the Cash Settlement Amount (such as, amongst other things, brokers' fees, transaction processing fees and actual or potential taxes); such costs will differ depending on the Reference Asset or Reference Index to which the Warrants are linked. The Cash Settlement Amount will be subject to taxes which the Issuer and/or its affiliates would pay on making an investment in the relevant Reference Asset or Reference Index, and tax treatment may differ on the basis of where the Reference Asset or Reference Index is quoted;
- the Issuer is entitled to deduct a fee to be retained by the Issuer, the Managers and/or their affiliates; and
- the Cash Settlement Amount payable under the Warrants may reflect arrangements entered into by the Issuer or its designated Affiliates to track the price of the underlying Reference Asset or the level of the Reference Index (noting that the Issuer or its designated Affiliates may choose not to enter into such arrangements), in which case the price or level used for calculating the Cash Settlement Amount would be the amount the Issuer or its designated Affiliates receives in respect of such arrangement (or what it would have received had it entered into the arrangement). This might not exactly match the quoted price of the Reference Asset or the quoted level of the Reference Index, because for example:
  - the Issuer may sell securities it holds which are Reference Assets or underlie a Reference Index, in respect of which sale costs would be deductible from the Cash Settlement Amount; or
  - the Issuer may sell quoted futures or options contracts or close out derivative transactions relating to the Reference Asset or Reference Index, the payment in respect of which may for technical reasons fluctuate and diverge from the quoted price of the Reference Asset or Reference Index depending on, for instance, whether the quoted price of a Reference Asset was particularly volatile.

Warrantheolders are entitled to the Cash Settlement Amount upon exercise of the Warrants.

If a minimum exercise number is specified in the relevant Final Terms, then the Warrantheolder cannot exercise less than such minimum exercise number. Otherwise, the Warrantheolder can exercise any number of Warrants separately or together. The date or dates on which a Warrantheolder is able to exercise its Warrants will depend on the style of Warrant specified in the relevant Final Terms:

- if the Warrants are specified in the relevant Final Terms as being "American Style Warrants", the Warrantheolder will be entitled to exercise its Warrants on any Business Day in a given "Exercise Period" set out in the relevant Final Terms;
- if the Warrants are specified in the relevant Final Terms as being "European Style Warrants", the Warrantheolder will be entitled to exercise its Warrants on the date specified as the "Expiry Date" in the relevant Final Terms; and

- if the Warrants are specified in the relevant Final Terms as being "Bermudan Style Warrants", the Warrantholder will be entitled to exercise its Warrants on the dates specified as "Potential Exercise Dates" in the relevant Final Terms.

Fluctuations in the value of the Reference Assets or Reference Indices of the Warrants will affect the Cash Settlement Amount payable on exercise of the Warrants. The Cash Settlement Amount with respect to a Warrant may therefore vary depending on when it is exercised. The "American Style Warrants" (which can be exercised on any Business Day) provide more flexibility for the Warrantholder in this respect than the "Bermudan Style Warrants" (which can be exercised only on certain days) and "European Style Warrants" (which can be exercised only on a single day at expiry).

A Warrantholder may exercise its Warrants by sending a notice to the Principal Warrant Agent (copies are available from the Principal Warrant Agent).

If "Automatic Exercise" is specified as not applicable in the relevant Final Terms, then unless the Warrants have been exercised on or before the Expiry Date, the Warrants will become void on the Expiry Date. If "Automatic Exercise" is specified as applicable in the relevant Final Terms, the Warrants will be automatically exercised on the Expiry Date **provided that:** (i) the Warrants have not already been exercised on or before that date and (ii) a Cash Settlement Amount higher than zero would otherwise be due to the Warrantholder on exercise. Accordingly, the Warrantholder will receive the same Cash Settlement Amount it would have received as if it has exercised its Warrant on the Expiry Date.

If in respect of the Cash Settlement Amount hedging arrangements are entered into by the Issuer and/or its Affiliates and such hedging arrangements in respect of a Reference Asset or Reference Index can only be unwound over a number of dates due to the volume of Reference Assets or securities underlying Reference Indices or their illiquidity, the Realisable Sale Price or Final Index Level (as the case may be) will be the weighted average of those unwinding prices.

E.g. **Day 1:** Price per share (USD 50); number of shares sold (500 shares)

**Day 2:** Price per share (USD 49); number of shares sold (300 shares)

To calculate the weighted average price per share over a number of days, the relevant price per share would be multiplied by the number of shares sold on that day, the total for each of the days would be added together and that sum should be divided by the total number of shares unwound.

$$\frac{(\text{USD } 50 \times 500) + (\text{USD } 49 \times 300)}{800 \text{ (Total number of shares unwound)}} = \text{USD } 49.625 \text{ (weighted average price per share)}$$

**Please note: The worked examples set out below are produced for illustrative purposes only.** The analysis is based on assumptions and hypothetical figures, and does not reflect a complete analysis of all possible gain and loss scenarios that may arise under any actual investment in the Warrants. No representation or warranty is made by the Issuer or any of its Affiliates that any scenario shown below can be duplicated under any actual investment in Warrants. Actual results may vary from the results shown above, and variations may be material. The mark-to-market value of the Warrants can fluctuate either upward or downward due to changes in prevailing market conditions. Accordingly, if an investment in Warrants is unwound, repurchased or otherwise terminated prior to its stated expiry, investors in such Warrants may sustain loss which may be equal to their invested amount in some cases.

### **Worked example: Equity-Linked Warrant (Security Warrant)**

#### ***The formula***

The Cash Settlement Amount payable to a holder of the Warrants is calculated by reference to a formula set out in the Terms and Conditions. For instance, the Cash Settlement Amount linked to an Equity-Linked Warrant would be calculated by reference to the following formula:

$$\frac{\text{Realisable Sale Price}}{\text{Weighted Average Exchange Rate}} \times (1 - \text{Fee})$$

#### ***The hypothetical scenario***

For the purposes of this example, it is assumed that:

- each Warrant issued is linked to one share in a company ("**Hong Kong Corp**") traded on the Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**");
- on the date the Warrant is traded, the share price of Hong Kong Corp is quoted on the Hong Kong Stock Exchange as HKD 380 per share (which, at the exchange rate of HKD 7.6: USD 1 available on that day, would be equivalent to USD 50 per share);
- the Issuer has chosen to enter into hedging arrangements to fully hedge its obligations under the Warrants;
- at the time the Warrants are issued, the Warrantholder pays a commission of 1 per cent. of the issue price which will be added to the issue price and the Issuer notifies the Warrantholder that a fee equal to 1 per cent. of the Realisable Sale Value per Warrant will be payable on exercise of the Warrants by deduction from the Cash Settlement Amount. On that basis, the Issuer might issue Warrants at a price of USD 50.50 per Warrant;
- the Issuer's hedges in respect of shares in the Hong Kong Corp are unwound on a single date; and
- the Warrant is exercised and settled two years from the date on which the Warrant is issued, at which point the investor would be entitled to a Cash Settlement Amount.

#### ***The calculation***

When the investor seeks to exercise his Warrant, the formula would be used to calculate the Cash Settlement Amount in the following manner:

1. *First*, the Realisable Sale Price must be determined. If the Issuer has hedged the price of the share by purchasing one share per Warrant, the Realisable Sale Price would be the price at which the Issuer could sell one share in Hong Kong Corp in the market minus costs (which includes taxes). The Issuer is not obliged to hedge and therefore this is only on the assumption that the Issuer has chosen to hedge by purchasing the share.

Assuming Hong Kong Corp has performed well, the price at which the Issuer could sell the share under the hedge on the redemption date is HKD 446 per share. The Issuer incurs sale costs of HKD 5 which would be deductible.

HKD 446 less  
HKD 5  
HKD 441 (Realisable Sale Price)

2. *Secondly*, the Realisable Sale Price (HKD 441) would have to be converted back into the currency in which the Warrants are issued, which in this example is USD. This is reflected in the formula by dividing the Realisable Sale Price by what is called the Weighted Average Exchange Rate. The Weighted Average Exchange Rate is calculated by taking the average of the exchange



rate on a weighted basis used in the conversion of the shares which are unwound in different batches. The costs of currency conversion will be deducted from the Realisable Sale Price, which will either be embedded in the exchange rate available to the Issuer or it will be charged separately.

The applicable exchange rate at the time of exercise may have changed, such that the U.S. dollar is not worth as many Hong Kong dollars as it was when the Warrants were traded. For instance, the exchange rate available to the Issuer is now HKD 7.2: USD 1. This means for the purposes of calculating the Cash Settlement Amount that the following calculation needs to be made:

HKD 441 (Realisable Sale Price) *divided by*  
7.2 (Weighted Average Exchange Rate, embedded with currency conversion costs)  
USD 61.25

3. *Thirdly*, a fee due to the Issuer would need to be deducted from the resulting amount (USD 61.25). If the Issuer's fee was 1 per cent. of the Realisable Sale Price, as converted to USD, the "**Fee**" component would be reflected as 0.01 in the formula.

Therefore, USD 61.25 x (1 – Fee) would be expressed as:

USD 61.25 multiplied by  
0.99 (i.e. 1 less 0.01)  
USD 60.64 (rounded to the nearest US cent from USD 60.6375)

**The Cash Settlement Amount due to the investor would therefore be USD 60.64 per Warrant.**

#### **Worked example: Index-Linked Warrant**

##### ***The formula***

The Cash Settlement Amount payable to the holder of an Index-Linked Warrant would be calculated by reference to the following formula:

$$\text{Final Index Level} \times (100 \text{ per cent.} - \text{Fee})$$

##### ***The hypothetical scenario***

For the purposes of this example, it is assumed that:

- the Final Terms specify that each Warrant is linked to the official closing level of one index;
- the Warrants track an index comprised of shares in energy companies quoted by the Hong Kong Stock Exchange (the "**Hong Kong Energy Index**");
- the official closing level of the Hong Kong Energy Index is HKD 1,000 at the time of issue;
- at the time the Warrants are issued, the commission payable in respect of each Warrant is set to 1 per cent. of the issue price (i.e., there is 1 per cent. commission) and that the Issuer notifies the Warrantholder that a fee equal to 1 per cent. of the Realisable Sale Price will be payable on exercise of the Warrants by deduction from the Cash Settlement Amount;
- the Issuer issues Warrants at an initial price of HKD 1,000 per Warrant (the "**Notional Amount**") which will be invested in the Hong Kong Energy Index, so the initial price per Warrant is HKD 1,010;
- the currency of the quoted index is in local currency (i.e. HKD) and the Warrants are denominated in HKD and, as such, an FX rate calculation is not required and there will be no currency conversion costs;
- the Warrant is exercised and settled two years from the date on which the Warrant is issued, at

which point the investor would be entitled to a Cash Settlement Amount;

- at the time for valuation, it is assumed the official closing level of the Hong Kong Energy Index is HKD 1,120; and
- the costs incurred by the Issuer in unwinding the index hedge are HKD 10.

### ***The calculation***

When the investor seeks to exercise his Warrant, the formula would be used to calculate the Cash Settlement Amount in the following manner:

1. *First*, the Final Index Level for the Hong Kong Energy Index must be determined. The Final Index Level for the Hong Kong Energy Index will be determined by (a) taking the official closing level of the Hong Kong Energy Index at the time of valuation and (b) deducting the Issuer's transaction costs incurred by it when unwinding the index hedge.

(a) In this worked example, the official closing level of the Hong Kong Energy Index at the time of valuation is HKD 1,120.

(b) Deducting the Issuer's transaction costs

HKD 1,120  
Less HKD 10 (Costs)  
HKD 1,110 (Final Index Level)

2. As it has been assumed that there will be no currency conversion, the next step is to take 100 per cent. of the Final Index Level (HKD 1,110) and deduct the percentage "Fee" of 1 per cent. (HKD 11.10).

HKD 1,110 x (100% – 1%)  
= HKD 1098.90 (Cash Settlement Amount)

**Therefore, the Cash Settlement Amount payable in respect of this Warrant would be HKD 1098.90 per Warrant.**

### **Worked example: Index Basket Warrant**

#### ***The formula***

The Cash Settlement Amount payable to the holder of an Index Basket Warrant would be calculated by reference to the following formula:

$$\text{Final Index Level} \times (100 \text{ per cent.} - \text{Fee})$$

#### ***The hypothetical scenario***

For the purposes of this example, it is assumed that:

- the Warrants track a basket of two indices and the Final Terms specify that the Warrant is linked to the official closing levels of: (i) an index comprised of shares in energy companies quoted by the Hong Kong Stock Exchange (the "**Hong Kong Energy Index**") and (ii) an index comprised of shares in property companies quoted by the Hong Kong Stock Exchange (the "**Hong Kong Property Index**"), and together with the Hong Kong Energy Index, the "**Hong Kong Indices**";
- the Issuer issues Warrants at an initial price of HKD 1,000 per Warrant (the "**Notional Amount**") which will be invested in each of the Hong Kong Indices in proportion to an assigned weighting (assuming the assigned weighting for the Hong Kong Energy Index being 60 per cent.

and the assigned weighting for the Hong Kong Property Index being 40 per cent.):

Notional Amount x weighting for Hong Kong Energy Index:  $\text{HKD } 1,000 \times 60\% = \text{HKD } 600$  (the "Hong Kong Energy Index Investment Amount") plus

Notional Amount x weighting for Hong Kong Property Index:  $\text{HKD } 1,000 \times 40\% = \text{HKD } 400$  (the "Hong Kong Property Index Investment Amount")

Initial price per Warrant:  $\text{HKD } 1,000$

- the official closing levels of the Hong Kong Indices on the trade date are HKD 2,500 for the Hong Kong Energy Index and HKD 2,000 for the Hong Kong Property Index.

The composition of the basket (i.e., the relative proportions applicable to each index within the basket) will be determined by the relevant investment amount applicable to each of the indices divided by the index levels of the relevant Hong Kong Indices on the trade date, i.e.:

*Proportion applicable to the Hong Kong Energy Index will be:*

Hong Kong Energy Index Investment Amount / Hong Kong Energy Index Level:

$$600/2,500 = 0.24$$

*Proportion applicable to the Hong Kong Property Index will be:*

Hong Kong Property Index Investment Amount / Hong Kong Property Index Level:

$$400/2,000 = 0.20$$

Further, it is assumed that:

- at the time the Warrants are issued, the commission payable in respect of each Warrant is set to 0 per cent. of the issue price (i.e. there is no initial commission) and the Issuer notifies the Warrant holder that a fee equal to 1 per cent. of the Realisable Sale Price will be payable on exercise of the Warrants by deduction from the Cash Settlement Amount;
- the currency of the quoted indices are in local currency (i.e. HKD) and the Warrants are denominated in HKD so an FX rate calculation is not required and there will be no currency conversion costs;
- the Warrant is exercised and settled two years from the date on which the Warrant is issued, at which point the investor would be entitled to a Cash Settlement Amount;
- at the time for valuation, the official closing level of the Hong Kong Energy Index is HKD 2,800 and the official closing level of the Hong Kong Property Index is HKD 1,950; and
- the costs incurred by the Issuer in unwinding the index hedges is HKD 10.

#### ***The calculation***

When the investor seeks to exercise his Warrant, the formula would be used to calculate the Cash Settlement Amount in the following manner:

1. *First*, the Final Index Level for the basket of indices must be determined. The Final Index Level for the basket of indices will be determined by (a) adding the respective proportions of the Hong Kong Indices as of the date of exercise and (b) deducting the Issuer's transaction costs incurred

by it when unwinding the index hedges:

- (a) Adding the respective proportions of the Hong Kong Indices

Proportion applicable to the Hong Kong Energy Index x official closing level of the Hong Kong Energy Index:

$$0.24 \times 2,800 = \text{HKD } 672$$

Proportion applicable to the Hong Kong Property Index x official closing level of the Hong Kong Property Index:

$$0.20 \times 1,950 = \text{HKD } 390$$

$$\text{HKD } 672 + \text{HKD } 390 = \text{HKD } 1,062$$

- (b) Deducting the Issuer's transaction costs per Index

HKD 1,062

Less HKD 20 (Costs)

HKD 1,042 (Final Index Level)

2. As it has been assumed that there will be no currency conversion, the next step is to take 100 per cent. of the Final Index Level (HKD 1,042) and deduct the percentage "Fee" of 1 per cent. (HKD 10.42).

$$\text{HKD } 1,042 \times (100\% - 1\%)$$

HKD 1,031.58 (Cash Settlement Amount)

**Therefore, the Cash Settlement Amount payable in respect of this Warrant would be HKD 1,031.58 per Warrant.**

**(B) Additional Amounts**

**1. Cash Distribution Amounts**

*Equity-Linked Warrants*

If "Additional Payments" is specified as applicable in the Final Terms, the investors will also be entitled to an amount (an "**Additional Amount**") corresponding to any cash dividend, distribution and/or coupon (the "**Cash Distribution**") in respect of a Reference Asset that would have been paid by the issuer of such Reference Asset and received by a Notional Holder (as defined below) with a direct investment or holding in the Reference Asset. Such Additional Amount will be paid on the specified Additional Amount Payment Date during the Additional Payment Period, each as set out in the Final Terms.

The Additional Amounts payable may not be exactly equal to the cash amount of the Cash Distribution announced as having been made to notional investors with a direct interest in the Reference Asset. This may be because:

- the Additional Amounts payable will correspond to the net Cash Distributions a direct investor in the Reference Asset would be entitled to at the time of such Cash Distribution, if such investor were an institution subject to the same laws as the Issuer and/or its designated Affiliates (a "**Notional Holder**"); therefore, the Issuer is entitled to deduct cost items (such as actual or potential taxes), which may mean the Additional Amount differs from the cash value of the Cash Distribution announced by the issuer of the Reference Asset; and
- any Additional Amount will be payable in cash converted from the Reference Currency into the Settlement Currency (each as defined in the relevant Final Terms) at an exchange rate that the Issuer could have used in connection with any such conversion.

The Additional Amount per Equity-Linked Warrant is calculated as follows:

- (1) *First*, the net Cash Distribution per Reference Asset is calculated, being the Cash Distribution that would have been received by a Notional Holder in respect of the Reference Assets relating to that Warrant, less any applicable deductions or adjustments (including any costs that would have been incurred by such Notional Holder if it held the Reference Asset(s)).
- (2) *Next*, if the Reference Currency and the Settlement Currency are different, the net Cash Distribution calculated in (1) is converted into the Settlement Currency of the Warrant at the prevailing rate of exchange for the conversion of the Reference Currency into the Settlement Currency (expressed as a number of units of Reference Currency per one unit of Settlement Currency) (the "**Underlying FX Rate**") less any costs a Notional Holder would have incurred in connection with such conversion, as determined by the Calculation Agent in its sole and absolute discretion.
- (3) *Finally*, the Additional Amount per Equity-Linked Warrant is calculated by multiplying the net Cash Distribution (as converted in (2), if applicable) by the number of Reference Assets per Warrant (being a number specified in the relevant Final Terms).

**Worked example: Additional Amounts for Equity-Linked Warrant (Security Warrant)**

***The hypothetical scenario***

For the purposes of this example, it is assumed that each Warrant issued is denominated in USD and is linked to one share in a company ("**Hong Kong Corp**") traded on the Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**").

Hong Kong Corp announces and pays a cash dividend. A Notional Holder would receive HKD 80 in dividends relating to each 1,000 shares it holds. On the day of the payment of the dividend, the exchange rate (the "**Underlying FX Rate**") is HKD 8: USD 1. All foreign exchange transactions attract a conversion fee.

An investor in the Warrants holds 1,000 such Warrants.

***The calculation***

- (1) *First*, the net Cash Distribution per Reference Asset must be calculated. The net Cash Distribution that would have been received by a Notional Holder in respect of the Reference Asset is the aggregate amount of the cash dividends (HKD 80) less any costs, divided by the number of the underlying shares held (1,000). This works out to be HKD 0.08 (per share being (HKD 80/1000) (there are no costs charged on the receipt of the cash dividends).
- (2) *Next*, the net Cash Distribution per Reference Asset is converted into the currency of the Warrant at the prevailing Underlying FX Rate(s). Here, the net Cash Distribution per Reference Asset of HKD 0.08 is converted at the rate of HKD 8: USD 1, which results in a USD amount of USD 0.01 per Reference Asset. A 1 per cent. conversion fee (USD 0.0001) is then deducted from USD 0.01 to give USD 0.0099. Therefore, the net Cash Distribution per Reference Asset is USD 0.0099.
- (3) The Additional Amount per Warrant that the investor will receive is therefore USD 0.0099 (being the net Cash Distribution per Reference Asset) multiplied by 1 (the number of Reference Assets per Warrant) which is USD 0.0099.

**The total Additional Amount the investor will receive in respect of its 1,000 Warrants will therefore be 1,000 x USD 0.0099 = USD 9.90.**

***Index-Linked Warrants***

If the Reference Index is a total return index, there will be no Additional Amounts payable in respect of Warrants linked to such Reference Index. Any Cash Distributions paid by the issuer of an underlying security comprising the Reference Index (the "**Reference Securities**") and received by a Notional Holder

will be taken into account in the Reference Index calculation and investors in the Index-Linked Warrants will not receive any separate payments relating to any such Cash Distributions.

If the Reference Index is a price return index and if "Additional Payments" is specified as applicable in the relevant Final Terms, then investors in the Index-Linked Warrants will also be entitled to an Additional Amount corresponding to the Cash Distribution payable by the issuers of the Reference Securities to a Notional Holder.

The Additional Amounts payable may not be exactly equal to the cash amount of the Cash Distributions announced as having been made to the Notional Holder. This may be because:

- the Additional Amounts payable will correspond to the net Cash Distributions a direct investor in the Reference Securities would be entitled to at the time of such Cash Distribution, if such investor were an institution subject to the same laws as the Issuer and/or its designated Affiliates (a "**Notional Holder**"); therefore, the Issuer is entitled to deduct cost items (such as actual or potential taxes), which may mean the Additional Amount differs from the cash value of the Cash Distribution announced by the issuer of the Reference Security; and
- any Additional Amount will be payable in cash converted from the Reference Currency into the Settlement Currency (each as defined in the relevant Final Terms) at an exchange rate that the Issuer could have used in connection with any such conversion.

The Additional Amount in relation to a holding of Index-Linked Warrants is calculated as follows:

- (1) *First*, the net Cash Distribution per Reference Security is calculated, being the Cash Distribution that would have been received by a Notional Holder in respect of such Reference Security, less any applicable deductions or adjustments (including any costs that would have been incurred by such Notional Holder if it held the Reference Security).
- (2) *Second*, the net Cash Distribution per Reference Security is then multiplied by the number of Reference Securities per Warrant, such number being determined from the published composition of the Reference Index and, in relation to Basket Index-Linked Warrants, the weighting (specified as a percentage) of the relevant Reference Index per Warrant (as specified in the relevant Final Terms), to give the total net Cash Distribution per Reference Security per Warrant.
- (3) *Next*, if the Reference Currency and the Settlement Currency are different, the total net Cash Distribution per Reference Security per Warrant is converted into the Settlement Currency of the Warrant at the rate of exchange for the conversion of the Reference Currency into the Settlement Currency (expressed as a number of units of Reference Currency per one unit of Settlement Currency), prevailing as of such date or dates as the Calculation Agent determines in its sole and absolute discretion (the "**Underlying FX Rate**"), less any conversion fees a Notional Holder would have incurred in connection with such conversion, as determined by the Calculation Agent in its sole and absolute discretion.
- (4) *Finally*, the net Cash Distributions (as converted, if applicable) per Reference Security per Warrant are aggregated to produce a single amount for each Warrant and this amount is multiplied by the number of Warrants held by the investor.

Any Additional Amounts will be paid on the Additional Amount Payment Date (as specified in the Final Terms).

**Worked example: Additional Amounts for Index-Linked Warrant**

*The hypothetical scenario*

For the purposes of this example, it is assumed that:

- the investor holds Index-Linked Warrants denominated in USD, the Final Terms of which specify that the price of each Warrant is linked to a Hong Kong Index comprised of shares quoted on the Hong Kong Stock Exchange;

- the Index is comprised of 100 shares in a property sector company (the "**Property Company**"), 200 shares in an energy sector company (the "**Energy Company**") (each such share a "**Reference Security**") (which each pay dividends bi-annually) and shares in 8 other companies which do not pay dividends;
- the investor holds 1,000 Warrants, which is equivalent to having exposure to 100,000 Property Company shares and 200,000 Energy Company shares (or 100 Property Company shares and 200 Energy Company shares per Warrant) and other shares not paying dividends;
- the investor buys the Warrants in January and Property Company announces and pays a dividend on its shares in February and Energy Company announces and pays a dividend on its shares in March. A Notional Holder receives HKD 0.50 per Property Company share and HKD 0.80 per Energy Company Share;
- there are no deductions or adjustments (including any costs) payable by a Notional Holder in respect of any Reference Security; and
- the Warrants provide for the first Additional Amount Payment Date to be in July;
- on the day of the payment of each dividend, the exchange rate is HKD 8: USD 1; and
- all foreign exchange transactions attract a conversion fee of 1 per cent.

***The calculation***

- (1) The net Cash Distribution per Reference Security in relation to a single Warrant must be calculated. The Cash Distribution Amount in relation to (a) each Property Company share is HKD 0.50 and (b) each Energy Company share is HKD 0.80. No deductions or adjustments are required to be made.
- (2) The net Cash Distribution per Reference Security is then multiplied by the number of Reference Securities per Warrant, to produce (a) HKD 50 in relation to the 100 Property Company shares and (b) HKD 160 in relation to the 200 Energy Company shares.
- (3) The net Cash Distribution payable in respect of the total number of each Reference Security per Warrant (i.e. HKD 50 and HKD 160) is then converted into USD (i.e. the currency of the Warrant) at the Underlying FX Rate prevailing as of such date or dates as the Calculation Agent determines in its sole and absolute discretion. In this example, this is a rate of HKD 8: USD 1. Therefore, this produces USD 6.25 in respect of the Property Company shares and USD 20.00 in respect of the Energy Company shares.
- (4) The 1 per cent. conversion fees (USD 0.0625 in relation to the Property Company shares and USD 0.2000 in relation to the Energy Company shares) are deducted from the converted net Cash Distributions calculated in (3) to produce USD 6.1875 in respect of the Property Company shares and USD 19.8000 in respect of the Energy Company shares.
- (5) The amounts calculated in (4) are then aggregated on the Additional Payment Date (USD 6.1875 + 19.8000) to produce USD 25.9875 per Warrant.

**The total Additional Amounts the investor will receive in respect of its 1,000 Warrants will be USD 25,987.50 (i.e. 1,000 x USD 25.9875).**

## 2. *Non-Cash Distribution Amount*

### *Equity-Linked Warrants*

Irrespective of whether "Additional Payments" is specified as applicable in the relevant Final Terms, if a Notional Holder receives a non-cash distribution in respect of a Reference Asset, such as any distribution of preference shares, bonus shares, warrants or other securities (a "**Non-Cash Distribution**"), the Issuer may, in its absolute discretion, elect to (a) pay the holder of the relevant Warrant a cash equivalent amount of such Non-Cash Distribution (the "**Non-Cash Distribution Amount**"); (b) issue to each holder of the relevant Warrant additional Warrants relating to the securities constituting such Non-Cash Distribution that a Notional Holder investing directly in the Reference Assets would receive ("**Additional Warrants**"); or (c) make an adjustment to the notional number of underlying securities to which each Warrant relates and/or to any other exercise, settlement, payment or other term of the relevant Warrants, to take account of such Non-Cash Distribution.

The Non-Cash Distribution Amount per Warrant is calculated as follows:

- (1) *First*, the net "**Cash Equivalent Amount**" of the Non-Cash Distribution per Reference Asset is calculated, being an amount determined by the Calculation Agent to be the cash amount that a Notional Holder would have received in consideration of its disposal of the relevant Non-Cash Distribution, less any applicable deductions or adjustments (including any costs that would have been incurred by such Notional Holder on disposal of the Non-Cash Distribution).
- (2) *Next*, if the Reference Currency and the Settlement Currency are different, the net Cash Equivalent Amount that would have been received by a Notional Holder in respect of the Non-Cash Distribution is converted into the Settlement Currency at the Underlying FX Rate(s) prevailing as of such date or dates as the Calculation Agent determines in its sole and absolute discretion, less any costs the Notional Holder would have incurred in respect of such conversion, as determined by the Calculation Agent in its sole and absolute discretion.
- (3) The Non-Cash Distribution Amount per Warrant is calculated by multiplying the net Cash Equivalent Amount (as converted, if applicable) by the number of Reference Assets per Warrant (being a number specified in the relevant Final Terms).

#### **Worked example: Non-Cash Distribution Amount for Equity-Linked Warrant (Security Warrant)**

##### *The hypothetical scenario*

For the purposes of this example, it is assumed that each Warrant issued is denominated in USD and is linked to one ordinary share in a company ("**Hong Kong Corp**") traded on the Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**"). It is also assumed that the Issuer has elected to pay the Cash Equivalent Amount.

Hong Kong Corp issues 10 preference shares to each holder of its ordinary shares. Accordingly, the Notional Holder holding 1,000 shares would receive 10,000 preference shares.

An investor holds 1,000 such Warrants.

##### *The calculation*

- (1) *First*, the Cash Equivalent Amount of the Non-Cash Distribution per Reference Asset must be calculated. The Calculation Agent determines that a Notional Holder could have disposed of its each preference share in consideration of a cash payment of HK1 per preference share. Accordingly, the Cash Equivalent Amount per Reference Asset will be the aggregate amount received by the Notional Holder in respect of the disposal of 10 preference shares. This works out to be HKD 10 (HKD 1 x 10).
- (2) *Second*, a fee associated with the receipt of the sale disposal due to the Issuer would need to be deducted from the Cash Equivalent Amount (HKD 10). If the Issuer's fee was 1 per cent. of the Cash Equivalent Amount, the "**Fee**" component would be reflected as 0.01 in the formula. This works out to be HKD 9.90 (HKD 10 x (1 - 0.01)).



(3) *Third*, the net Cash Equivalent Amount that would have been received by a Notional Holder in respect of the underlying securities relating to that Warrant is converted into the Settlement Currency at the prevailing Underlying FX Rate(s). The Calculation Agent determines that the Underlying FX Rate is HKD 8: USD 1. Accordingly, the Cash Equivalent Amount per Reference Asset of HKD 9.90 is converted at the rate of HKD 8: USD 1 to give USD 1.2375 per underlying security. A 1 per cent. conversion fee on USD 1.2375 (namely, USD 0.01238) is deducted from USD 1.2375 to give USD 1.2251.

The Non-Cash Distribution Amount per Warrant that the investor will receive per Warrant is therefore USD 1.2251.

**The total Non-Cash Distribution Amount the investor will receive in respect of its 1,000 Warrants will be 1,000 x USD 1.2251= USD 1,225.10.**

#### *Index-Linked Warrants*

The Non-Cash Distribution Amount payable in respect of Index-Linked Warrants will be calculated using the same principles as the calculation of the Non-Cash Distribution Amounts for Equity-Linked Warrants, except that such calculation shall take into account the Non-Cash Distributions made in respect of securities comprising the Reference Index in their respective weightings.

## INCORPORATION BY REFERENCE

*This section provides details of documents which form part of this Base Prospectus and which are available in the public domain, but which are not set out in full in this Base Prospectus.*

The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus, save that any documents incorporated by reference in any of the documents set forth below do not form part of this Base Prospectus:

- (a) the 2013 Annual Report and Accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2013 (the "**2013 Annual Report and Accounts**") and the additional financial information document in relation to the year ended 31 December 2013 submitted to and filed with the UK Listing Authority (the "**Additional Information**"). The Additional Information is additional financial information, which is intended to be read in conjunction with the 2013 Annual Report and Accounts, but which is not required to be included in the 2013 Annual Report and Accounts by either the UK Companies Act 2006 (the "**Companies Act**") or by International Financial Reporting Standards. It includes commentary on the results of the Issuer and its subsidiaries (the "**Group**") in 2012 versus 2011 and certain statistics and other information, including adjusted 2012 and 2011 segmental information comparatives to reflect changes to the Issuer's management structure. The Additional Information has been published by the Issuer together with the 2013 Annual Report and Accounts;
- (b) the 2012 Annual Report and Accounts of the Issuer and its subsidiary undertakings for the year ended 31 December 2012 submitted to and filed with the UK Listing Authority;
- (c) the Registration Document of the Issuer dated 28 April 2014 submitted to and filed with the UK Listing Authority (the "**Registration Document**");
- (d) the Terms and Conditions of the Warrants as set out on pages 37 to 80 of the base prospectus relating to the Programme dated 3 September 2007 (the "**2007 Conditions**");
- (e) the Terms and Conditions of the Warrants as set out on pages 40 to 83 of the base prospectus relating to the Programme dated 3 September 2008 (the "**2008 Conditions**");
- (f) the Terms and Conditions of the Warrants as set out on pages 40 to 83 of the base prospectus relating to the Programme dated 2 September 2009 (the "**2009 Conditions**");
- (g) the Terms and Conditions of the Warrants as set out on pages 41 to 84 of the base prospectus relating to the Programme dated 5 February 2010 (the "**2010 Conditions**");
- (h) the Terms and Conditions of the Warrants as set out on pages 105 to 144 of the base prospectus relating to the Programme dated 17 January 2011 (the "**2011 Conditions**");
- (i) the Terms and Conditions of the Warrants as set out on pages 129 to 169 of the base prospectus relating to the Programme dated 17 January 2012 (the "**2012 Conditions**"); and
- (j) the Terms and Conditions of the Warrants as set out on pages 71 to 110 of the base prospectus relating to the Programme dated 31 May 2013 (the "**2013 Conditions**"),

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference and in respect of which a supplement to this Base Prospectus is prepared modifies or supersedes such statement.

Any information incorporated by reference in the above documents does not form part of this Base Prospectus and to the extent that only certain parts of the above documents are specified to be incorporated by reference herein, the non-incorporated parts of such documents are either not relevant for investors or covered elsewhere in this Base Prospectus.

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

Prospectus). Written or oral requests for inspection of such documents should be directed to the specified office of the Principal Warrant Agent. Additionally, this Base Prospectus and all the documents incorporated by reference herein will be available for viewing at [www.hsbc.com](http://www.hsbc.com) (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes'). For the avoidance of doubt, any websites referred to in this Base Prospectus or any information appearing on such websites and pages do not form part of this Base Prospectus.

## **USE OF PROCEEDS**

*This section provides details of what the Issuer intends to do with the subscription monies it receives for the Warrants it issues.*

The net proceeds from each issue of Warrants will be used by the Issuer for profit making or risk hedging purposes.

## CLEARING AND SETTLEMENT

*This section provides details of the clearing systems through which the Warrants may be held and how interests in the Warrants may be transferred.*

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

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

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

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

### **DTC**

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

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

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

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

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

As necessary, the Registrar will adjust the amounts of Warrants on the Register for the accounts of (i) Euroclear and/or Clearstream, Luxembourg and (ii) DTC to reflect the amounts of Warrants held through

Euroclear and/or Clearstream, Luxembourg and DTC, respectively. Euroclear, Clearstream, Luxembourg or DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Warrants will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Warrants. The Registrar will be responsible for maintaining a record of the aggregate holdings of Warrants registered in the name of the common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg, a nominee for DTC and/or Holders of interests in the Warrants represented by Definitive Registered Warrants. The Principal Warrant Agent will be responsible for ensuring that payments received by it from the Issuer for Holders of interests in the Warrants holding through Euroclear and/or Clearstream, Luxembourg are credited to Euroclear and/or Clearstream, Luxembourg, as the case may be. The Principal Warrant Agent will also be responsible for ensuring that payments received by it from the Issuer for Holders of interests in the Warrants through DTC are credited to DTC.

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

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

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

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

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

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

Restricted Global Registered Warrant and (ii) increase the amount of Warrants registered in the name of the common depository (or its nominee) for Euroclear and Clearstream, Luxembourg and evidenced by the Unrestricted Global Registered Warrant. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, Luxembourg, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

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

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

## TAXATION

*This section provides details of some of the key tax consequences of acquiring, holding and transferring Warrants in several jurisdictions.*

**Transactions involving the Warrants may have tax consequences for potential investors which may depend, amongst other things, upon the status of the potential investor and laws relating to transfer and registration taxes. This summary is not intended to be, nor should it be construed as, legal or tax advice to any particular investor. Potential investors who are in any doubt about the tax position of any aspect of transactions involving the Warrants should consult their own tax advisers.**

### **United Kingdom Taxation**

*The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments in respect of the Warrants and of the treatment of Warrants for the purposes of United Kingdom stamp duty and stamp duty reserve tax. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect.*

*The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Warrants. The comments in relation to United Kingdom withholding tax relate only to the position of persons who are absolute beneficial owners of the Warrants. The following is a general guide and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser.*

*Warrantheolders who are in any doubt as to their tax position should consult their professional advisers. Warrantheolders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Warrants are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Warrants. In particular, Warrantheolders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Warrants even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.*

#### **(A) Withholding Tax**

##### ***Payments where the Warrants constitute derivative contracts***

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

##### ***Warrants that are not derivatives***

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

#### **(B) Stamp Duty and Stamp Duty Reserve Tax**

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

### **Other Taxation Matters**

#### ***EU Savings Directive***

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State.



However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

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

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

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

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

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

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

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

The FTT proposal remains subject to negotiation between the participating Member States. Additional EU Member States may decide to participate, although certain other Member States have expressed strong objections to the proposal. The FTT proposal may therefore be altered prior to any implementation, the timing of which remains unclear. If the FTT comes into force in its current form, it could also affect certain aspects of the Issuer's business. Prospective holders of Warrants are advised to seek their own professional advice in relation to the FTT.

On 6 May 2014 the participating Member States issued a statement reaffirming their intention to establish an FTT in some form by 1 January 2016.

#### **United States Taxation**

**THIS BASE PROSPECTUS AND FINAL TERMS ARE NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING U.S. FEDERAL, STATE OR LOCAL TAX PENALTIES. THIS BASE PROSPECTUS WAS WRITTEN AND PROVIDED BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE SECURITIES ADDRESSED HEREIN BY THE ISSUER AND/OR THE MANAGER. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.**

The following is a summary of certain of the principal U.S. federal income tax consequences resulting from the ownership, exercise and disposition of Warrants by a purchaser that holds such Warrants as capital assets. The U.S. federal income tax consequences of the ownership, exercise and disposition of certain Warrants also could differ from that described below depending on the particular terms of the

Warrants and the applicable Final Terms may contain additional disclosure concerning the U.S. federal income tax consequences relevant to such type of Warrant.

The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the ownership, exercise or disposition of Warrants by particular investors, and does not address state, local, foreign or other tax laws. In particular, this summary does not address tax considerations applicable to investors that own (directly or indirectly) 10 per cent. or more of the voting stock of the Issuer or of the issuer of any Reference Asset, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as banks, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Warrants as part of straddles, hedging transactions, conversion transactions or other integrated transactions for U.S. federal income tax purpose or investors whose functional currency is not the U.S. dollar). This summary also does not address Non-U.S. Holders (as defined below) who hold Warrants linked to Reference Assets that are securities issued by U.S. issuers.

The summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended (the "**Code**"), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

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

As used herein, the term "**U.S. Holder**" means a beneficial owner of Warrants that is for U.S. federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation, created or organised under the laws of the United States or any state thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or that has validly elected to be treated as a U.S. person. A "**Non-U.S. Holder**" is a beneficial owner of Warrants that is not a U.S. Holder.

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

The discussion below addresses Warrants with no or a nominal exercise price that are cash-settled ("**LEPOs**"). This discussion does not address, among other things, Warrants requiring the payment of a substantial exercise price ("**Non-LEPOs**"). For a discussion on the U.S. federal income tax treatment of Non-LEPOs, see "*Taxation of U.S. Holders of Non-LEPOs*" below.

#### ***Characterisation***

Currently, there are no statutory provisions, regulations, published rulings or judicial decisions addressing or involving the characterisation and treatment, for U.S. federal income tax purposes, of securities with terms substantially the same as the terms of the LEPOs. Accordingly, the proper U.S. federal income tax characterisation and treatment of a LEPO is at present uncertain. Prospective investors are urged to consult their tax advisers regarding the U.S. federal income tax consequences of an investment in a LEPO (including alternative characterisations of a LEPO) and with respect to any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

Ownership of a LEPO might represent tax ownership of the Reference Asset. If such characterisation were respected, a U.S. Holder would be deemed to have purchased the Reference Asset. U.S. Holders are advised that the Issuer will not investigate nor will it have access to information that would permit it to ascertain whether the issuer of a Reference Asset to which a particular LEPO may relate is a "passive foreign investment company" for U.S. federal income tax purposes. Alternatively, a LEPO may be classified as a financial contract such as a prepaid forward contract, a cash-settled option, or an equity swap. The timing of recognition of income and the amount and character of income recognised by a U.S. Holder that owns a LEPO may vary significantly depending on the tax characterisation of the LEPO.

On 7 December 2007, the U.S. Internal Revenue Service (the "IRS") released a notice that may affect the taxation of holders of LEPOs. According to the notice, the IRS and the U.S. Treasury Department are actively considering whether the holder of instruments such as LEPOs should be required to accrue ordinary income on a current basis, and they are seeking taxpayer comments on the subject. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, holders of LEPOs will ultimately be required to accrue income currently and this could be applied on a retroactive basis. The IRS and the U.S. Treasury Department are also considering other relevant issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital, whether foreign holders of such instruments should be subject to withholding tax on any deemed income accruals, and whether the special "constructive ownership rules" of Section 1260 of the Code might be applied to such instruments. The Issuer intends to continue treating LEPOs for U.S. federal income tax purposes in accordance with the treatment described in this Base Prospectus unless and until such time as the IRS and the U.S. Treasury Department determine that some alternative treatment is more appropriate. **Prospective investors are urged to consult their own tax advisers concerning the significance, and the potential impact, of the above considerations.**

#### ***Treatment of Dividend Related Payments***

If the ownership of a LEPO were properly characterised as tax ownership of the Reference Asset, a U.S. Holder would be required to include an amount equal to the underlying periodic distributions on the Reference Asset as ordinary income even if the dividend payment were accrued and not paid to the U.S. Holder of the LEPO until the LEPO is exercised. In that case, such amounts should be treated as dividends for U.S. federal income tax purposes to the extent the underlying distributions are considered to be paid out of the relevant issuer's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). For U.S. federal income tax purposes, the amount of any distribution deemed paid in a non-U.S. currency will be the U.S. dollar value of the distribution, based on the exchange rate in effect on the date the distribution is treated as received by the U.S. Holder, whether or not the non-U.S. currency is in fact converted into U.S. dollars at that time.

If the ownership of a LEPO were properly characterised as tax ownership of the Reference Asset, a U.S. Holder could claim any foreign withholding taxes that are withheld from payments on the LEPO as a credit or deduction for U.S. federal income tax purposes (subject to limitations). No assurance can be given that the Issuer (or any Affiliate) will not take a position with respect to credits or deductions arising from any foreign withholding taxes for U.S. federal income tax or other taxing jurisdiction purposes that is inconsistent with the position taken by the U.S. Holder.

If the ownership of a LEPO is not properly characterised as tax ownership of the Reference Asset, a U.S. Holder would not be required to include an amount equal to the underlying periodic distributions on the Reference Asset as ordinary income if the dividend payment were accrued and not paid to the U.S. Holder, but would be required to include an amount equal to actual distributions received on the LEPO as ordinary income.

#### ***Exercise of a LEPO***

Upon an exercise of a LEPO, a U.S. Holder generally will be required to recognise gain or loss equal to the difference between the amount realised and the sum of the holder's adjusted tax basis for the LEPO and the exercise price. In general, a U.S. Holder's tax basis for a LEPO is the U.S. dollar value of the amount paid for the LEPO. It is unclear whether such income or loss is properly classified as ordinary income or loss, or capital gain or loss.

#### ***Sale or Exchange of a LEPO***

Upon the sale or exchange of a LEPO to a person other than the Issuer, a U.S. Holder will be required to recognise taxable gain or loss in an amount equal to the difference between the amount realised upon the sale or exchange and the U.S. Holder's adjusted tax basis in the LEPO. Such gain or loss would generally be treated as short-term or long-term capital gain or loss, depending on the U.S. Holder's holding period for the LEPO.

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

The discussion below addresses Non-LEPOs that are cash-settled.

### ***Characterisation***

Currently, there are no statutory provisions, regulations, published rulings or judicial decisions addressing or involving the characterisation and treatment, for U.S. federal income tax purposes, of securities with terms substantially the same as the terms of the Non-LEPOs. Accordingly, the proper U.S. federal income tax characterisation and treatment of a Non-LEPO is at present uncertain. Prospective investors are urged to consult their tax advisers regarding the U.S. federal income tax consequences of an investment in a Non-LEPO (including alternative characterisations of a Non-LEPO) and with respect to any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction. The Issuer intends to treat the Non-LEPOs as cash-settled options for U.S. federal income tax purposes. Alternatively, a Non-LEPO may be classified as a financial contract such as a prepaid forward contract or an equity swap, or as ownership of the Reference Assets. The timing of recognition of income and the amount and character of income recognised by a U.S. Holder that owns a Non-LEPO may vary significantly depending on the tax characterisation of the Non-LEPO.

On 7 December 2007, the IRS released a notice that may affect the taxation of holders of Non-LEPOs. According to the notice, the IRS and the U.S. Treasury Department are actively considering whether the holder of instruments such as Non-LEPOs should be required to accrue ordinary income on a current basis, and they are seeking taxpayer comments on the subject. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, holders of Non-LEPOs will ultimately be required to accrue income currently and this could be applied on a retroactive basis. The IRS and the U.S. Treasury Department are also considering other relevant issues, including whether additional gain or loss from such instruments should be treated as ordinary or capital, whether foreign holders of such instruments should be subject to withholding tax on any deemed income accruals, and whether the special "constructive ownership rules" of Section 1260 of the Code might be applied to such instruments. The Issuer intends to continue treating Non-LEPOs for U.S. federal income tax purposes in accordance with the treatment described in this Base Prospectus unless and until such time as the IRS and the U.S. Treasury Department determine that some alternative treatment is more appropriate. **Prospective investors are urged to consult their own tax advisers concerning the significance, and the potential impact, of the above considerations.**

### ***Sale, Exchange or Exercise of a Non-LEPO***

Upon the sale or exchange of a Non-LEPO to a person other than the Issuer, or upon an exercise of a Non-LEPO, a U.S. Holder will be required to recognise taxable gain or loss in an amount equal to the difference between the amount realised upon the sale, exchange or exercise and the sum of the U.S. Holder's adjusted tax basis in the Non-LEPO and the exercise price, in the case of an exercise of a non-LEPO. In general, a U.S. Holder's tax basis for a Non-LEPO is the U.S. dollar value of the amount paid for the Non-LEPO. Such gain or loss would generally be treated as short-term or long-term capital gain or loss, depending on the U.S. Holder's holding period for the Non-LEPO.

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

Subject to the discussion below of dividend equivalent payments, FATCA and backup withholding, a Non-U.S. Holder generally will not be subject to U.S. federal withholding tax with respect to amounts received, if any, with respect to a Warrant assuming that: (i) the Warrant is not held in connection with a U.S. trade or business or, in the case of a resident of a country that has an income tax treaty with the United States, such Warrant is not attributable to a permanent establishment (or, in the case of an individual, a fixed place of business) in the United States; (ii) in the case of an individual, the Non-U.S. Holder is not present in the United States for 183 days during the taxable year and certain other conditions are met; and (iii) such Non-U.S. Holder is not subject to the rules applicable to certain former citizens and residents of the United States.

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

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

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

Whilst the Warrants are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Warrants by the Issuer, any paying agent or the common depositary, given that each of the entities in the payment chain beginning with the Issuer and ending with the ICSDs is a major financial institution whose business is dependent on compliance and participation with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Warrants. The documentation expressly contemplates the possibility that the securities may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive Warrants will only be printed in remote circumstances. An investor should be aware that if any payments in relation to a Warrant were subject to withholding or deduction under FATCA, the Issuer would have no obligation to pay any additional amounts in relation to such withholding or deduction in accordance with Condition 9 (*Taxes*) of the Warrants.

#### **Withholding on Dividend Equivalent Payments**

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

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

In general, the proceeds of a taxable exercise or a sale, exchange or other disposition of Warrants payable to a U.S. Holder by a U.S. paying agent or other U.S. exchange may be reported to the IRS, as appropriate under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding and information reporting. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and information reporting and the procedure for obtaining an exemption.

Individual U.S. Holders may be required to report to the IRS certain information with respect to their beneficial ownership of the Warrants not held through an account with a financial institution. Investors who fail to report required information could be subject to substantial penalties. U.S. Holders are advised to consult their tax advisers regarding the potential reporting requirements that may be imposed on them by this new legislation with respect to their ownership of the Warrants.

#### **Australian Taxation**

The following is a summary of the Australian taxation treatment at the date of this Base Prospectus of payments in respect of Warrants to be issued by the Issuer. This summary is not exhaustive and does not deal with certain Australian tax aspects of acquiring, exercising, holding or disposing of the Warrants, or deal with the position of certain classes of Warrantholders. Prospective Warrantholders should also be aware that particular terms of issue of any Series of Warrants may affect the tax treatment of that and other Series of Warrants.

This summary is a general guide and should be treated with appropriate caution. Prospective Warrantholders who are in any doubt as to their tax position should consult their professional advisers on the tax implications of an investment in the Warrants for their particular circumstances.

1. ***Australian income tax treatment of Warrantholders***

(A) ***Warrantholders that are Australian residents***

A Warrantholder that is an Australian resident ("**Australian Holder**") would be taxable in respect of any Additional Amounts (or other cash payment representing income in respect of the Reference Asset) received in respect of a Warrant. A recipient of an Additional Amount is not able to benefit from any imputation credits that are attached to any distribution to which the Additional Amount relates.

Upon cash settlement or disposal of a Warrant, an Australian Holder would be taxable in respect of any gain in respect of the Warrant. An Australian Holder that is a trust, superfund or individual, and who holds the Warrant on capital account (e.g. holds a Warrant over Reference Assets that are equities for the purposes of exercising the Warrant and acquiring the Reference Assets to be held as part of a long-term investment portfolio) may be eligible for concessional treatment as a 'discount capital gain' where the Warrant has been held for greater than 12 months. This concessional treatment would not be available for an Australian Holder that holds the Warrant on revenue account (e.g. for the purpose of cash settling or disposing of the Warrant in order to make a profit, or where the Warrant is automatically cash-settleable, or over Reference Assets that are bonds).

Where an Australian Holder exercises a Warrant and acquires the Reference Asset, the Holder may become subject to tax in respect of income derived from the Reference Asset, and/or any gain on subsequent disposal. Australian Holders should seek independent tax advice in respect of the tax consequences of holding the Reference Assets.

Certain Australian Holders may be subject to the Taxation of Financial Arrangements regime, which operates to tax financial arrangements on revenue account, and in some cases on a compounding accruals basis. Australian Holders should seek their own independent advice in respect of the applicability of the new provisions to their individual circumstances.

(B) ***Non-Australian Warrantholders***

Warrantholders that are not Australian residents and do not hold the Warrants in carrying on a business at or through a permanent establishment in Australia will not be subject to Australian income tax in respect of any Additional Amount or any gain made in respect of cash settlement or disposal of a Warrant where they are residents of a country with which Australia has a double taxation agreement providing for exemption from Australian tax for business profits. Residents of other countries should also not be taxable in Australia, **provided that** any gain made in respect of cash settlement or disposal of a Warrant does not have an Australian source. Residents of other countries may be taxable in Australia on any Additional Amount or any gain made in respect of cash settlement or disposal of a Warrant that has an Australian source.

Where a Warrantholder exercises a Warrant and acquires the Reference Asset, the Warrantholder may become subject to tax in respect of income derived from the Reference Asset, and/or any gain on subsequent disposal. There is a general overview of how Australian taxation law may apply to non-Australian residents who hold assets that may be subject to Australian tax below under the headings "*Australian tax which may affect any Additional Amount*" and "*Australian tax which may affect the Cash Settlement Amount*". However, Warrantholders should seek independent tax advice in respect of the tax consequences of holding the Reference Assets.

Payments made in respect of the Warrants which are not "interest", or amounts in the nature of, or in substitution for, interest should not be subject to Australian interest withholding tax.

2. ***Australian income tax treatment of Foreign Investors outside Australia***

Under the terms of the Warrants, the amount of a payment to the Warrantholder under the Warrants may be adjusted to take into account the effect of Australian taxes on an investment by a Foreign Investor

outside the Reference Jurisdiction in the Reference Assets. The discussion below explains the basis for the ways in which such adjustments can be made to the amounts payable to the Warrantholder.

*Australian tax which may affect any Additional Amount*

To the extent that the Reference Assets are shares, Australia may impose dividend withholding tax at a rate of, currently, up to 30 per cent. on dividends paid by the Underlying Companies to a non-resident Foreign Investor outside Australia not holding the Reference Assets at or through an Australian permanent establishment. The withholding rate may be reduced, generally to 15 per cent., 10 per cent., 5 per cent. or nil, if the Foreign Investor outside Australia receiving the dividend is a resident in a country with which Australia has signed a double taxation agreement.

An exemption from dividend withholding tax is available for certain "franked" dividends (broadly, dividends paid out of after-tax profits of the Underlying Companies) and "unfranked" dividends that the Underlying Company declares to be "conduit foreign income" (broadly, untaxed foreign income that would not be taxable to a foreign resident deriving that income directly).

To the extent that the Reference Assets are bonds, Australia may impose interest withholding tax at a rate of, currently, 10 per cent. on interest paid to a non-resident Foreign Investor outside Australia not holding the Reference Assets at or through an Australian permanent establishment. The withholding rate may be reduced to nil if the Foreign Investor outside Australia receiving the interest is a resident in a country with which Australia has signed a double taxation agreement that provides for an exemption from interest withholding tax for financial institutions, and the requirements of that exemption are satisfied.

An exemption from interest withholding tax may also be available where the interest is paid in respect of a bond that satisfied the "public offer test" and other exemption conditions at the time of its issue (broadly, where the bond was a widely publicly offered bond).

*Australian tax which may affect the Cash Settlement Amount*

A Foreign Investor outside Australia that does not hold a Reference Asset in carrying on a business at or through a permanent establishment in Australia will not be subject to Australian income tax in respect of any gain arising from the disposal of a Reference Asset where the Foreign Investor outside Australia is a resident of a country with which Australia has a double taxation agreement providing for exemption from Australian tax for business profits. Where the Foreign Investor outside Australia is not a resident of a country with which Australia has a double taxation agreement providing for exemption from Australian tax for business profits, the Foreign Investor outside Australia may be subject to Australian income tax in respect of a gain arising from the disposal of a Reference Asset to the extent that that gain has an Australian source. A gain arising on the disposal of a Reference Asset from the Foreign Investor outside Australia to another non-resident may not have an Australian source if the Reference Asset is disposed of outside Australia and negotiations are conducted, and documentation is executed, outside Australia.

A Foreign Investor outside Australia should not be subject to any Australian capital gains tax arising from the disposal of a Reference Asset so long as the relevant Reference Asset is not "taxable Australian property" (broadly, a non-portfolio interest (i.e. 10 per cent. or more) in a company with more than 50 per cent. of its value attributable to Australian land interests).

**3. Goods and Service Tax**

The issue or transfer of the Warrants by a supplier that is registered, or required to be registered for GST in Australia will be input taxed financial supplies, and no GST will be payable on the issue or transfer of the Warrants.

To the extent that the Warrants are issued to non-residents of Australia, who are not in Australia at the time of the issue, the issue of the Warrants would likely be GST-free. To the extent that a supply would be both GST-free and input taxed, the supply is GST-free.

In any event, no GST should be payable on the issue or exercise of the Warrants. Nevertheless, prospective investors should seek their own advice in this regard.

## **Hong Kong Taxation**

The comments below are of a general nature and are only a summary of the law and practice currently applicable under the laws of Hong Kong at the date of this Base Prospectus. The comments relate to the position of persons who are the absolute beneficial owners of the Warrants and may not apply equally to all persons. The following summary is a general guide and should be treated with appropriate caution. It is not complete and the Issuer is not giving any tax advice. Prospective investors in the Warrants who are in any doubt as to their tax position on purchase, ownership, transfer or exercise of any Warrant should consult their own tax advisers. Warrantheolders may be required to pay stamp duties, taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Warrant. Warrantheolders who may be liable to taxation in jurisdictions other than Hong Kong in respect of their purchase, ownership, transfer or exercise of the Warrants are particularly advised to consult their own tax advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following summary relates only to certain Hong Kong taxation aspects in respect of the Warrants. In particular, Warrantheolders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Warrants even if such payments may be made without withholding or deduction for or on account of taxation under the laws of Hong Kong.

(A) ***Withholding tax***

No tax is payable in Hong Kong by way of withholding in respect of payments of the Cash Settlement Amount or any other amount payable in respect of the Warrants.

(B) ***Profits Tax***

No tax is imposed in Hong Kong in respect of capital gains arising from the transfer of property such as Warrants. However, gains arising from the sale of property by persons carrying on a trade, profession or business in Hong Kong where the gains are derived from or arising in Hong Kong from the trade, profession or business will be chargeable to Hong Kong profits tax, which is currently imposed at the rate of 16.5 per cent. on corporations.

(C) ***Stamp duty***

Transfer of "Hong Kong stock" is subject to Hong Kong stamp duty if such transfer is required to be registered in Hong Kong. The term 'stock' includes any shares, stocks, units under a unit trust scheme, notes, etc.

No transfer stamp duty is payable in Hong Kong in respect of the transfer of Warrants **provided that** the transfer of such Warrants is not required to be registered in Hong Kong. Where applicable, Hong Kong transfer stamp duty will be payable on transfer of such Warrants at the rate of 0.2 per cent. of the value of the Warrants (the buyer and seller each paying half of such stamp duty).

## **Singapore Taxation**

The comments below are of a general nature and are only a summary of the law and practice currently applicable in Singapore as at the date of this Base Prospectus and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws, or guidelines, occurring after such date, which changes could be made on a retrospective basis. The comments relate to the position of persons who are the absolute beneficial owners of the Warrants and may not apply equally to all persons. Neither these statements nor any other statements in this Base Prospectus are to be regarded as advice on the tax position of any holder of the Warrants or of any person acquiring, selling or otherwise dealing with the Warrants or on any tax implications arising from the acquisition, sale or other dealings in respect of the Warrants. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Warrants and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Warrantheolders or prospective Warrantheolders who are in doubt about their respective tax positions or any such tax implications of the acquisition, ownership or transfer of Warrants should consult their own professional advisers. In particular, this general summary does not consider any specific facts or circumstances that may apply to any particular purchaser.



Investors are therefore urged to consult their tax advisers regarding income and other tax consequences of owning and disposing of the Warrants under Singapore law and under the laws of any other country to which they may be subject.

(A) ***Income Tax and Capital Gains***

Singapore imposes a tax on income but does not impose tax on gains which are considered non income (i.e., gains which are considered to be capital in nature). There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital. However, any gain from the sale of Warrants derived by a person in the ordinary course of a trade or business carried on in Singapore by that person is likely to be revenue in nature and taxable. Hence, in the case of a trader, gains from transactions in the Warrants (if they are regarded as income from the trading activities of the trader) would generally be subject to income tax. The question of whether a gain is income or capital ultimately remains a matter of fact based on the Warrantholder's personal circumstances. Warrantholders should therefore consult their own tax advisers if they are in any doubt as to the treatment that would be applicable to them.

With the adoption of the Singapore Financial Reporting Standards 39 ("**FRS 39**"), any Warrantholder which is a company in Singapore may need to recognise gains or losses on the Warrants, irrespective of disposal, in accordance with FRS 39. For financial assets on revenue account, the income tax treatment will be aligned with that of the accounting treatment under FRS 39. Warrantholders who may need to comply with FRS 39 should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Warrants.

Subject to certain exceptions, income tax is generally payable in Singapore on income accruing in or derived from Singapore and on foreign-sourced income received or deemed received under the Warrants in Singapore, notwithstanding the tax resident status of the investors.

However, all foreign-sourced income received under the Warrants in Singapore by:

- (a) a non-resident individual; and
- (b) any Singapore tax resident individual, where the Comptroller is satisfied that the tax exemption would be beneficial to the individual, but excluding such income received through a partnership in Singapore,

will be exempt from income tax.

(B) ***Goods and Service Tax***

Under the Singapore Goods and Services Tax Act, Chapter 117A of Singapore (the "**Singapore GST Act**"), the:

- (a) issue, allotment or transfer of ownership of an equity security (i.e., any interest in or right to a share in the capital of a body corporate or any option to acquire any such interest or right but excludes a contract of insurance and an estate or interest in land, other than an estate or interest as mortgagee or chargeholder);
- (b) issue, allotment, transfer of ownership, drawing, acceptance or endorsement of a debt security (i.e. any interest in or right to be paid money that is, or is to be, owing by any person or any option to acquire any such interest or right);
- (c) the issue or transfer of ownership of a unit under any unit trust or business trust; and
- (d) the renewal or variation of an equity security or debt security,

by a person who is or is required to be registered under the Singapore GST Act are exempt supplies not subject to Goods and Services Tax ("**Singapore GST**") under the Fourth Schedule to the Singapore GST Act.

The Singapore GST Act does not, however, contain any specific provision relating to the Singapore GST treatment of all kinds of warrants. Nevertheless, the issue, allotment, transfer of ownership, renewal or variation of Warrants has in practice generally not been subject to Singapore GST.

Notwithstanding the above, Warrantheolders should consult their own tax advisers if they are in any doubt of the Singapore GST treatment that would be applicable.

(C) ***Stamp Duty***

Stamp duty in Singapore is imposed only on instruments relating to stocks and shares and immovable properties.

However, no Singapore stamp duty would be payable on any instrument or agreement for the issue or sale of the Warrants where such instrument or agreement is:

- (a) executed outside, and not received in, Singapore; or
- (b) in respect of a Warrant issued under the Programme, which is cash settled only and does not involve a conveyance of any stocks or shares (or any interests therein):
  - (i) in a company incorporated in Singapore; or
  - (ii) which is registered on a register kept in Singapore.

Notwithstanding the above, Warrantheolders should consult their own tax advisers if they are in any doubt of the Singapore stamp duty treatment that would be applicable.

Transfers of securities which are held on a scripless basis through The Central Depository (Pte) Limited are generally not subject to stamp duty.

## CERTAIN ERISA CONSIDERATIONS

*This section provides details of U.S. regulations which may be relevant for investors buying on behalf of U.S. regulated employee benefit plans.*

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

The Issuer or dealers selling Warrants may each be considered a "party in interest" or a "disqualified person" (collectively, "**Parties in Interest**") with respect to many Plans. If permitted, the purchase of Warrants by a Plan with respect to which the Issuer or the dealers selling Warrants is a party in interest or a disqualified person may constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. The types of transactions between the Plans and Parties in Interest that are prohibited include: (a) sales, exchanges or leases of property, (b) loans or other extensions of credit and (c) the furnishing of goods and services. Certain Parties in Interest that participate in a non-exempt prohibited transaction may be subject to an excise tax under ERISA or the Code. In addition, the persons involved in the prohibited transaction may have to rescind the transaction and pay an amount to the Plan for any losses realised by the Plan or profits realised by such persons and certain other liabilities could result that have a significant adverse effect on such persons. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, depending in part on the type of Plan fiduciary making the decision to acquire Warrants and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA (relating to certain transactions between a plan and a non-fiduciary service provider), Prohibited Transaction Class Exemption ("**PTCE**") 95-60 (relating to investments by insurance company general accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by an in-house asset manager). There can be no assurance that any exception or exemption from the prohibited transaction rules will be available with respect to any particular transaction involving Warrants, or that, if an exemption is available, it will cover all aspects of any particular transaction. Any purchaser that is a Plan (to the extent Plans are permitted to purchase Warrants) should consult with counsel regarding the application of the exemption or any other statutory or administrative exemption.

Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA), if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), are not subject to Section 406 of ERISA or Section 4975 of the Code. However, such plans may be subject to the provisions of applicable federal, state or local or other laws, rules or regulations ("**Similar Law**") similar to the foregoing provisions of ERISA or the Code. Fiduciaries of such plans ("**Similar Law Plans**") should consider applicable Similar Law when investing in Warrants.

Each purchaser or transferee by its purchase of any offered Warrant (or any interest therein) will be deemed to represent, on each day from the date on which the purchaser or transferee acquires an offered Warrant through and including the date on which the purchaser or transferee disposes of its interest in such offered Warrant, either that (a) it is not a Plan or a Similar Law Plan, including any entity whose underlying assets include the assets of any Plan or Similar Law Plan, the inclusion of which for purposes of ERISA or any Similar Law, as the case may be, would result in such entity being deemed a Plan or a Similar Law Plan; or (b) its purchase, holding and disposition of such Warrant (or any interest therein)

will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any Similar Law.

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

The purchaser or transferee of a Warrant may be required to deliver to the Issuer and the relevant dealers a letter, in the form available from the Issuer and dealers, containing certain representations, including those contained in the preceding paragraph.

## GENERAL INFORMATION

*This section provides additional, general disclosure on the Programme.*

1. The establishment of the Programme and the issue of Warrants under the Programme have been duly authorised by and pursuant to resolutions of the board of directors of the Issuer dated 20 July 2007. The continuation of the Programme and the issue of Warrants under the Programme have been duly authorised by and pursuant to a resolution of a committee of the board of directors of the Issuer passed on 8 May 2014.
2. The Warrants will be accepted for clearance through Euroclear and Clearstream, Luxembourg and DTC. The appropriate common code and the International Securities Identification Number in relation to the Warrants of each Series will be set out in the relevant Final Terms. The address of Euroclear Bank S.A./N.V. is 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium. The address of Clearstream Banking, *société anonyme* is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street – 1SL, New York, NY 10041-0099, USA.
3. Settlement arrangements will be agreed between the Issuer, the relevant Manager(s) and the Registrar or Principal Warrant Agent in relation to each Tranche of Warrants.
4. In relation to the Issuer, any transfer of, or payment in respect of, a Warrant involving the government of any country which is at the relevant time the subject of United Nations European Union or United Kingdom sanctions or other similar measures implemented or effective in the United Kingdom, any person or body resident in, incorporated in or constituted under the laws of or carrying on a business in, any such country or exercising public functions in any such country, or any person or body controlled by any of the foregoing or by any person acting on behalf of the foregoing, may be subject to restrictions pursuant to such sanctions or other similar measures, or otherwise may be the target of any such sanctions or other similar measures.
5. Notices to the Warrantholders are made in accordance with the Conditions of the relevant Warrants.
6. Any tranche of Warrants intended to be admitted to listing on the Official List of the FCA and admitted to trading on the regulated market of the London Stock Exchange will be so admitted to listing and trading upon submission to the FCA and the London Stock Exchange of the relevant Final Terms and any other information required by the FCA and/or the London Stock Exchange, subject in each case to the issue of the relevant Warrants (as the case may be). Prior to listing and admittance to trading of Warrants, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the fifth Business Day in London after the date of the transaction.

## TERMS AND CONDITIONS OF THE WARRANTS

*The following are the terms and conditions of the Warrants (the "Conditions") which apply to all Warrants and which are completed by the Final Terms for each issue of Warrants.*

The Warrants are issued by HSBC Bank plc in its capacity as issuer (the "**Issuer**") pursuant to the Warrant and Certificate Programme (the "**Programme**") established by the Issuer. The Warrants also have the benefit of an agency agreement dated 3 September 2007 as most recently amended and restated on 30 May 2014 (as further modified and/or amended from time to time, the "**Warrant Agency Agreement**") made between the Issuer, HSBC Bank plc as calculation agent (the "**Calculation Agent**"), which expression shall include any successor or other Calculation Agent specified in the relevant Final Terms appointed in accordance with the Warrant Agency Agreement, HSBC Bank plc as principal warrant agent (the "**Principal Warrant Agent**", which expression includes any successor or other principal warrant agent specified in the relevant Final Terms appointed in accordance with the Warrant Agency Agreement, and together with any additional warrant agent specified in the relevant Final Terms or appointed pursuant to the Warrant Agency Agreement, the "**Warrant Agents**"), HSBC Bank plc as authentication agent (the "**Authentication Agent**", which expression includes any successor or other authentication agent specified in the relevant Final Terms appointed in accordance with the Warrant Agency Agreement), HSBC Bank USA, National Association as transfer agent (the "**Transfer Agent**", which expression includes any successor or other transfer agent specified in the relevant Final Terms appointed in accordance with the Warrant Agency Agreement) and HSBC Bank USA, National Association as registrar (the "**Registrar**", which expression includes any successor or other warrant registrar specified in the relevant Final Terms appointed in accordance with the Warrant Agency Agreement, and together with the Warrant Agents, the Authentication Agent and the Transfer Agent, the "**Agents**"). The Warrants also have the benefit of a warrant and certificate issuance agreement dated 3 September 2007 as most recently amended and restated on 30 May 2014 (as further modified and/or amended from time to time, the "**Warrant Issuance Agreement**") and made between the Issuer and HSBC Bank plc and The Hongkong and Shanghai Banking Corporation Limited as managers (the "**Managers**", which expression shall include any successor Manager specified in the relevant Final Terms). The Issuer has entered into a deed of covenant dated 30 May 2014 (such deed, as amended and/or supplemented and/or restated from time to time, the "**Warrant Deed of Covenant**"), for the purposes of constituting the Definitive Registered Warrants.

All Warrants will be issued in series (each, a "**Series**") and each Series may comprise one or more tranches ("**Tranches**" and each, the "**Tranche**") of Warrants issued on different issue dates. Each Tranche will be the subject of final terms (each, the "**Final Terms**"). Other than the issue date and the issue price, the Warrants of each Series will have identical terms and conditions. The Warrants of each Tranche will have identical terms and conditions. In the case of a Tranche of Warrants in relation to which application has not been made to admit to trading on the regulated market of the London Stock Exchange plc ("**London Stock Exchange**") or listing on the Official List of the Financial Conduct Authority ("**FCA**"), copies of the relevant Final Terms will only be available to a Holder (as defined in Condition 1 (*Form and Transfer*)) of such Warrants.

Copies of the Warrant Agency Agreement, the Warrant Issuance Agreement and the Warrant Deed of Covenant are available for inspection by the Warrantheolders (as defined in Condition 1 (*Form and Transfer*)) and copies of the relevant Final Terms, the Base Prospectus and any supplemental base prospectus may be obtained in each case during normal business hours at the specified office of the Principal Warrant Agent. The Warrantheolders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions (including the form of Exercise Notice referred to in Condition 4 (*Exercise Procedure*)) of the Warrant Agency Agreement and the Warrant Deed of Covenant.

Words and expressions defined in the Warrant Issuance Agreement, the Warrant Agency Agreement or used in the relevant Final Terms shall have the same meaning where used in these Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between any of the Warrant Issuance Agreement, the Warrant Agency Agreement and the relevant Final Terms, the relevant Final Terms will prevail.

As used in these Conditions and in relation to any Series of Warrants, subject as otherwise provided herein:

"**Additional Disruption Event**" has the meaning ascribed thereto in Condition 18(f) (*Additional Disruption Events*).

"**Affiliate**" means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "**control**" of any entity or person means ownership of a majority of the voting power of the entity or person.

"**Alternative Payment Currency**" means the currency specified as such in the relevant Final Terms, which may be Offshore RMB.

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

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

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

"**Alternative Payment Currency Fixing Page**" means the Reuters or other screen page specified as such in the relevant Final Terms or any successor page thereof.

"**Alternative Payment Currency Fixing Time**" means the time and place specified as such in the relevant Final Terms.

"**Alternative Payment Currency Jurisdiction**" means the jurisdiction specified as such in the relevant Final Terms.

"**Averaging Date**" means, subject to the provisions of Condition 18(d) (*Adjustments to Indices*), one of the following as specified in the relevant Final Terms:

- (i) in respect of each Valuation Date, each date specified as such or otherwise determined in the relevant Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day); or
- (ii) in respect of each Valuation Date, each of the specified number of consecutive Scheduled Trading Days immediately following the Exercise Date, subject to adjustment, as specified in the Final Terms.

"**Basket**" means, in respect of an Index Basket 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 Security Basket 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.

**"Business Day"** means a day (other than a Saturday or a Sunday) on which banks are open for business and carrying on foreign exchange transactions in London and the principal financial centre of the Settlement Currency and on which the relevant Clearing System is open for business; **provided that**, if "Additional Payment" is specified as being applicable in the relevant Final Terms, for the purposes of the determination of the Additional Amounts (as defined in Condition 18(a) (*Additional Payments and Additional Warrants*)), Business Day shall mean, in addition, a day when the exchange markets for exchanging the Reference Currency into the Settlement Currency are open for business in countries specified under the definition of Additional Payment Date in the relevant Final Terms.

**"Call Warrant"** means a Warrant entitling, but not obligating, the Warrantholder upon exercise to receive the relevant Cash Settlement Amount subject to and in accordance with these Conditions.

**"Cash Distribution"** has the meaning ascribed thereto in Condition 18 (*Valuation, Adjustments and Extraordinary Events affecting Securities*).

**"Cash Settlement Amount"** has the meaning ascribed thereto in Condition 5 (*Cash Settlement Amount and Supplementary Amount*).

**"Cash Settlement Payment Date"** means the fifth Business Day (or, if otherwise specified in the relevant Final Terms, such other number of Business Days) following:

- (i) the last date on which an unwind of any applicable Underlying Hedge Transaction (as defined in the applicable Condition 5 (*Cash Settlement Amount and Supplementary Amount*)) relating to the Warrants has been achieved or which the Calculation Agent determines would have been achievable by the Issuer and/or its designated Affiliates;
- (ii) the Valuation Date or, if applicable, the last Averaging Date, on which an official settlement price (or any applicable fallback) for settling one or more Exchange-traded Contracts relating to the Warrants is determined; or
- (iii) Valuation Date or, if applicable, the last Averaging Date, on which a Reference Level of the Index or Indices relating to the Warrants is determined.

**"Clearing System"** means Euroclear, Clearstream, Luxembourg, DTC and/or any other clearing system specified in the relevant Final Terms in which Warrants of the relevant Series are held, or, in relation to an individual Warrant, that Warrant is held, for the time being.

**"Clearing System Business Day"** means, in respect of a Clearing System, any day on which such Clearing System is open for the acceptance and execution of settlement instructions.

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

**"Commencement Date"** means the date on which the Notional Holder, had it entered into an agreement to purchase the Securities in respect of the Warrants on or around the Trade Date, would have received such Securities, or, if later, the listing date of the Securities on the Exchange, as determined by the Calculation Agent.

**"Component Security"** means, with respect to an Index, each component Security of that Index.

**"Conversion"** means, in respect of any Securities, any irreversible conversion of such Securities into cash or other securities as determined by the Calculation Agent.

**"Costs"** means all costs, expenses, fees and levies in respect thereof, including but not limited to brokers' fees, bank and custody charges, transaction processing fees and expenses, and all other taxes and other duties (including, without limitation, any capital gains taxes, any potential taxes which the Calculation Agent considers may arise and any interest levied by the applicable tax authority on any unpaid taxes such as PRC EIT withholding on capital gains in respect of Warrants where the Reference Jurisdiction is the PRC) whether such levies and taxes are withheld at source or otherwise required to be paid by any person (including, without limitation, the Issuer and any of its designated Affiliates) in respect of the Securities as determined by the Calculation Agent in its sole and absolute discretion (and in respect of an Index, the Calculation Agent may but is not obliged to take into account the applicable tax rate as specified in the relevant index calculation methodology in making such determination).



**"Delisting"** means that the Exchange announces that pursuant to the rules of such Exchange, the Securities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system (an **"Alternative Exchange"**) located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union) or that the Calculation Agent determines in its sole and absolute discretion that listing or trading of Securities on the Exchange (or an Alternative Exchange) has not commenced and will not commence in the foreseeable future prior to the Expiry Date of the Warrants.

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

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

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

**"Depository Receipt(s)"** means any Security specified as such in the relevant Final Terms **provided that** if the relevant Deposit Agreement is terminated at any time, any reference to any Depository Receipt(s) shall thereafter be construed as a reference to the relevant Underlying Securities or relevant Replacement DRs, as applicable and as determined by the Calculation Agent, in its sole and absolute discretion, pursuant to Condition 18(h) (*Events relating to DR Linked Warrants*).

**"Disrupted Day"** means (a) any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or 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.

**"Distribution"** means a Cash Distribution or a Non-Cash Distribution.

**"DR Linked Warrants"** means a Series of Security Warrants which relate to one or more Securities which are Depository Receipts.

**"DTC"** means The Depository Trust Company.

**"Early Closure"** means (a) the closure on any Scheduled Trading Day of the relevant Exchange (in the case of Security Warrants or Security Basket Warrants) or any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index Warrants or Index Basket Warrants) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Scheduled Trading 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 Scheduled Trading Day; or (b) if the Warrants are Multiple Exchange Index-Linked Warrants, the closure on any Scheduled Trading 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 Scheduled Trading 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 Scheduled Trading Day.

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

- (i) the withdrawal from legal tender of any currency that, before the introduction of the Euro, was lawful currency in one of the member states;
- (ii) the redenomination of any Security to which the Warrants relate into Euro;

- (iii) any change in the currency of denomination of any Index to which the Warrants relate;
- (iv) any change in the currency in which some or all such securities or other property contained in any such Index is denominated;
- (v) the disappearance or replacement of a relevant rate option or other price source for the national currency of any member state, or the failure of the agreed sponsor (or successor sponsor) to publish or display a relevant rate, index, price, page or screen; or
- (vi) the change by any organised market, exchange or clearance, payment or settlement system in the unit of account of its operating procedures to the Euro.

"Euro", "euro" "EUR", "€" each means the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended (the "**Treaty**").

"Euroclear" means Euroclear Bank S.A./N.V.

"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, 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 Disruption" means (a) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for the Securities on the Exchange (in the case of a Security Warrant or a Security Basket Warrant) or on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of an Index Warrant or an Index Basket Warrant), or (ii) to effect transactions in, or obtain market values for, future or options contracts relating to the Securities (in the case of a Security Warrant or a Security Basket Warrant) or the relevant Index (in the case of an Index Warrant or an Index Basket Warrant) on any relevant Related Exchange; or (b) with respect to a Multiple Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for (i) any Component Security on the Exchange in respect of such Component Security or (ii) futures or options contracts relating to the Index on the relevant Related Exchange.

"Exercise Date" means, in respect of any Warrant:

- (i) if Automatic Exercise is specified as applying in the applicable Final Terms:
  - (A) the day on which the Warrant is deemed exercised; or
  - (B) the day on which an Exercise Notice relating to that Warrant is delivered in accordance with the provisions of Condition 4(a) (*Exercise*) **provided that**:
    - (a) if the Exercise Notice is delivered (I) on any day which is not a Business Day or (II) after 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located) on any Business Day, then, in either such case, the Exercise Date shall be the next succeeding day which is a Business Day; and
    - (b) the Exercise Date may not be later than the Expiry Date; and
- (ii) if Automatic Exercise is not specified as applying in the applicable Final Terms, the day on which an Exercise Notice relating to that Warrant is delivered in accordance with the provisions of Condition 4(a) (*Exercise*) **provided that**:

- (A) if the Exercise Notice is delivered (a) on any day which is not a Business Day or (b) after 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located) on any Business Day, then, in either such case, the Exercise Date shall be the next succeeding day which is a Business Day; and
- (B) the Exercise Date may not be later than the Expiry Date.

"**Exercise Notice**" means any notice in the form scheduled to the Warrant Agency Agreement or such other form as may from time to time be agreed by the Issuer and the Principal Warrant Agent which is delivered by a Warrantholder in accordance with Condition 4(a) (*Exercise*).

"**Exercise Period**" means the period beginning on (and including) such date as may be specified in the relevant Final Terms and ending on (and including) the Expiry Date.

"**Expiry Date**" has the meaning ascribed thereto in the relevant Final Terms.

"**Extraordinary Dividend**" means the amount per Security of any dividend or the portion of any dividend which the Calculation Agent determines in its sole and absolute discretion should be characterised as an Extraordinary Dividend.

"**Extraordinary Event**" means (a) in all cases other than where the relevant Final Terms specify that the Securities are Units in a Fund, a Merger Event, Tender Offer, Nationalisation, Insolvency, Delisting, Security Redemption or Underlying Company Default; or (b) in the case where the relevant Final Terms specify that the Securities are Units in a Fund, a Merger Event, Nationalisation, Insolvency, Delisting or Extraordinary Fund Event.

"**Extraordinary Fund Event**" means, in the determination of the Calculation Agent, the occurrence or existence of any of the following:

- (i) the Fund (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C)(1) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (2) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in (1) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (y) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (A) to (E) above;
- (ii) the Fund has violated any leverage restriction that is applicable to, or affecting, such Fund or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the Fund Documents or any contractual restriction binding on or affecting the Fund or any of its assets;
- (iii) the resignation, termination or replacement of the Fund Adviser;

- (iv) any change or modification of the Fund Documents that could reasonably be expected to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Issue Date;
- (v) any breach or violation of any strategy or investment guidelines stated in the Fund Documents that is reasonably likely to affect the value of the Units or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent);
- (vi) the Issuer or any of its designated Affiliates is unable or it is or has become not reasonably practicable, or it has otherwise become undesirable, for any reason, for the Issuer or such designated Affiliate 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 to hedge the equity price risk or any other relevant price risk including, without limitation, any currency risk of the Issuer issuing and performing its obligations with respect to the Warrants or 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), including, without limitation, where such inability or impracticability has arisen by reason of (1) any restrictions or increase in charges or fees imposed by the Fund on any investor's ability to redeem the Units, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Units, or (2) any mandatory redemption, in whole or in part, of such Units imposed by the Fund (in each case other than any restriction in existence on the Issue Date);
- (vii) (A) cancellation, suspension or revocation of the registration or approval of the Units or the Fund by any governmental, legal or regulatory entity with authority over the Units or the Fund, (B) any change in the legal, tax, accounting or regulatory treatments of the Fund or the Fund Adviser that is reasonably likely to have an adverse impact on the value of the Units or on any investor therein (as determined by the Calculation Agent), or (C) the Fund or the Fund Adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the Fund;
- (viii) (A) the occurrence of any event affecting the Units that, in the determination of the Calculation Agent, would make it impossible or impracticable to determine the value of the Units, and such event is likely, in the determination of the Calculation Agent, to continue for the foreseeable future; or (B) any failure of the Fund to deliver, or cause to be delivered (1) information that the Fund has agreed to deliver, or cause to be delivered to the Issuer and/or Calculation Agent or (2) information that has been previously delivered to the Issuer and/or Calculation Agent in accordance with the Fund's, or its authorised representative's, normal practice and that the Issuer and/or Calculation Agent deems necessary for it to monitor the Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the Units;
- (ix) on or after the Issue Date, (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (x) it will, or there is a substantial likelihood that it will, with the passing of time, or has, become illegal for the Issuer or any of its designated Affiliates to hold, acquire, dispose of, or realise, recover or remit the proceeds of the sale or disposal of, Units or any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk including, without limitation, any currency risk, of the Issuer issuing and performing its obligations with respect to the Warrants or (y) it has become illegal for the Issuer or any of its designated Affiliates to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to such Warrants, or in relation to the hedging activities of the Issuer or any of its designated Affiliates in connection with the Warrants, (ii) stock loan transactions in relation to such Warrants or (iii) other instruments or arrangements (howsoever described) held by the Issuer or any of its designated Affiliates in order to hedge, individually or on a portfolio basis, such Warrants or (z) the Issuer or any of its designated Affiliates will incur a materially increased cost in performing its obligations under the Warrants (including, without limitation,

due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

- (x) the Issuer or any of its designated Affiliates would incur a materially increased cost (as compared with circumstances existing on the Issue Date) including, without limitation, amount of tax (including any potential tax which the Calculation Agent considers may arise), duty, expense or fee (other than brokerage commissions) to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to the Units or any other relevant price risk including, without limitation, any currency risk of the Issuer issuing and performing its obligations with respect to the Warrants or 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), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer or its designated Affiliate, as applicable, shall not be deemed an Extraordinary Fund Event; and
- (xi) (A) the cancellation or cessation of any Underlying Index or (B) a material change in the formula for or the method of calculating or any other material modification to any Underlying Index (other than a modification prescribed in that formula or method to maintain such Underlying Index in the event of changes in constituent stock and capitalisation and other routine events); or (C) the relevant sponsor of any Underlying Index fails to calculate and announce such Underlying Index.

"**FINI**" means a foreign institutional investor registered under the securities laws of Taiwan to invest, *inter alia*, in equity securities listed on the Taiwan Stock Exchange Corporation or traded in the GreTai Securities Market.

"**FPI**" means a Foreign Portfolio Investor as defined under The Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations, 2014.

"**Fund**" means the exchange-traded fund or similarly traded or listed fund or exchange-traded real estate investment trust ("**REIT**") or other fund as specified in the relevant Final Terms.

"**Fund Adviser**" means, with respect to a Fund, any person appointed in the role of discretionary investment manager or non-discretionary investment manager (including a non-discretionary investment manager to a discretionary investment manager or to another non-discretionary investment manager), as provided in the related Fund Documents.

"**Fund Documents**" means, in relation to any Fund, the constitutive and governing documents, subscription agreements and other agreements of such Fund specifying the terms and conditions relating to such Fund, in each case as amended or supplemented from time to time.

"**Governmental Authority**" any *de facto or de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in the Settlement Currency Jurisdiction.

"**Holders**" has the meaning ascribed thereto in Condition 1 (*Form and Transfer*).

"**Hong Kong**" means the Hong Kong Special Administrative Region of the PRC.

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

"**Inconvertibility**" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Warrants in the general exchange market in the Settlement Currency Jurisdiction, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is

enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

"**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 (*Valuation, Adjustments and Extraordinary Events affecting Securities*), and "**Indices**" shall be construed accordingly.

"**Index Basket Warrants**" means a Series of Warrants relating to a basket of Indices, as specified in the relevant Final Terms.

"**Index Sponsor**" means the corporation or other entity specified as such in the relevant Final Terms, failing which, it is the corporation or other entity which (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (b) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Scheduled Trading Day.

"**Index Warrants**" means a Series of Warrants relating to a single Index, as specified in the relevant Final Terms.

"**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.

"**Issue Date**" has the meaning ascribed thereto in Condition 1 (*Form and Transfer*).

"**Market Disruption Event**" means (a) the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one-hour period that ends at the relevant Valuation Time or (iii) an Early Closure **provided that** for the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a component of the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event; or (b) with respect to a Multiple Exchange Index, either

- (A) the occurrence or existence, in respect of any Component Security, of (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that 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 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 (other than where the Warrants are linked to Units in Funds as specified in the relevant Final Terms), the occurrence on or prior to the Expiry Date of 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, the Expiry Date.

If the Warrants are DR Linked Warrants, "**Merger Event**" shall include the occurrence of any of the events described in (i) to (iv) (inclusive) above in relation to the relevant Underlying Securities.

If the Warrants are linked to Units in Funds as specified in the relevant Final Terms, then "**Merger Event**" means, in respect of the Units of the Fund, the occurrence on or prior to the Expiry Date of any (a) reclassification or change of such Units that results in a transfer of or an irrevocable commitment to transfer all of such Units outstanding, (b) consolidation, amalgamation or merger of the Fund with or into another fund or entity (other than consolidation, amalgamation or merger in which the Fund is the continuing entity and which does not result in any such reclassification or change of all of such Units outstanding) or (c) other takeover offer for such Units that results in a transfer of or an irrevocable commitment to transfer all such Units (other than such Units owned or controlled by the offeror).

"**Minimum Exercise Number**" has the meaning ascribed thereto in Condition 6 (*Minimum Number of Warrants Exercisable*).

"**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.

"**National Currency Unit**" means the national currency unit of any Participating Member State that becomes a denomination of the euro by reason of Council Regulation (EC) No 1103/97, Council Regulation (EC) No 974/98 or any other applicable laws.

"**Nationalisation**" means that all the Securities (or, if the Warrants are DR Linked Warrants, the relevant Underlying Securities) or all or substantially all the assets of an Underlying Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

"**New Issuer**" has the meaning ascribed thereto in Condition 15 (*Substitution*).

"**Non-Cash Distribution**" has the meaning ascribed thereto in Condition 18 (*Valuation, Adjustments and Extraordinary Events affecting Securities*).

"**Non-transferability**" means the occurrence of any event that makes it impossible for the Issuer to transfer Settlement Currency between accounts inside the Settlement Currency Jurisdiction or from an account inside the Settlement Currency Jurisdiction to an account outside the Settlement Currency Jurisdiction or from an account outside the Settlement Currency Jurisdiction to an account inside the Settlement Currency Jurisdiction, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

"**Notional Holder**" means an institution subject to the same tax laws, securities laws, rules and regulations of any tax authorities, securities regulators, exchanges or self-regulating organisations as would apply to the Issuer and/or its designated Affiliates had they held the Securities. In the case that the Securities are (i) securities that are traded on the PRC securities market in CNY, (ii) Indian securities or (iii) Taiwanese securities, then such Notional Holder will additionally be deemed to be, respectively, (i) a

QFII, (ii) a FPI or (iii) a FINI. In the case that the Securities are Saudi Arabian securities, then such Notional Holder will additionally be deemed to be an Authorised Person (as defined by the Saudi Arabian Capital Markets Authority).

**"Number of Securities per Warrant"** means the number of the relevant Securities to which each Warrant relates.

**"Offshore RMB"** means RMB that is freely deliverable between accounts in the Offshore RMB Centre in accordance with the law and applicable regulation and guidelines issued by relevant authorities in the Offshore RMB Centre prevailing as of the trade date of the Warrants.

**"Offshore RMB Centre"** means the jurisdiction specified as such in the relevant Final Terms.

**"Permitted Multiple"** has the meaning ascribed thereto in Condition 6 (*Minimum Number of Warrants Exercisable*).

**"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.

With respect to Depository Receipts, **"Potential Adjustment Event"** shall also include (x) the occurrence of any of the events described in (i) to (vii) (inclusive) above in respect of the relevant Underlying Securities, provided that the occurrence of any of the events described in (i) to (vi) (inclusive) in respect of the relevant Underlying Securities shall not constitute a Potential Adjustment Event unless, the Calculation Agent, in its sole and absolute discretion, determines that such event has a diluting or concentrative effect on the theoretical value of the Securities and (y) the making of any amendment or supplement to the terms of the Deposit Agreement.

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

**"PRC EIT"** means, PRC enterprise income tax, being, unless and until definitively stated by any applicable PRC tax authorities (as determined by the Calculation Agent in its sole and absolute discretion), 10 per cent. (such rate, the **"Fixed EIT Withholding Rate"**) of the excess (if any) of (a) the Realisable Sale Price (without deduction of Costs) over (b) Relevant Reference Price / (1 + Fee), and if (and once) so definitively stated (and **provided that** tax rate is definitively stated by any applicable PRC tax authorities at any time before the Tax Equalisation Long-stop Date), the capital gains tax properly applicable as so stated.

**"QFII"** means a Qualified Foreign Institutional Investor pursuant to the Measures for the Administration of Securities Investments by Qualified Foreign Institutional Investors, which were jointly promulgated by the China Securities Regulatory Commission, the People's Bank of China and The State Administration of Foreign Exchange on 24 August 2006, and which became effective on 1 September 2006.

**"Reference Currency"** means, unless as otherwise specified in the Final Terms:



- (i) in respect of Security Warrants, the currency in which the relevant Security trades on the Exchange; or
- (ii) in respect of Security Basket Warrants, Index Warrants and Index Basket Warrants, each of the currencies in which the relevant Security and/or Component Security trades on its respective Exchange.

**"Reference Jurisdiction"** means, unless as otherwise specified in the relevant Final Terms:

- (i) in respect of Security Warrants, the jurisdiction in which the Exchange is located; or
- (ii) in respect of Security Basket Warrants, Index Warrants and Index Basket Warrants, each of the countries in which the Exchange of the respective Security and/or Component Security is located.

**"Reference Level"** means (a) in respect of an Index, the level of such Index as determined by the Calculation Agent as of the Valuation Time on the Exchange on the Valuation Date or, if Averaging Dates are specified in the relevant Final Terms, on such Averaging Dates and (b) in respect of a Multiple Exchange Index, the official closing level of such Multiple Exchange Index on the Valuation Date or, if Averaging Dates are specified in the relevant Final Terms, such Averaging Date as calculated and published by the Index Sponsor.

**"Related Exchange"** means, in respect of a Security or an Index, 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, or 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).

**"Renminbi"**, **"RMB"** and **"CNY"** all refer to the lawful currency of the People's Republic of China.

**"Replacement DRs"** means, if the relevant Deposit Agreement is terminated, any depository receipts which the Calculation Agent determines, in accordance with Condition 18(h) (*Events relating to DR Linked Warrants*) are to replace the Depository Receipts constituted by such terminated Deposit Agreement.

**"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, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; 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, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time.

**"Scheduled Valuation Date"** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**"Securities"** means, in relation to a Series of Warrants or in relation to an Index, the equity securities, debt securities, Depository Receipts or other securities or property to which such Warrants or Index, as the case may be, relate subject to adjustment pursuant to Condition 18 (*Valuation, Adjustments and Extraordinary Events affecting Securities*), and **"Security"** shall be construed accordingly.

**"Securities Act"** means the United States Securities Act of 1933, as amended.

**"Security Basket Warrants"** means a Series of Warrants relating to a basket of Securities, as specified in the relevant Final Terms and **"Security Basket Warrant"** shall be construed accordingly.

**"Security Redemption"** means, in relation to a Security that is a debt security (including, without limitation, a debt security that is convertible or exchangeable into equity securities), a preference share or a warrant, or in relation to any other security that has a stated maturity or expiry date, that it is redeemed, converted, exchanged, exercised, terminated or cancelled, in whole or in part, on or prior to any stated maturity or expiry date for whatever reason.

**"Security Warrants"** means a Series of Warrants relating to a single Security, as specified in the relevant Final Terms and **"Security Warrant"** shall be construed accordingly.

**"Settlement Currency"** means the currency specified as such in the relevant Final Terms.

**"Settlement Currency Jurisdiction"** means the jurisdiction specified as such in the relevant Final Terms.

**"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).

**"Successor Index"** has the meaning ascribed thereto in Condition 18(d)(i) (*Successor Index*).

**"Taxes"** has the meaning ascribed thereto in Condition 4(b)(v) (*Exercise Notice*).

**"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.

**"Trade Date"** has the meaning ascribed thereto in the relevant Final Terms.

**"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 a Security Warrant or a Security Basket Warrant) or on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index Warrants or Index Basket Warrants); or (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.

**"Underlying Company"** means the issuer of the Security (including, in the case of Index Warrants or Index Basket Warrants, the issuer of the Component Securities underlying the relevant Reference Index) as specified in the relevant Final Terms (or, if the Warrants are DR Linked Warrants, each of the Depository and the issuer of the relevant Underlying Security), subject to adjustment in accordance with Condition 18 (*Valuation, Adjustments and Extraordinary Events affecting Securities*). If the Warrants are linked to Units in Fund(s) as specified in the relevant Final Terms, Condition 18 (*Valuation, Adjustments and Extraordinary Events affecting Securities*) shall apply to the Warrants as if references therein to **"Underlying Company"** were references to the **"Fund"** and as if references therein to **"Security"** were references to **"Unit"**.

**"Underlying Company Default"** means a default of the Underlying Company of its obligations under the Security.

**"Underlying Index"**, in relation to a Fund, has the meaning ascribed thereto in the relevant Final Terms.

**"Underlying Security"** means, with respect to DR Linked Warrants and a Depository Receipt, the security and any other property to which such Depository Receipt relates.

"Unit", in relation to a Fund, has the meaning ascribed thereto 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 the Exercise Date, subject to Condition 18 (*Valuation, Adjustments and Extraordinary Events affecting Securities*), unless this is not a Scheduled Trading Day, in which case it means the immediately following Scheduled Trading Day.

"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. 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.

"Warrantholder" has the meaning ascribed thereto in Condition 1 (*Form and Transfer*).

1. **Form and Transfer**

(a) **Form**

Each Tranche of Warrants will be in registered form and, as specified in the relevant Final Terms, will either be offered in reliance on (A) Regulation S under the Securities Act and represented by an unrestricted global registered warrant (an "**Unrestricted Global Registered Warrant**"), and/or (B) Rule 144A under the Securities Act ("**Rule 144A**") and represented by a restricted global registered warrant (a "**Restricted Global Registered Warrant**") and/or (C) either Regulation S and/or Rule 144A under the Securities Act and represented by a combined global registered warrant (a "**Combined Global Registered Warrant**", and together with the Unrestricted Global Registered Warrant and the Restricted Global Registered Warrant, the "**Global Registered Warrants**").

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

In respect of Warrants issued in compliance with Rule 144A, transfers of the Warrants may be conditional upon delivery of certain certifications and are subject to significant restrictions.

(b) **Title and Transfers**

(i) **General; Title**

A certificate will be issued to each Warrantholder in respect of its registered holding. Each such certificate will be numbered serially with an identifying number which will be recorded in the register (the "**Register**") maintained by the Warrant Registrar in respect of the Warrants. The person for the time being in whose name such Warrant is so registered in the Register shall be the "**Warrantholder**" or "**Holder**" of the Warrants represented thereby and shall be treated for all purposes by the Issuer, the Warrant Agent, the relevant Clearing System(s) and all other persons dealing with such person as the holder thereof, **provided however that**, for so long as the Warrants are represented by a Global Registered Warrant held on behalf of a Clearing System, for all purposes other than payment, the persons for the time being appearing in the books of the relevant Clearing System as the holder of such Warrant shall be treated as the Warrantholders and these Conditions shall be construed accordingly.

(ii) *Transfer of Warrants*

Title to Warrants passes by registration in the Register.

(iii) *Regulations concerning transfer and registration of Warrants*

All transfers of Warrants and entries on the Register will be made subject to the detailed regulations (the "**Regulations**") concerning exchange and transfer of Warrants scheduled to the Warrant Agency Agreement. The Regulations may be amended, supplemented or replaced by the Issuer with the prior written approval of the Registrar but without the consent of the Warranholders. A copy of the current Regulations are available for inspection during usual business hours at the specified office of the Registrar and the Transfer Agents.

(iv) *Rule 144A Legends*

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

2. **Status of the Warrants**

The Warrants of each Series constitute direct unsubordinated, and unsecured obligations of the Issuer and rank *pari passu* and without any preference among themselves and, at their date of issue, with all other unsecured and unsubordinated obligations of the Issuer for the time being outstanding (other than any such obligations preferred by law).

3. **Rights on Exercise**

(a) **"American Style" Exercise**

If the Warrants are specified in the relevant Final Terms as being American Style Warrants, then this Condition 3(a) ("**American Style**" Exercise) is applicable and the Warrants are exercisable on any Business Day during the Exercise Period prior to termination of the Warrants as provided in the Conditions, **provided that** any American Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 4 (*Exercise Procedure*) shall become void in accordance with Condition 3(f) (*Warrants Void on Expiry*).

(b) **"European Style" Exercise**

If the Warrants are specified in the relevant Final Terms as being European Style Warrants, then this Condition 3(b) ("**European Style**" Exercise) is applicable and the Warrants are exercisable only on the Expiry Date, or if that is not a Business Day, the next succeeding Business Day (unless otherwise specified in the relevant Final Terms) prior to termination of the Warrants as provided in the Conditions, **provided that** any European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 4 (*Exercise Procedure*) shall become void in accordance with Condition 3(f) (*Warrants Void on Expiry*).

(c) **"Bermudan Style" Exercise**

If the Warrants are specified in the relevant Final Terms as being Bermudan Style Warrants, then this Condition 3(c) ("**Bermudan Style**" Exercise) is applicable and the Warrants are exercisable

on each date as specified in the relevant Final Terms (each, a "**Potential Exercise Date**") and on the Expiry Date, or if each such date is not a Business Day, the next succeeding Business Day (unless otherwise specified in the relevant Final Terms) prior to termination of the Warrants as provided in the Conditions, **provided that** any Bermudan Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 4 (*Exercise Procedure*) shall become void in accordance with Condition 3(f) (*Warrants Void on Expiry*).

(d) ***Cash Settlement***

Subject to Condition 3(e) (*Payment of Alternative Payment Currency Equivalent*), each Warrant, upon exercise, entitles the Holder thereof to receive from the Issuer on the Cash Settlement Payment Date (as specified in the relevant Final Terms):

- (i) the Cash Settlement Amount (as defined in Condition 5 (*Cash Settlement Amount and Supplementary Amount*)); and
- (ii) if "Supplementary Amount" is specified as applicable in the relevant Final Terms, the Supplementary Amount (as defined in Condition 5 (*Cash Settlement Amount and Supplementary Amount*)),

in the Settlement Currency. The Cash Settlement Amount and, if applicable, the Supplementary Amount, will be rounded down to the nearest minimum unit of the Settlement Currency, with Warrants exercised at the same time by the same Warrantheader being aggregated for the purpose of determining the aggregate Cash Settlement Amount, and, if applicable, the Supplementary Amount, payable in respect of such Warrants.

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

If "Payment of Alternative Payment Currency Equivalent" is specified as applicable in the relevant Final Terms, then if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments in respect of the Warrants when due in the Settlement Currency, the Issuer may settle any such payment in the relevant Alternative Payment Currency on the due date at the Alternative Payment Currency Equivalent of any such amount due.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3(e) (*Payment of Alternative Payment Currency Equivalent*) by the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Holders. By acceptance hereof purchasers of Warrants will be deemed to have acknowledged and agreed and to have waived any and all actual or potential conflicts of interest that may arise as a result of the calculation of the Alternative Payment Currency Equivalent by the Calculation Agent.

(f) ***Warrants Void on Expiry***

Warrants which are not deemed automatically exercised in accordance with Condition 3(g) (*Automatic Exercise*) below and with respect to which an Exercise Notice has not been duly completed and delivered to the relevant Clearing System and to the Principal Warrant Agent, in the manner set out in Condition 4 (*Exercise Procedure*), before 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located) on the Expiry Date, shall become void.

(g) ***Automatic Exercise***

Notwithstanding Condition 3(f) (*Warrants Void on Expiry*), if upon the Expiry Date no Exercise Notice has been delivered in the manner set out in Condition 4 (*Exercise Procedure*), unless Automatic Exercise is specified as "Not Applicable" in the relevant Final Terms, such Warrant shall be deemed to be automatically exercised on the Expiry Date and the provisions of Condition 4(g) (*Exercise Risk*) shall apply. In these Conditions the expression "**exercise**" and any related expressions shall be construed to apply to any such Warrants which are deemed to be automatically exercised in accordance with this Condition 3(g) (*Automatic Exercise*).

4. **Exercise Procedure**

(a) **Exercise**

- (i) Subject to prior termination of the Warrants as provided in the Conditions, if Automatic Exercise is specified as not applying in the applicable Final Terms, Warrants may be exercised on the Exercise Date by the sending of a fax, confirmed in writing, of a duly completed Exercise Notice (copies of which may be obtained from the relevant Clearing System, or the Principal Warrant Agent) in accordance with Condition 4(b) (*Exercise Notice*) to the Principal Warrant Agent, not later than 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located):
- (A) in the case of Warrants specified in the relevant Final Terms as being American Style Warrants, on any Business Day during the Exercise Period;
  - (B) in the case of Warrants specified in the relevant Final Terms as being European Style Warrants, on the Expiry Date, subject to Condition 3(b) (*"European Style" Exercise*); or
  - (C) in the case of Warrants specified in the relevant Final Terms as being Bermudan Style Warrants, on a Potential Exercise Date, and/or the Expiry Date, subject to Condition 3(c) (*"Bermudan Style" Exercise*).

Subject to Condition 3(f) (*Warrants Void on Expiry*), any Exercise Notice delivered after 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised) shall (a) in the case of European Style Warrants and Bermudan Style Warrants, be null and void and (b) in the case of American Style Warrants, be deemed to have been delivered on the next succeeding Business Day.

- (ii) Subject to prior termination of the Warrants as provided in the Conditions, if Automatic Exercise is specified as applying in the applicable Final Terms, Warrants with respect to which no Exercise Notice has been delivered in the manner set out in Condition 4(a) (*Exercise*) and in accordance with Condition 4(b) (*Exercise Notice*) shall be automatically exercised on the Expiry Date and the provisions of Condition 3(g) (*Automatic Exercise*) shall apply.

(b) **Exercise Notice**

Each Exercise Notice shall:

- (i) specify the name, address, telephone and facsimile details of the Warrantholder in respect of the Warrants being exercised;
- (ii) specify the number of Warrants of each Tranche being exercised (which must be not less than the Minimum Exercise Number (as defined in Condition 6 (*Minimum Number of Warrants Exercisable*)));
- (iii) specify the number of the Warrantholder's account at the relevant Clearing System to be debited with the Warrants being exercised and irrevocably instruct, or, as the case may be, confirm that the Warrantholder has irrevocably instructed, the relevant Clearing System to debit the Warrantholder's account with the Warrants being exercised and to credit the same to the account of the Principal Warrant Agent;
- (iv) where applicable, specify the number of the Warrantholder's account at the relevant Clearing System to be credited with the Cash Settlement Amount for the Warrants being exercised; and
- (v) include an irrevocable undertaking to pay any applicable stamp duty, stamp duty reserve tax and/or other taxes or duties ("**Taxes**") due by reason of the exercise of the Warrants and an authorisation to the Issuer and the relevant Clearing System to deduct an amount in respect thereof from any Cash Settlement Amount due to such Warrantholder or otherwise (on, or at any time after, the Cash Settlement Payment Date) to debit a

specified account of the Warrantholder at the relevant Clearing System with an amount or amounts in respect thereof, all as provided in the Warrant Agency Agreement.

(c) ***Verification of Warrantholder***

To exercise Warrants represented by a Global Warrant or a Global Registered Warrant, the Holder must duly complete an Exercise Notice and must have such Warrants in the amount being exercised in its securities account with the relevant Clearing System on the Exercise Date. The relevant Clearing System will, in accordance with its normal operating procedures, verify that each person exercising such Warrants is the Holder thereof according to the records of such Clearing System and that such Holder has an account at the relevant Clearing System which contains an amount equal to the number of Warrants being exercised. If the Exercise Notice is, in the determination of the relevant Clearing System, improperly completed, or sufficient Warrants or sufficient funds equal to the number of Warrants being exercised are not available in the specified account(s) with the relevant Clearing System on the Exercise Date, the Exercise Notice will be treated as null and void and a new duly completed Exercise Notice must be submitted if exercise of the Holder's Warrants is still desired.

On or prior to the Cash Settlement Payment Date the relevant Clearing System will debit the Warrantholder's account with the Warrants being exercised.

(d) ***Notification to Principal Warrant Agent***

The relevant Clearing System shall notify the Principal Warrant Agent in writing (with a copy to the Issuer) not later than 11.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located) on the Business Day immediately following the Exercise Date of the number of the account with such Clearing System to which the Cash Settlement Amount is to be credited for the benefit of the Warrantholder.

(e) ***Debit of Warrantholder's Account***

The relevant Clearing System will on or before the Cash Settlement Payment Date debit the relevant account of the Warrantholder and credit the relevant account of the Principal Warrant Agent (in favour of the Issuer) with the Warrants being exercised.

(f) ***Payment***

In respect of Warrants which have been exercised, the Calculation Agent shall by close of business or such other time as is specified in the relevant Final Terms on the date specified therefor in the relevant Final Terms determine the Cash Settlement Amount (if any) to be paid on the relevant Cash Settlement Payment Date in respect of the relevant Warrants **provided that** the Calculation Agent has received notification from the relevant Clearing System specifying the number of Warrants which have been exercised in accordance with Condition 4(a) (*Exercise*) and, shall notify the Issuer and the Principal Warrant Agent of such amounts on the Business Day following the date so specified.

The Issuer will transfer to the Principal Warrant Agent the Cash Settlement Amount in respect of the Warrants being exercised, less any amount in respect of Taxes which the Issuer is authorised to deduct therefrom, for value on the Cash Settlement Payment Date, and the Principal Warrant Agent will cause the Warrantholder's account with the relevant Clearing System to be credited with such amount for value on the Cash Settlement Payment Date.

(g) ***Exercise Risk***

Exercise of the Warrants and payment by the Issuer and the Principal Warrant Agent will be subject in all cases to all applicable fiscal and other laws, regulations and practices in force at the relevant time (including, without limitation, any relevant exchange control laws or regulations and the rules and procedures of the relevant Clearing System) and neither the Issuer nor the Principal Warrant Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations and practices. Neither the Issuer nor the Principal Warrant Agent shall under any

circumstances be liable for any acts or defaults of any Clearing System in the performance of its duties in relation to the Warrants.

(h) ***Determinations***

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the relevant Clearing System, in consultation with the Principal Warrant Agent, and shall be conclusive and binding on the Issuer, the Warrant Agents and the relevant Warrantholder. Any Exercise Notice so determined to be incomplete or not in proper form or which is not copied to the Principal Warrant Agent immediately after being sent to the relevant Clearing System, shall be null and void. If such Exercise Notice is subsequently corrected to the satisfaction of the relevant Clearing System it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to the relevant Clearing System.

**If Automatic Exercise is specified as not applying in the applicable Final Terms, any Warrant with respect to which the Exercise Notice has not been duly completed and delivered in the manner set out above by the cut-off time specified in Condition 4(a) (*Exercise*) shall become void.**

(i) ***Effect of Exercise Notice***

Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the Warrantholder to exercise the Warrants specified therein, **provided that** the person exercising and delivering such Exercise Notice is the person then appearing in the books of the relevant Clearing System as the Holder of the relevant Warrants. If the person exercising and delivering the Exercise Notice is not the person so appearing, such Exercise Notice shall for all purposes become null and void and shall be deemed not to have been so delivered.

After the delivery of an Exercise Notice (other than an Exercise Notice which shall become void pursuant to Condition 4(a) (*Exercise*)), the Warrantholder specified in such Exercise Notice may not otherwise transfer such Warrants. Notwithstanding this, if any Warrantholder does so transfer or attempt to transfer such Warrants, the Warrantholder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related hedging operations in reliance on the relevant Exercise Notice and subsequently (i) entering into replacement hedging operations in respect of such Warrants or (ii) paying any amount on the subsequent exercise of such Warrants without having entered into any replacement hedging operations.

5. **Cash Settlement Amount and Supplementary Amount**

(a) ***General***

Subject to Condition 3(e) (*Payment of Alternative Payment Currency Equivalent*), the amount payable by the Issuer to the Holder pursuant to:

- (i) Condition 3(d)(i) (*Cash Settlement*) (the "**Cash Settlement Amount**") means:
  - (A) in the case of an Index Warrant or an Index Basket Warrant, an amount calculated by reference to the terms contained in Condition 5(b) (*Index Warrant or Index Basket Warrant*); or
  - (B) in the case of a Security Warrant or a Security Basket Warrant, where such Securities specified in the Final Terms are equity securities or debt securities:
    - (1) where the Reference Jurisdiction of the Securities is the People's Republic of China, an amount calculated by reference to the terms contained in Condition 5(c) (*Security Warrant or Security Basket Warrant with PRC Reference Jurisdiction*); or
    - (2) where the Reference Jurisdiction of the Securities is any other jurisdiction, an amount calculated by reference to the terms contained in



Condition 5(d) (*Security Warrant or Security Basket Warrant with non-PRC Reference Jurisdiction*); and

- (ii) Condition 3(d)(ii) (*Cash Settlement*) (the "**Supplementary Amount**") means, in the case of all Warrants, an amount calculated by reference to the terms contained in Condition 5(e) (*Supplementary Amount*).

(b) ***Index Warrant or Index Basket Warrant***

The Cash Settlement Amount in respect of Condition 5(a)(i)(A)(*General*) means an amount calculated in accordance with the following formula:

$$\text{Final Index Level} \times (100 \text{ per cent.} - \text{Fee})$$

For the avoidance of doubt, where the relevant Index is specified to be a "Total Return Index" in the relevant Final Terms, dividends on the Component Securities of the Index will be taken into account in the Index calculation in accordance with the formula for and method of calculating the Index, and Warrant holders will not separately receive any payments relating to dividends or other distributions relating to any securities which comprise the Component Securities of the Index.

Where (i) the amount of Costs or the basis on which it is to be determined is not confirmed before the applicable Valuation Date and/or is subject to change in the future (such amount of Costs being "**Unpaid Costs**") and (ii) the Unpaid Costs were not deducted from the calculation of the Cash Settlement Amount, each Warrant holder will be required to pay to the Issuer an amount corresponding to such Unpaid Costs upon notification from the Issuer. Any holder's obligation to pay such Unpaid Costs shall survive the expiration of the Warrants and any transfers made by any such holder prior to such date.

For the purposes of this Condition, the following definitions apply:

"**Fee**" means represents the fee to be retained by the Managers or any of their Affiliates as separately notified to the Warrant holder, which is calculated as a percentage of the gross consideration payable for the purchase of the Warrants.

"**Final Index Level**" means one of the following options, as set out in the relevant Final Terms:

- (i) the level of the Index determined by reference to the weighted average of the prices at which the unwinds of the Underlying Hedge Transaction(s) are achieved (or which the Calculation Agent determines would have been achievable by the Issuer and/or its designated Affiliates), as determined by the Calculation Agent in its sole and absolute discretion;
- (ii) the official settlement price on a Valuation Date or, if Averaging Dates are specified in the relevant Final Terms, the weighted average of official settlement prices on the Averaging Dates for settling one or more Exchange-traded Contracts specified in the Final Terms which may be determined, if so specified in the relevant Final Terms, pursuant to particular rules (such as rules of a relevant exchange) and in respect of which, if so specified in the relevant Final Terms, a fallback level or price may apply, as determined by the Calculation Agent in its sole and absolute discretion;
- (iii) the Reference Level of the Index (or, in the case of Index Basket Warrants, a weighted average of the Reference Levels of Indices in the Basket, taking into account the attributable weight specified in the Final Terms) on the Valuation Date or, if Averaging Dates are specified in the relevant Final Terms, the weighted average of the Reference Level of the Index on each Averaging Date (or, in the case of Index Basket Warrants, the arithmetic mean of the amounts for the Basket, weighted or adjusted in relation to each Index as provided in the relevant Final Terms), as determined by the Calculation Agent in its sole and absolute discretion,

in each case, as converted into the Settlement Currency by reference to the applicable FX Rate and less all Costs, all as determined by the Calculation Agent. For the avoidance of doubt, the Issuer and/or its designated Affiliates shall not be obliged to unwind the Underlying Hedge

Transactions on a Disrupted Day or a day on which the Underlying Hedge Transactions could not be unwound due to illiquidity or any limit up price or limit down price imposed by the relevant Exchange or Related Exchange being reached or exceeded.

**"Exchange-traded Contract"** means, as specified in the relevant Final Terms, the futures contract, or if there is no such futures contract, the options contract on the Index traded on the Related Exchange with an expiry date (or the date which would have been the expiry date but for that day being a Disrupted Day or not being a Scheduled Trading Day) that is in the same month and year as the Expiry Date.

**"FX Rate"** means the rate of exchange for the conversion of the Reference Currency to the Settlement Currency, expressed as a number of units of the Reference Currency per one unit of the Settlement Currency, less any Costs incurred or would have been incurred by the Issuer and/or its designated Affiliates in connection with such conversion at the time each Underlying Hedge Transaction is unwound, upon the determination of the Reference Level, official settlement price of the relevant Exchange-traded Contract, or a fallback price or level, as determined by the Calculation Agent.

**"Number of Index Units per Warrant"** means one (where one Index unit is equal to the level of the Index on the Trade Date).

**"Underlying Hedge Transaction"** means any holding of such hedging arrangements and/or financial instruments (of any kind) by the Issuer, or its designated Affiliates, for the purposes of hedging an exposure in a basket of securities corresponding to the constituent stocks comprising the Number of Index Units per Warrant determined by reference to the formula for and method of calculating the Index at the relevant time. For the avoidance of doubt, the Issuer is not obliged to hold any Underlying Hedge Transaction.

In the event that the Issuer and/or its designated Affiliates have not entered into any Underlying Hedge Transaction(s) or entered in one or more Underlying Hedge Transaction(s) in respect of some only of the Warrants, the **"Underlying Hedge Transaction"** shall also include such Underlying Hedge Transaction that would have been entered into by the Notional Holder for the purpose of hedging an exposure in a basket of securities corresponding to the constituent stocks then comprising the Number of Index Units per Warrant determined by reference to the formula for and method of calculating the Index at the relevant time.

(c) ***Security Warrant or Security Basket Warrant with PRC Reference Jurisdiction***

The Cash Settlement Amount in respect of Condition 5(a)(i)(B)(1) (*General*) means an amount calculated in accordance with the following formula:

$$\frac{\text{Realisable Sale Price}}{\text{Weighted Average Exchange Rate}} \times (1 - \text{Fee})$$

Where the amount of Costs (including, without limitation, PRC EIT) or the basis on which it is to be determined is not definitely known (each, a **"tax uncertainty"** and together **"tax uncertainties"**), the Issuer may use the same basis for calculation of such amount as it would use in respect of a holding, purchase or, as applicable, sale of the Security either (a) for itself as beneficial owner, (b) for the Notional Holder as beneficial owner, or (c) for the holder of Warrants as beneficial owner, as selected by the Issuer in its sole and absolute discretion (**provided that** the rate in respect of PRC EIT shall be the Fixed EIT Withholding Rate) until the applicable Tax Certainty Date.

In addition (and notwithstanding the provisions relating to PRC EIT stated above), once the relevant tax uncertainties are clarified so as to remove the relevant tax uncertainties, (1) where the amount of tax which has actually been deducted (**"Tax Deducted"**) is greater than the amount of tax properly payable (the amount of the excess, the **"Excess Deduction"**), the Issuer will pay to the Warrantholder an amount in the Settlement Currency (converted at the Weighted Average Exchange Rate at the time the relevant determination of the Excess Deduction is made) corresponding to the Excess Deduction, or (2) where the Tax Deducted is less than the amount of

tax properly payable (the amount of the excess, the "**Deduction Shortfall**"), the Warrantholder will pay to the Issuer an amount in the Settlement Currency (converted at the Weighted Average Exchange Rate at the time the relevant determination of the Deduction Shortfall is made) corresponding to the Deduction Shortfall. In either case, the relevant amount (the "**Tax Equalisation Payment**") will be (x) conclusively determined as soon as reasonably practicable on or after the Tax Certainty Date by the Calculation Agent and notified as soon as practicable after such determination to Warrantholders (such notification date, the "**Tax Equalisation Payment Notification Date**"), and (y) (where the Tax Certainty Date falls on or before the Latest Final Unwind Date) payable on the Cash Settlement Payment Date applicable to an exercise of Warrants on the latest Exercise Date or on the Expiry Date (as the case may be), or (where the Tax Certainty Date falls after the Latest Final Unwind Date but before the Tax Equalisation Long-stop Date) payable on the date notified to Warrantholders as the applicable payment date by the Issuer, being no less than two Business Days after the Tax Equalisation Payment Notification Date (such payment date, the "**Tax Equalisation Payment Date**"); **provided always that** such Tax Equalisation Payment Notification Date will be no later than the Tax Equalisation Long-stop Date. For the avoidance of doubt, (i) if the Tax Equalisation Payment Notification Date has not occurred on or prior to the Tax Equalisation Long-stop Date, no Tax Equalisation Payment will be payable and (ii) the Tax Equalisation Payment will be payable as stated above even if the Tax Equalisation Payment Date falls after the Expiry Date. The obligation to pay any Excess Deduction and Deduction Shortfall shall survive the expiration of the Warrants and any transfers of Warrants made by any Warrantholder prior thereto.

If no Tax Certainty Date occurs on or prior to the Tax Equalisation Long-stop Date, then the Issuer shall refund to the holder of record of the Warrants as at the time when the deduction was made any amounts previously deducted (without any interest thereon) on account of the tax uncertainties; such refund to be made as soon as practicable following the Tax Equalisation Long-stop Date.

Costs, in respect of any Distribution, shall include, without limitation, taxes, duties and similar charges imposed by any applicable taxing or governmental authority in respect of any such Distribution, being 10 per cent. of the relevant Distribution.

Where (i) the amount of Costs or the basis on which it is to be determined is not confirmed before the applicable Valuation Date and/or is subject to change in the future (such amount of Costs being "**Unpaid Costs**") and (ii) the Unpaid Costs were not deducted from the calculation of the Cash Settlement Amount, each Warrantholder will be required to pay to the Issuer an amount corresponding to such Unpaid Costs upon notification from the Issuer. Any holder's obligation to pay such Unpaid Costs shall survive the expiration of the Warrants and any transfers made by any such holder prior to such date.

For the purposes of this Condition, the following definitions apply:

"**Fee**" represents the fee to be retained by the Manager(s) or any of their Affiliates as separately notified to the Warrantholder, which is calculated as a percentage of the gross consideration payable for the purchase of the Warrants.

"**Latest Final Unwind Date**" means the last date the Issuer unwinds any Underlying Hedge Transaction in respect of the latest Exercise Date, or, if none, an Exercise Date that is deemed to fall on the Expiry Date.

"**Realisable Sale Price**" means the weighted average of the prices at which the unwinds of Underlying Hedge Transaction(s) are achieved (or which the Calculation Agent determines would have been achievable by the Issuer and/or its designated Affiliates), less all Costs, and **provided that** the same is or are introduced and/or imposed prior to the Tax Equalisation Long-stop Date and in all cases, including any interest thereon levied by the applicable PRC tax authorities, all as determined by the Calculation Agent in its sole and absolute discretion. For the avoidance of doubt, the Issuer and/or its designated Affiliates shall not be obliged to unwind any Underlying Hedge Transactions on a Disrupted Day or a day on which the Underlying Hedge Transactions could not be unwound due to illiquidity or any limit up price or limit down price imposed by the relevant Exchange or Related Exchange being reached or exceeded.

**"Relevant Reference Price"** means the Reference Currency equivalent of the purchase price of one Warrant at the time a Warrantholder purchases the Warrant.

**"Tax Certainty Date"** means, in respect of any tax uncertainty, the date on which the Calculation Agent becomes aware of the clarification by the applicable tax authorities so as to remove the relevant uncertainty or, if later, the Tax Clarification Effective Date.

**"Tax Clarification Effective Date"** means the first date on which the relevant clarified tax position becomes effective (and where the clarified tax position becomes effective with retrospective effect on a certain date or affecting a certain payment, the Tax Clarification Effective Date will be that certain date or the date of that certain payment), all as determined by the Calculation Agent in its sole and absolute discretion.

**"Tax Equalisation Long-stop Date"** means the date falling 7 years after the Latest Final Unwind Date.

**"Underlying Hedge Transaction"** means any holding (whether direct or synthetic) by the Issuer or its designated Affiliates of Securities and/or financial instruments (of any kind) which the Issuer considers necessary for the purposes of hedging, funding or otherwise performing the Issuer's obligations in respect of each Warrant. For the avoidance of doubt, the Issuer is not obliged to hold any Underlying Hedge Transaction.

In the event that the Issuer and/or its designated Affiliates have not entered into any Underlying Hedge Transaction(s) or have entered into one or more Underlying Hedge Transaction(s) in respect of some only of the Warrants, the Realisable Sale Price shall be the aggregate price at which a Notional Holder, being the holder of Securities underlying one Warrant would have been able to dispose of such Securities through the Exchange(s) following the Exercise Date or the Expiry Date (as the case may be), less any Costs, as determined by the Calculation Agent in its sole and absolute discretion.

**"Weighted Average Exchange Rate"** means the weighted average of the rates of exchange for the conversion of the Reference Currency into the Settlement Currency, expressed as a number of units of Reference Currency per one unit of Settlement Currency, less any Costs incurred or would have been incurred by the Issuer and/or its designated Affiliates in connection with such conversion (the **"Underlying FX Rate"**) at the time each Underlying Hedge Transaction is unwound, or (as the case may be) the Excess Deduction, or as applicable, the Deduction Shortfall is determined, as determined by the Calculation Agent in its sole and absolute discretion.

(d) ***Security Warrant or Security Basket Warrant with non-PRC Reference Jurisdiction***

The Cash Settlement Amount in respect of Condition 5(a)(i)(B)(2) (*General*) means an amount calculated in accordance with the following formula:

$$\frac{\text{Realisable Sale Price}}{\text{Weighted Average Exchange Rate}} \times (1 - \text{Fee})$$

Where (i) the amount of Costs or the basis on which it is to be determined is not confirmed before the applicable Valuation Date and/or is subject to change in the future (such amount of Costs being **"Unpaid Costs"**) and (ii) the Unpaid Costs were not deducted from the calculation of the Cash Settlement Amount, each Warrantholder will be required to pay to the Issuer an amount corresponding to such Unpaid Costs upon notification from the Issuer. Any holder's obligation to pay such Unpaid Costs shall survive the expiration of the Warrants and any transfers made by any such holder prior to such date.

For the purposes of this Condition, the following definitions apply:

**"Fee"** represents the fee to be retained by the Manager(s) or any of their Affiliates as separately notified to the Warrantholder, which is calculated as a percentage of the gross consideration payable for the purchase of the Warrants.

**"Realisable Sale Price"** means the weighted average of the prices at which the unwinds of Underlying Hedge Transaction(s) are achieved (or which the Calculation Agent determines would have been achievable by the Issuer and/or its designated Affiliates), less all Costs, all as determined by the Calculation Agent in its sole and absolute discretion. For the avoidance of doubt, the Issuer and/or its designated Affiliates shall not be obliged to unwind any Underlying Hedge Transactions on a Disrupted Day or a day on which the Underlying Hedge Transactions could not be unwound due to illiquidity or any limit up price or limit down price imposed by the relevant Exchange or Related Exchange being reached or exceeded.

**"Underlying Hedge Transaction"** means any holding (whether direct or synthetic) by the Issuer or its designated Affiliates of Securities and/or financial instruments (of any kind) which the Issuer considers necessary for the purposes of hedging, funding or otherwise performing the Issuer's obligations in respect of each Warrant. For the avoidance of doubt, the Issuer is not obliged to hold any Underlying Hedge Transaction.

In the event that the Issuer and/or its designated Affiliates have not entered into any Underlying Hedge Transaction(s) or have entered into one or more Underlying Hedge Transaction(s) in respect of some only of the Warrants, the Realisable Sale Price shall be the aggregate price at which a Notional Holder, being the holder of Securities underlying one Warrant would have been able to dispose of such Securities through the Exchange(s) following the Exercise Date or the Expiry Date (as the case may be), less any Costs, as determined by the Calculation Agent in its sole and absolute discretion.

**"Weighted Average Exchange Rate"** means the weighted average of the rates of exchange for the conversion of the Reference Currency into the Settlement Currency, expressed as a number of units of the Reference Currency per one unit of the Settlement Currency, less any Costs incurred or would have been incurred by the Issuer and/or its designated Affiliates in connection with such conversion (the **"Underlying FX Rate"**) at the time each Underlying Hedge Transaction is unwound, as determined by the Calculation Agent in its sole and absolute discretion.

(e) **Supplementary Amount**

The Supplementary Amount in respect of Condition 5(a)(ii) (*General*) means an amount calculated in accordance with the following formula, and such amount shall be adjusted to take into account any Costs:

$$\left( \text{Supplementary Rate} \times \text{Day Count Fraction} \times \left[ \frac{\text{Initial Security Price}}{\text{Initial Exchange Rate}} \right] \right) - \left( \text{Early Exercise Cost} \times \left[ \frac{\text{Initial Security Price}}{\text{Initial Exchange Rate}} \right] \right)$$

For the purposes of this Condition, the following definitions apply:

**"Day Count Fraction"** means, the actual number of days in the period from (and including) the Trade Date to (but excluding) the First Averaging Date or Valuation Date in respect of the Exercise Date or the Expiry Date (as the case may be) (the **"Calculation Period"**), divided by such number of days as specified in the Final Terms.

**"Early Exercise Cost"** means, in relation to any Warrant:

- (i) if "Early Exercise Cost" is specified as applicable in the relevant Final Terms, a percentage early exercise cost to be retained by the Issuer if such Warrant is exercised prior to the Expiry Date, as separately notified to the Warranthead; and
- (ii) if "Early Exercise Cost" is not specified as applicable in the relevant Final Terms, zero.

**"Initial Exchange Rate"** means the rate specified as such in the relevant Final Terms, **provided, however, that** if the Reference Exchange Rate is specified as not applicable in the relevant Final Terms, the rate will be deemed to be 1 for the purposes of the above formula.

**"Initial Security Price"** means, with respect to the Security specified in the relevant Final Terms, the price specified as the Initial Security Price in the relevant Final Terms 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 Trade Date each as rounded up to four decimal places (with 0.00005 being rounded up).

"**Supplementary Rate**" means the percentage rate per annum specified as such in the relevant Final Terms.

6. **Minimum Number of Warrants Exercisable**

The Warrants are exercisable in the minimum number (the "**Minimum Exercise Number**") specified in the relevant Final Terms and integral multiples thereof (or, if a "**Permitted Multiple**" is specified in the relevant Final Terms, integral multiples of the Permitted Multiple) on any particular occasion or such lesser Minimum Exercise Number or other Permitted Multiple as the Issuer may from time to time notify to the Warrantheolders in accordance with Condition 11 (*Notices*).

7. **Effects of European Economic and Monetary Union**

- (a) Following the occurrence of an EMU Event, the Calculation Agent may make such adjustment (and determine the effective date of such adjustment) as it, in its sole and absolute discretion, determines appropriate, if any, to the formula for the Cash Settlement Amount, the Realisable Sale Price, the Final Index Level, the number of Securities to which each Warrant relates, the number of securities comprised in a Security Basket Warrant, and, in any case, any other variable relevant to the exercise, settlement or payment terms of the relevant Warrants which in the sole and absolute discretion of the Calculation Agent have been or may be affected by such EMU Event.
- (b) Following the occurrence of an EMU Event, without prejudice to the generality of the foregoing, the Issuer shall be entitled to: (i) make such conversions between amounts denominated in the National Currency Units and the Euro, and the Euro and the National Currency Units, in each case, in accordance with the conversion rates and rounding rules established by the council of the European Union pursuant to the Treaty as it, in its sole and absolute discretion, considers appropriate; (ii) make all payments in respect of the Warrants solely in Euro as though references in the Warrants to the relevant National Currency Units were to Euro and (iii) make such adjustments as it, in its sole and absolute discretion considers necessary to the formula for the Cash Settlement Amount, the Realisable Sale Price, the Final Index Level and any other amount as it determines, in its sole and absolute discretion, to be appropriate.
- (c) None of the Issuer, a Warrant Agent or the Calculation Agent will be liable to any Warrantheolder or other person for any commissions, cost, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection therewith.

8. **Warrant Agents and Calculation Agent**

(a) ***Appointment of Agents***

The names of the initial Agents and their initial specified offices are set out in applicable Final Terms.

The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Warrant Agent or the Calculation Agent or the Authentication Agent or the Registrar or the Transfer Agent and to appoint another Principal Warrant Agent or a substitute Calculation Agent or a substitute Authentication Agent or a substitute Registrar or a substitute Transfer Agent, **provided that** so long as any Warrant is outstanding, the Issuer will maintain a Principal Warrant Agent and a Calculation Agent and an Authentication Agent, and there will be a Warrant Agent with a specified office as may be required by such listing authority or stock exchange by which the Warrants have then been admitted to listing or trading. Notice of any termination of appointment and of any change in the specified office of the Principal Warrant Agent or a Calculation Agent or an Authentication Agent or a Registrar or a Transfer Agent and of any appointment of a Warrant Agent or a Calculation Agent or an Authentication Agent or a Registrar or a Transfer Agent will be given to Warrantheolders in accordance with Condition 11 (*Notices*). In acting under the Warrant Agency Agreement, the Principal Warrant Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantheolders.

(b) **Calculation Agent**

The Calculation Agent shall not act as an agent for the Warrantheolders but shall be the agent of the Issuer. All calculation functions required of the Calculation Agent under these Conditions may be delegated to any such person as the Calculation Agent, in its absolute discretion, may decide.

Neither the Issuer nor the Calculation Agent shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables used in any calculation made pursuant to these Conditions or in the calculation of any Cash Settlement Amount arising from such errors or omissions.

(c) **Notifications**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the Warrants by the Principal Warrant Agent or the Calculation Agent shall (in the absence of manifest error or wilful misconduct) be binding on the Issuer and the Warrantheolders and (subject as aforesaid) no liability to the Warrantheolders (or any of them) shall attach to the Principal Warrant Agent or the Calculation Agent in connection with the exercise or non-exercise by either of them of their powers, duties and discretions for such purposes.

9. **Taxes**

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

In the event that the Issuer is so required by law to withhold or deduct, it shall not be obliged to pay any additional amounts to the Warrantheolders.

A Warrantheolder subscribing for, purchasing or exercising Warrants shall be responsible for paying all Taxes and securities transfer taxes and any other charges, if any, payable in connection with the subscription, purchase or exercise of such Warrants and the Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or exercise of any Warrants.

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

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

Any reference in these Conditions to payments in respect of the relevant Warrants shall be deemed to include, as applicable:

- (i) the Cash Settlement Amount payable in respect of the relevant Warrants;
- (ii) any Supplementary Amounts payable in respect of the relevant Warrants; and
- (iii) any Additional Payments payable in respect of the relevant Warrants.

Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

10. **Illegality**

The Issuer shall have the right to terminate its obligations under the Warrants if the Calculation Agent shall have determined in its absolute discretion, that the performance of such obligations under any Warrants (or the Issuer's or the Issuer's designated Affiliates' obligations under any hedging or funding arrangement established in connection therewith) shall have become unlawful or impracticable in whole or in part, including, without limitation, as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive or with any requirement or request of any governmental, administrative, legislative or judicial authority or power. In such circumstances the Issuer will pay to each Warrantholder in respect of each Warrant held by it an amount determined by the Calculation Agent representing the fair market value of such Warrant immediately prior to such termination adjusted to account fully for any reasonable expenses and costs incurred by the Issuer and/or its designated Affiliates in connection with the Issuer's obligations under the Warrants or any related hedging or funding arrangements (including, without limitation, the holding of any underlying assets and/or any swaps or other instruments of any type whatsoever hedging the Issuer's obligations under the Warrants) as a result of such events, including, without limitation, the Costs of unwinding any such related hedging and funding arrangements. Payment will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 11 (*Notices*).

11. **Notices**

All notices to Warrantholders will be deemed to have been duly given if notified to the relevant Clearing System and, in the case of Warrants admitted to the Official List of the Financial Conduct Authority and admitted to trading on the regulated market of the London Stock Exchange, if copies of such notifications are forwarded in final form to the London Stock Exchange no later than the date of dispatch. Any such notice shall be deemed to have been given on the date of such notification.

12. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Warrantholders to create and issue further warrants of any particular Series so as to form a single Series with the Warrants.

13. **Purchase by the Issuer**

The Issuer may at any time purchase Warrants at any price in the open market or by tender or private treaty. Any Warrants so purchased may, at the discretion of the Issuer, be held, resold, reissued or surrendered for cancellation, and Warrants so reissued or resold shall for all purposes be deemed to form part of the original Series of the Warrants.

14. **Modification**

Subject in the case of the Warrant Agency Agreement to the agreement of the parties thereto, the Issuer may agree, without the consent of the Warrantholder, to:

- (i) any modification of the Warrant Agency Agreement or the Warrants which is not materially prejudicial to the interests of the Warrantholders as a whole; or
- (ii) any modification of the Warrant Agency Agreement or the Warrants which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated; or
- (iii) any modification of the Warrants which is made to correct an inconsistency between (i) the Final Terms and the Conditions of the Warrant issue, and (ii) the relevant termsheet relating to the Warrants.

Any such modification will be binding on the Warrantholders and any such modification shall be notified to the Warrantholders in accordance with Condition 11 (*Notices*) as soon as practicable thereafter.

15. **Substitution**

The Issuer may also agree, without the consent of the Warrantholders, to the substitution of a subsidiary or holding company of the Issuer or any subsidiary of any such holding company (the "**New Issuer**") in



place of the Issuer as principal debtor under the Warrants of any Series, **provided that** such Warrants are irrevocably guaranteed by the Issuer. In the event of any such substitution, any reference in these Conditions to the Issuer shall be construed as a reference to the New Issuer. Any such substitution shall be promptly notified to the relevant Warrantholders in accordance with Condition 11 (*Notices*). In connection with such right of substitution the Issuer shall not be obliged to have regard to the consequences of the exercise of such right for individual Warrantholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and no Warrantholder shall be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon such Warrantholder.

16. **Governing Law**

(a) **Governing law**

The Warrants and any non-contractual obligations arising out of or in connection with the Warrants are governed by English law.

(b) **Jurisdiction**

The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with the Warrants (including any dispute regarding the existence, validity or termination of the Warrants or the consequences of their nullity).

17. **Third Party Rights**

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

18. **Valuation, Adjustments and Extraordinary Events affecting Securities**

(a) **Additional Payments and Additional Warrants**

(i) If "Additional Payments" is specified as applicable in the relevant Final Terms, then, in respect of each Warrant remaining unexercised on the relevant Cum-Date, the Issuer will pay on the immediately following Additional Payment Date after the relevant Cash Distribution Receipt Date, an amount ("**Additional Amount**") equal to the Cash Distribution Amount (if any).

(ii) If, at any time, a Non-Cash Distribution is made in respect of a Security and regardless of whether "Additional Payments" is specified as applicable in the relevant Final Terms, the Issuer may, in its absolute discretion, elect to:

(A) pay in respect of each Warrant remaining unexercised on the relevant Cum-Date the Non-Cash Distribution Amount (if any), on the immediately following Additional Payment Date after the relevant Non-Cash Distribution Receipt Date; or

(B) issue to each holder of a Warrant, no later than the immediately following Additional Payment Date after the relevant Non-Cash Distribution Receipt Date, additional Warrants, on such terms as are determined by the Issuer in its absolute discretion, relating to the securities constituting the Non-Cash Distribution that a Notional Holder would have received in respect of the Securities related to such Warrant (the "**Additional Warrants**"); and/or

(C) make an adjustment, in accordance with Condition 18(e) (*Adjustments and Events affecting Securities*), to the notional number of Securities to which each Warrant relates and/or to any other exercise, settlement, payment or other term (including, without limitation, to the Initial Security Price, in the case of Warrants in relation to which "Supplementary Amount" is specified as applicable in the relevant Final Terms) of the relevant Warrants, to take account of the Non-Cash Distribution and determine the effective date(s) of the adjustment(s).

- (iii) No Additional Amount or Non-Cash Distribution Amount (or any part thereof) (as applicable) will be payable, and no Additional Warrants will be issued and no adjustments will be made by the Issuer pursuant to Conditions 18(a)(i), 18(a)(ii) or 18(e) (as applicable), unless and until the Issuer determines that a Notional Holder would have received, as applicable, payment in full of a corresponding amount of Cash Distributions or a corresponding amount of Non-Cash Distributions had such Notional Holder held the Securities on the Cum-Date.
- (iv) In respect of each Warrant, a Warrantholder shall only be entitled to:
  - (A) payment of an Additional Amount or a Non-Cash Distribution Amount (as applicable);
  - (B) Additional Warrants; or
  - (C) an adjustment to the notional number of Securities to which his/her Warrant relates,

if the Warrantholder was the holder of such Warrant on the Cum-Date, **provided that**, (I) the relevant Cum-Date falls during the Additional Payment Period; and (II) in the event that a Cum-Date occurs at any time during the period from (but excluding) the Trade Date to (but excluding) the Issue Date ("**Pre-Issue Period**"), then the Warrantholder on the Issue Date shall be entitled to any Additional Amount, Non-Cash Distribution Amount or Additional Warrants (as applicable) in respect of that Pre-Issue Period.

For this purpose:

**"Additional Payment Date"** means:

- (i) any dates so specified in the relevant Final Terms; or
- (ii) if so specified in the relevant Final Terms:
  - (A) such date no earlier than the third Business Day following the relevant Cash Distribution Receipt Date or Non-Cash Distribution Receipt Date (as applicable); or
  - (B) each of the dates specified in the relevant Final Terms from (but excluding) the Trade Date to (and including) the Cash Settlement Payment Date,

provided in each case that if such date is not a Business Day, such date shall be the immediately following Business Day.

**"Additional Payment Period"** means:

- (i) any period so specified in the relevant Final Terms; or
- (ii) if so specified in the relevant Final Terms:
  - (A) the period from (but excluding) the Trade Date to (and including) the first Averaging Date or Valuation Date in respect of an Exercise Date or the Expiry Date (as the case may be); or
  - (B) each period from (and including) one Additional Payment Date to (but excluding) the next Additional Payment Date, **provided that** the first Additional Payment Period shall start from (but excluding) the Trade Date and the last Additional Payment Period shall end on (and including) the first Averaging Date or Valuation Date (as specified in the relevant Final Terms) in respect of an Exercise Date or the Expiry Date (as the case may be).

**"Cash Distribution"** means, with respect to any Securities which relate (i) to a Security Warrant or a Security Basket Warrant or (ii) to an Index relating to an Index Warrant or an Index Basket

Warrant, the amount of any cash dividend, distribution and/or coupon in respect of such Securities.

**"Cash Distribution Amount"** means, with respect to each Warrant, the Cash Distribution that would have been received by a Notional Holder in respect of the Securities (had it held those Securities on the Cum-Date) relating to that Warrant, converted into the Settlement Currency at the Underlying FX Rate(s) prevailing as of such date or dates as the Calculation Agent determines in its sole and absolute discretion, less any costs a Notional Holder would have incurred in connection with such conversion, as determined by the Calculation Agent in its sole and absolute discretion, and subject to any applicable deductions or adjustments relating to or which are made in accordance with the Conditions (including in each case but not limited to any Costs including Costs that would have been incurred by such Notional Holder if it held the Securities).

**"Cash Distribution Receipt Date"** means the date on which a Notional Holder would receive payment of the Cash Distribution Amount under the Security.

**"Cash Equivalent Amount"** means, with respect to any Non-Cash Distribution, an amount determined by the Calculation Agent acting in a commercially reasonable manner, to be the cash amount that the Notional Holder would have received in consideration of its disposal of such Non-Cash Distribution, subject to any applicable deductions or adjustments relating to or which are made in accordance with the Conditions (including in each case but not limited to any Costs including Costs that would have been incurred by such Notional Holder if it held the Securities).

**"Cum-Date"** means, with respect to a Cash Distribution or Non-Cash Distribution (as applicable) relating to any Securities, the final date and time which is notified to the holders of such Securities as the record date for determining entitlements to payment of the Cash Distribution or (as the case may be) Non-Cash Distribution in accordance with the rules and procedures of the Exchange(s).

**"Non-Cash Distribution"** means, with respect to any Securities which relate (i) to a Security Warrant or a Security Basket Warrant or (ii) to an Index relating to an Index Warrant or an Index Basket Warrant, the amount of any non-cash distribution in respect of such Securities (including, without limitation, any distribution consisting of preference shares, bonus shares, warrants or other securities).

**"Non-Cash Distribution Amount"** means, with respect to each Warrant, the Cash Equivalent Amount that would have been received by a Notional Holder in respect of any Non-Cash Distribution on the Securities (had it held those Securities on the Cum-Date) relating to that Warrant, converted into the Settlement Currency at the Underlying FX Rate(s) prevailing as of such date or dates as the Calculation Agent determines in its sole and absolute discretion, less any costs a Notional Holder would have incurred in connection with such conversion, as determined by the Calculation Agent in its sole and absolute discretion, and subject to any applicable deductions or adjustments relating to or which are made in accordance with the Conditions (including in each case but not limited to any Costs including Costs that would have been incurred by such Notional Holder if it held the Securities).

**"Non-Cash Distribution Receipt Date"** means the date on which a Notional Holder would receive a cash amount in consideration of its disposal of the Non-Cash Distribution.

(b) ***Consequences of Disrupted Days***

If any Valuation Date is a Disrupted Day, then:

- (A) in the case of an Index Warrant (to the extent the Final Index Level is calculated by reference to the Reference Level only), the Valuation Date 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 scheduled Valuation Date is a Disrupted Day. In that case, the Calculation Agent shall determine in its absolute discretion that either:

- (1) the Valuation Date shall be deemed to be the eighth Scheduled Trading Day, notwithstanding the fact that such day is a Disrupted Day relating to that Index; or
- (2) the Valuation Date shall be the first succeeding Scheduled Trading Day on which there is no Market Disruption Event,

and, in each case, the Calculation Agent shall determine the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day 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 eighth Scheduled Trading Day of each security or other property comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other property on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on that eighth Scheduled Trading Day); and

- (B) in the case of an Index Basket Warrant (to the extent the Final Index Level is calculated by reference to the Reference Level only), 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 succeeding Scheduled Trading Days is a Disrupted Day relating to that Index. In that case, the Calculation Agent shall determine in its absolute discretion that either:

- (1) the Valuation Date for the relevant Index shall be deemed to be the eighth Scheduled Trading Day notwithstanding the fact that such day is Disrupted Day relating to that Index; or
- (2) the Valuation Date shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index,

and, in each case, the Calculation Agent shall determine, in its sole and absolute discretion, the level of that Index, as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day 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 of the relevant security or other property on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on that eighth Scheduled Trading Day).

(c) ***Averaging Dates***

- (A) 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 Index Level, **provided that**, if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then this Condition 18(c) (*Averaging Dates*) 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 (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 this Condition 18(c)(A)(2) (*Averaging Dates*) 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 (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date; or

(3) "**Modified Postponement**", then:

(aa) in the case of an Index 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 eighth Scheduled Trading Day 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 the Calculation Agent shall determine in its absolute discretion that either:

(x) the Averaging Date shall be deemed to be the eighth Scheduled Trading Day (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date); or

(y) 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(c)(A)(1) (*Averaging Dates*); and

(bb) in the case of an Index Basket Warrant, the Averaging Date for each Index 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 affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the Scheduled Final Averaging Date, then the Calculation Agent shall determine in its absolute discretion that either:

(x) the Averaging Date shall be deemed to be that eighth Scheduled Trading Day (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Index; or

(y) 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(c)(B) (*Averaging Dates*).

(B) 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 (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.

(d) **Adjustments to Indices**

This Condition 18(d) (*Adjustments to Indices*) is applicable only in relation to Index Warrants and Index Basket 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 Index Sponsor acceptable to the Calculation Agent, or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that Index (the "**Successor Index**") will be deemed to be the Index.

(ii) *Index Modification*

If on or prior to any Valuation Date or any relevant Averaging Date, as the case may be, a relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation or other routine events) (an "**Index Modification**"), then the Calculation Agent shall determine, in its sole and absolute discretion, whether such Index Modification has a material effect on the Warrants, and if so, shall make such adjustment(s) (if any) as it determines appropriate to account for the economic effect of the Index Modification and determine the effective date of any such modification or adjustment.

(iii) *Index Cancellation*

If on or prior to the Valuation Date or any relevant Averaging Date, as the case may be, (A) the Index Sponsor fails to calculate and announce a relevant Index, (B) the Index Sponsor announces that it suspends the calculation and publication of the level of a relevant Index, or (C) the Index Sponsor permanently cancels the Index and no Successor Index exists (each, an "**Index Cancellation**"), then:

- (1) the Issuer shall as soon as is reasonably practicable after determining the same give notice (an "**Index Cancellation Notice**") of such Index Cancellation to the Warrantholders (with a copy to the Calculation Agent) in accordance with Condition 11 (*Notices*);
- (2) if Index Substitution is specified as being applicable in the relevant 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 Warrantholders (with a copy to the Calculation Agent) in accordance with Condition 11 (*Notices*) and, with effect from the date so determined, the Substitute Index shall be deemed to be the Index; and
- (3) if no Substitute Index has been identified within ten Business Days of the giving of such Index Cancellation Notice or if Index Substitution has not been specified as being applicable in the relevant 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;
  - (A) if it determines that the Warrants shall continue, then the Calculation Agent shall determine, in its sole and absolute discretion, the Final Index Level for such Valuation Date or any relevant Averaging Date, as the case may be, using, in lieu of a published level of that Index, the level for that Index as at that Valuation Date or Averaging Date, as the case may be, as determined by the Calculation Agent in its sole and absolute discretion in accordance with the formula for and method of

calculating that Index last in effect prior to the Index Cancellation, but using only those components that comprised that Index immediately prior to that Index Cancellation; and

- (B) if it determines that the Warrants shall not continue, the Issuer shall terminate the relevant Warrants as of the date selected by the Issuer and give notice thereof to the Warrantholders (with a copy to the Calculation Agent) in accordance with Condition 11 (*Notices*), specifying the early termination amount and early termination date, and the entitlements of the relevant Warrantholders 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 to such termination adjusted to account fully for any reasonable expenses and costs incurred by the Issuer and/or its designated Affiliates in connection with the Issuer's obligations under the Warrants or any related hedging or funding arrangements (including, without limitation, the holding of any underlying assets and/or any swaps or other instruments of any type whatsoever hedging the Issuer's obligations under the Warrants) as a result of such events, including, without limitation, the Costs of unwinding any such related hedging and funding arrangements.

For these purposes:

**"Index Substitution Notice"** means a notice specifying a Substitute Index to be substituted for the Index and the date as of which such substitution is to take effect; and

**"Substitute Index"** means a successor index identified by the Calculation Agent using commercially reasonable efforts, with characteristics, objectives and rules similar to the Index in effect immediate prior to the occurrence of the Index Cancellation.

(iv) *Correction of Index Levels*

If, in respect of an Index Warrant or an Index Basket Warrant, the level of an Index published by the Index Sponsor at any time and used or to be used by the Calculation Agent for any calculation or determination under the Warrants is subsequently corrected and the correction is published by the Index Sponsor within one Settlement Cycle after the original publication, the Calculation Agent will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the settlement or payment terms of the Warrants to account for such correction **provided that** if any amount has been paid or delivered in an amount or value which exceeds the amount that would have been payable or deliverable if the correction had been taken into account, no further amount in an amount at least corresponding 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 to (but excluding) the day of payment of reimbursement by the Warrantholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(e) *Adjustments and Events affecting Securities*

This Condition 18(e) (*Adjustments and Events affecting Securities*) is applicable only in relation to Security Warrants and Security Basket Warrants.

(i) *Potential Adjustment Events*

The Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Potential Adjustment Event has occurred and where it determines such an event has occurred, the Calculation Agent will, in its sole and absolute discretion, determine, whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Securities and, if so, will make such adjustment(s) as it in its sole and absolute discretion determines to be appropriate, if any, to the notional number of Securities to which each Warrant relates and to any other exercise, settlement, payment or other term of the relevant Warrants and determine the effective date(s) of such adjustment(s), taking into account the payment of any Non-Cash Distribution Amount(s) or the issue of any Additional Warrants pursuant to Condition 18(a)(ii) (*Additional Payments and Additional Warrants*). In its determinations of the existence of any Potential Adjustment Event and extent of any diluting or concentrative effect a Potential Adjustment Event has on the theoretical value of the relevant Securities, and any related adjustments to the terms of each Warrant, the Calculation Agent shall take into account all such factors as it deems necessary, including, without limitation, the implication of taxes that may be imposed by any applicable authority having power to tax in respect of such Securities.

(ii) *Extraordinary Events*

Following the occurrence of any Extraordinary Event, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Warrants shall continue and, if so, determine, in its sole and absolute discretion, any adjustment(s) to be made. If the Calculation Agent determines that the relevant Warrants shall continue, it may make such adjustment(s) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the terms of the Warrants, including, without limitation, the notional number of Securities, the formula for the Cash Settlement Amount, the Realisable Sale Price, the Final Index level and/or any other adjustment which change or adjustment(s) shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion. If the Calculation Agent determines in its sole and absolute discretion that the relevant Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of an amount determined in accordance with paragraph (v) below of this Condition 18(e) (*Adjustments and Events affecting Securities*).

(iii) *Conversion*

In respect of a Security Warrant or a Security Basket Warrant which relates to debt securities, following the occurrence of any Conversion, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Warrants will continue and, if so, determine, in its sole and absolute discretion, any adjustment(s) to be made. If the Calculation Agent determines that the Warrants shall continue, it may make such adjustment(s) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the term of the Warrants, including, without limitation, the formula for the Cash Settlement Amount, the Realisable Sale Price and/or any other adjustment and determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s). If the Calculation Agent determines, in its sole and absolute discretion, that the Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of any Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive the Cash Settlement Amount (or any other payment to be made by the Issuer), as the case may be, pursuant to such exercise shall cease) as of the



date selected by the Calculation Agent in its sole and absolute discretion and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of an amount per Warrant determined in accordance with paragraph (v) below of this Condition 18(e) (*Adjustments and Events affecting Securities*).

(iv) *Correction of Prices*

In the event that any price published or announced on a given day and utilised or to be utilised for the purpose of any calculation or determination under the Warrants is subsequently corrected and the correction is published or announced by the Exchange within one Settlement Cycle after the original publication, the Calculation Agent will make such adjustment(s) as it in its sole and absolute discretion determines to be appropriate, if any, to the amount payable in respect of the Warrants and their terms to account for such correction and the Calculation Agent shall determine, in its sole and absolute discretion, the effective date(s) of such adjustment(s) **provided that** if any amount has been paid 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 corresponding 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, 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 to (but excluding) the day of payment of reimbursement (or value) by the Warrantholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(v) *Event payment*

For the purposes of payments (if any) made pursuant to Condition 18(e)(ii) (*Extraordinary Events*), Condition 18(e)(iii) (*Conversion*), Condition 18(f) (*Additional Disruption Events*), Condition 18(g) (*Adjustments where the Securities are Units in a Fund*) or Condition 18(h) (*Events relating to DR Linked Warrants*) (each an "**Event Payment**"):

- (A) if the Calculation Agent is satisfied that the Issuer or an Affiliate held any relevant Security on the day immediately preceding the occurrence of the Extraordinary Event or Conversion (the date of such occurrence being the "**Event Occurrence Date**"), the Calculation Agent shall determine the net cash value of any payment which the Issuer or such Affiliate actually received in respect of such holding after deduction of Costs (the date on which it would have received being the "**Event Receipt Date**") and divide that net cash value by the number of such Security so held by the Issuer or such Affiliate to give a per Warrant amount (the "**Event Receipt**"); or
- (B) if the Calculation Agent is satisfied that the Issuer or an Affiliate held any other relevant instrument(s) or had entered into any other relevant arrangements relating to or referencing any relevant Security, in each case for the purposes of hedging, funding or otherwise performing the Issuer's obligations in respect of the Warrants (each a "**Relevant Hedge**") on the day prior to the Event Occurrence Date, then the Calculation Agent shall determine the net cash value of any payment which the Issuer or such Affiliate would have received in respect of such Relevant Hedges(s) after deduction of Costs (the date on which it would have been received being the "**Event Receipt Date**"), and divide that net cash value by the number of Securities to which such Relevant Hedge(s) relate to give a per Security amount (the "**Event Receipt**"); and
- (C) in all other cases, the net cash value of the payment per Security which, in the determination of the Calculation Agent, would have been received by a Notional

Holder which was a holder of such Security on the day prior to the Event Occurrence Date after deduction of Costs shall be the "**Event Receipt**" and the date on which, in the determination of the Calculation Agent, such Notional Holder would have received the Event Receipt shall be the "**Event Receipt Date**").

Where the Event Receipt is in the same currency as the Settlement Currency, the Event Receipt multiplied by the Number of Securities per Warrant shall be the amount of the Event Payment per Warrant. Where this sub-paragraph applies, the Event Payment shall not be made sooner than the Event Receipt Date.

Where the Event Receipt is not in the same currency as the Settlement Currency, it shall then be converted into the Settlement Currency. If the Calculation Agent is satisfied that on the Event Receipt Date the Issuer or an Affiliate, in connection with the determination of the relevant Event Payment, actually entered into an exchange transaction to convert the currency of the relevant Security into the Settlement Currency, the rate of exchange for the purposes of such conversion shall be the rate obtained by the Issuer or its Affiliate, as determined by the Calculation Agent. In other cases, the rate of exchange for such conversion shall be that determined by the Calculation Agent to be the rate at which a Notional Holder which received the Event Receipt on the Event Receipt Date would have been able to convert the Event Receipt into the Settlement Currency. In each case, the Calculation Agent shall deduct from the converted Settlement Currency amount any costs of conversion for the purposes of converting the Event Receipt into the Settlement Currency, the amount being determined by the Calculation Agent by reference to actual costs incurred by the Issuer or an Affiliate or, as the case may be, the costs which, in the determination of the Calculation Agent, would have been incurred by a Notional Holder. The resulting amount (the "**Converted Amount**") multiplied by the relevant Number of Securities per Warrant shall be the amount of the Event Payment per Warrant. Where this sub-paragraph applies, the Event Payment shall not be made sooner than the day on which the Issuer or an Affiliate actually received the Converted Amount in respect of an exchange transaction entered into in relation to the Event Receipt Date or on which a Notional Holder entering into an exchange transaction in relation to the Event Receipt Date would have received the Converted Amount as determined by the Calculation Agent.

Event Payments shall be payable, where the Warrants are held in a clearing system such as DTC, Euroclear and/or Clearstream, Luxembourg to the persons shown in the records of DTC, Euroclear or Clearstream, Luxembourg as the case may be, as Warrantheolders on the Business Day immediately preceding the Event Occurrence Date, and in any other case to the holders for the time being of the Warrants (irrespective of whether or not they were Warrantheolders on the Business Day immediately preceding the Event Occurrence Date).

(f) ***Additional Disruption Events***

Following the occurrence of any Additional Disruption Event, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Warrants shall continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the relevant Warrants shall continue, it may make such adjustment(s) as it, in its sole and absolute discretion, determines to be appropriate, if any, to the terms of the Warrants, including, without limitation, the formula for the Cash Settlement Amount and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion determine. If the Calculation Agent determines in its sole and absolute discretion that the relevant Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of Warrants which have been exercised, the entitlements of the respective exercising Warrantheolders to receive the Cash Settlement Amount (or any other payment to be made by the Issuer), 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 (1) if the Warrants are Security Warrants or Security Basket Warrants, an amount determined in accordance with paragraph (v) of Condition 18(e) (*Adjustments and Events Affecting Securities*) or (2), in all other cases, such amount as in the opinion of the Calculation

Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

To the extent that the Calculation Agent determines that the Issuer shall suspend its obligations to make any payment in respect of the Warrants as a result of the occurrence or continuation of any Additional Disruption Event, Warrantholders shall not be entitled to any interest or other compensation in respect of any such suspension.

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 will, or there is a substantial likelihood that it will, with the passing of time, or has, become illegal for the Issuer or any of its designated Affiliates to hold, acquire, dispose of, or realise, recover or remit the proceeds of the sale or disposal of, Securities or any Component Security or any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk including, without limitation, any currency risk, of the Issuer issuing and performing its obligations with respect to the Warrants or (y) it has become illegal for the Issuer or any of its designated Affiliates to hold, acquire, purchase, sell or maintain one or more (i) positions or contracts in respect of any securities, options, futures, derivatives or foreign exchange in relation to such Warrants, or in relation to the hedging activities of the Issuer or any of its designated Affiliates in connection with the Warrants, (ii) stock loan transactions in relation to such Warrants or (iii) other instruments or arrangements (howsoever described) held by the Issuer or any of its designated Affiliates in order to hedge, individually or on a portfolio basis, such Warrants or (z) the Issuer or any of its designated Affiliates will incur a materially increased cost in performing its obligations under the Warrants (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);
- (ii) "**Hedging Disruption**" means that the Issuer or any of its designated Affiliates would be unable to conduct any of the following hedging or would suffer any material delay in conducting any of the following hedging:
  - (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk (including, but not limited to, any currency risk) of entering into and performing its obligations with respect to the Warrants;
  - (B) freely realise, recover, receive, repatriate, remit or transfer the proceeds of any Hedging Position or the relevant transaction between accounts within a Reference Jurisdiction of the Hedge Positions (an "**Affected Jurisdiction**") or from accounts within an Affected Jurisdiction to accounts outside of such Affected Jurisdiction;
  - (C) without prejudice to (B) above, transfer amounts denominated in the Settlement Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction; or
  - (D) without prejudice to (B) above, transfer amounts denominated in the Reference Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction;

- (E) without prejudice to (B), (C) and (D) above, convert the Settlement Currency into a relevant Reference Currency or a relevant Reference Currency into the Settlement Currency.
- (iii) "**Hedge Positions**" means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, funds, options, futures, other derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by the Issuer or an Affiliate in order to hedge, individually or on a portfolio basis, a Warrant.
- (iv) "**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;
- (v) "**Increased Cost of Hedging**" means that the Issuer or any of its designated Affiliates would incur a materially increased cost (as compared with circumstances existing on the Issue Date) including, without limitation, amount of tax (including any potential tax which the Calculation Agent considers may arise), duty, expense or fee (other than brokerage commissions) to (A) hold, acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk including, without limitation, any currency risk of the Issuer issuing and performing its obligations with respect to the Warrants or 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), **provided that** any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer or its designated Affiliate, as applicable, shall not be deemed an Increased Cost of Hedging;
- (vi) "**Currency Event**" means:
- (A) the occurrence of an event or a condition which, in the opinion of the Calculation Agent, on any day with respect to the Reference Currency that has the effect of preventing, hindering, limiting or restricting (including, without limitation, by delays, increased costs or discriminatory rates of exchange) the Issuer or any of its designated Affiliates directly or indirectly from:
- (i) converting the Reference Currency into the Settlement Currency through any customary legal channel;
- (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in the Reference Jurisdiction;
- (iii) delivering the Settlement Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction;
- (iv) delivering the Reference Currency (1) between accounts inside the Reference Jurisdiction or (2) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or to a party that is a non-resident of the Reference Jurisdiction; or

- (v) effectively realising the value of its underlying hedge in the Settlement Currency at any time; or
- (B) the government of the Reference Jurisdiction imposes, or gives public notice of its intention to impose, any capital controls (including, without limitation, the imposition of an upper limit on the amount of assets denominated in the Reference Currency in the Reference Jurisdiction which can be held by any party) which the Calculation Agent determines in good faith are likely to materially affect the ability of the Issuer or any of its designated Affiliates to hedge the Issuer's position under the Warrants or to unwind such hedge; or
- (C) the unavailability of the Settlement Currency in any legal exchange market in the Reference Jurisdiction in accordance with normal commercial practice as determined by the Calculation Agent in a commercially reasonable manner.

(g) ***Adjustments where the Securities are Units in a Fund***

Where the Securities are specified in the relevant Final Terms as being Units in a Fund, in the case of the occurrence at any time on or prior to the Valuation Date of any Extraordinary Event affecting the Fund or the value of the Units, the Calculation Agent may make any adjustment as provided in the preceding provisions of this Condition 18 (*Valuation, Adjustments and Extraordinary Events affecting Securities*) or:

- (i) if the Calculation Agent determines that no adjustment that it could make under the preceding provision of this Condition 18 would produce a commercially reasonable result:
  - (A) the Calculation Agent will use commercially reasonable efforts to identify a new underlying asset with characteristics, investment objectives and policies similar to those in effect for the Affected Units immediately prior to the occurrence of the relevant Extraordinary Event and any substitution of the new underlying asset for the Affected Units shall be effected at such time and in such manner as determined by the Calculation Agent in its sole and absolute discretion; and
  - (B) if necessary, the Calculation Agent will adjust any relevant terms, including, but not limited to, adjustments to account for changes in volatility, investment strategy or liquidity relevant to the Units or the Warrants; or
- (ii) if the Calculation Agent determines in its sole and absolute discretion that the relevant Warrants shall be terminated, then the Warrants shall be terminated as of the date selected by the Calculation Agent in its sole and absolute discretion and the entitlements of the relevant Warrantheolders to receive the relevant Securities or the Cash Settlement Amount, as the case may be, shall cease and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of an amount determined in accordance with paragraph (v) of Condition 18(e) (*Adjustments and Events Affecting Securities*).

In this Condition 18(g)(i) (*Adjustments where the Securities are Units in a Fund*) "**Affected Unit(s)**" means each Unit subject to an applicable Extraordinary Event.

(h) ***Events relating to DR Linked Warrants***

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

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

adjustment(s) shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion; or

- (ii) the Warrants shall not continue, then the Warrants shall cease to be exercisable (or, in the case of Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of an amount determined in accordance with Condition 18(e)(v) (*Event payment*).

19. **Buy-Back Provisions**

Unless the relevant Final Terms specify otherwise and **provided that** the Calculation Agent determines that normal market conditions exist the Issuer shall, during local market hours on each local business day from and including the Issue Date to but excluding the Valuation Date, publish on Bloomberg indicative Settlement Currency bid and ask prices in respect of the Warrants calculated from (i) the bid and ask prices/ levels respectively of each of the relevant Securities on any applicable Exchange(s) divided by (ii) the relevant Reference Currency/ Settlement Currency exchange rate(s), each as published on Bloomberg as of such time on such local business day. For the avoidance of doubt, such Settlement Currency bid and ask prices for the Warrants as published on Bloomberg are for indicative purposes only, and are subject to change in accordance with normal market movements.

In addition, **provided that** the Calculation Agent determines that normal market conditions exist, the Issuer shall, following a request from a Warrantholder received by the Issuer/ Dealer during normal local market hours on any local business day from and including the Issue Date to but excluding the Valuation Date, (a) provide such Warrantholder with a firm bid price at which the Issuer/ Dealer will purchase a specified number of Warrants from such Warrantholder and/or (b) accept a related sale order from such Warrantholder specifying a maximum number of Warrants to be sold, subject to any specified local price/ level and volume conditions. In respect of (a) above, any such firm bid price will only be valid and binding at the time it is given and, thereafter, will be subject to change in accordance with normal market movements. In respect of (b) above, any order shall be executed in good faith and a commercially reasonable manner in line with the specified conditions (if any) of the sale order and underlying market liquidity at such time. For the avoidance of doubt, the extent to which a Warrant order will be filled and the price at which such fill is achieved will be fully consistent with the liquidity and the prices/ level(s) traded in each relevant Security on any applicable Exchange(s), at such time on such business day and within any conditions specified for the order by such Warrantholder. Further, the exchange rates used for converting the local price(s)/ level(s) of each relevant Security into Settlement Currency prices of the Warrants for any filled orders will be determined by the Calculation Agent using such exchange rate(s) that are available to the Issuer at the relevant time on the relevant business day(s) consistent with the Issuer's normal market practice for such trades. If the Calculation Agent considers that exceptional market conditions make it impossible to provide an indicative and/or firm bid and/or ask price for the Warrants, and/or to accept or execute an order in the Warrants, then the Issuer's related obligations hereunder shall be postponed to the following local business day on which the Calculation Agent, acting in good faith and a commercially reasonable manner, determines that such exceptional market conditions have ceased to exist and that it considers possible to determine such bid and ask prices or to accept or execute an order, as the case may be.

## FORM OF FINAL TERMS FOR THE WARRANTS

Set out below is the template of the "Final Terms", a document which will be filled out for each issue of Warrants and which will complete the terms and conditions in respect of each issue of such Warrants under the Programme.

Warrants issued pursuant to these Final Terms are securities to be listed under Listing Rule 19.

Final Terms dated [•]  
Series No.: [•]  
Tranche No.: [•]

### HSBC Bank plc

#### Warrant and Certificate Programme (the "Programme") [Further] Issue of [Number of Warrants][Title of Warrants]

[(to be consolidated and form a single series with the existing [Insert details of existing Tranche(s)]) issued pursuant to HSBC Bank plc's Programme for the Issuance of Warrants and Certificates]

### PART A - CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of the Tranche of Warrants described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Warrants (the "**Conditions**") set forth in the Base Prospectus dated 30 May 2014 in relation to the above Programme together with each supplemental prospectus relating to the Programme published by the Issuer after 30 May 2014 but before the issue date or listing date of the Warrants to which the Final Terms relate, whichever is later, which together constitute a base prospectus ("**Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus. However, a summary of the issue of the Warrants is annexed to these Final Terms.

[This document constitutes the Final Terms relating to the issue of the Tranche of Warrants described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Warrants (the "**Conditions**") set forth in the Base Prospectus dated [ ] which are incorporated by reference in the Base Prospectus dated 30 May 2014 and are applicable to the Warrants. This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 30 May 2014 together with each supplemental prospectus relating to the Programme published by the Issuer after 30 May 2014 but before the issue date or listing date of the Warrants to which the Final Terms relate, whichever is later, which together constitute a base prospectus ("**Prospectus**") for the purposes of the Prospectus Directive. However, a summary of the issue of the Warrants is annexed to these Final Terms.]

Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms[, the Conditions] and the Prospectus. The Prospectus [and the Conditions] [is/are] available for viewing at HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom and www.hsbc.com (please follow links to 'Investor relations', 'Fixed income securities', 'Issuance programmes') and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ, United Kingdom.

1. Issuer: HSBC Bank plc
2. (i) Series number: [ ]  
(ii) [Tranche number: [ ] [The Warrants issued under these Final Terms are to be consolidated and form a single series with [ ] (the "**Original Issue**") issued on [ ] [(ISIN):[ ]].]

- (iii) Whether issue is of Warrants or Certificates: [Warrants/Certificates] [(all references in these Final Terms and in the Prospectus to Warrants shall be deemed to be "Certificates" for the purposes of this issue)]
3. Reference Currency or Currencies:
- (i) Reference Currency: [ ] [The definition in the Conditions applies]
- (ii) Reference Jurisdiction: [ ] [The definition in the Conditions applies]
- (iii) Initial Exchange Rate: [ ] [Not Applicable]
4. Aggregate Number of Warrants in the:
- [(i) Series:] [ ] Warrants
- [(ii) Tranche:] [ ] Warrants
5. Issue Date: [ ] [in respect of Tranche [ ] and [ ] in respect of Tranche [ ]]
6. Issue Price: [[ ] per Warrant] [, which reflects a discounted issue price to take into account any dividends, coupons or other distributions in respect of [Securities]/[Component Securities of the Index.]
7. Date of [Board] approval for the issuance of Warrants obtained: [ ] [and [ ], respectively]] [Not Applicable]
8. Type of Warrants: [Security Warrant / Security Basket Warrant / Index Warrant / Index Basket Warrant]
9. Series represented by: [Unrestricted Global Registered Warrant and Restricted Global Registered Warrant / Combined Global Registered Warrant] [Warrants in definitive form [will/will not] be issued.]
10. Style of Warrants: The Warrants are [American/European/ Bermudan] Style Call Warrants. Condition [3(a) ("*American Style*" Exercise)/3(b) ("*European Style*" Exercise)/3(c) ("*Bermudan Style*" Exercise)] is applicable.
11. (i) Expiry Date: [ ] [(or if not a Scheduled Trading Day, the immediately following Scheduled Trading Day)]
- (ii) Automatic Exercise: [Applicable]/[Not Applicable]
- (iii) Exercise Period: [The period beginning from (and including) [[ ]/[the Commencement Date]] and ending on (and including) the Expiry Date]/[Not Applicable].
- (iv) Potential Exercise Date(s): [ ]/[Not Applicable]
12. (i) Minimum Exercise Number: [ ] Warrant[s]
- (ii) Permitted Multiple: [[ ] Warrant[s]/[Not Applicable]
13. Cash Settlement:
- (i) Settlement Currency: [ ]



- (ii) Cash Settlement Payment Date: the [fifth][ ] Business Day following  
 [the last date on which an unwind of any applicable Underlying Hedge Transaction (as defined in the applicable part of Condition 5) relating to the Warrants has been achieved or which the Calculation Agent determines would have been achievable by the Issuer and/or its designated Affiliates]  
 [[the Valuation Date] [the last Averaging Date] on which an official settlement price (or any applicable fallback) for settling one or more Exchange-traded Contracts relating to the Warrants is determined]  
 [[the Valuation Date] [the last Averaging Date] on which a Reference Level of the [Index][Indices] relating to the Warrants is determined]
- (iii) Payment of Alternative Payment Equivalent: Currency [Applicable][Not Applicable]  
 Alternative Payment Currency: [USD] [ ]  
 Alternative Payment Currency Jurisdiction: [ ]  
 Settlement Currency Jurisdiction: [ ]  
 Alternative Payment Currency Fixing Page: [ ]  
 Alternative Payment Currency Fixing Time: [ ]  
 Alternative Payment Currency Exchange Rate Fall-Back provisions: [ ] [Condition 1 applies]  
 Offshore RMB Centre: [Hong Kong] [Taiwan] [Singapore] [ ] [Not Applicable]
14. Supplementary Amount: [Applicable][Not Applicable]  
 (i) Supplementary Rate: [ ] per cent. per annum  
 (ii) Initial Security Price: [ ]  
 (iii) Early Exercise Cost: [Applicable][Not Applicable]  
 (iv) Day Count Fraction: [360] [365]
15. Index-Linked Warrants: [Applicable. The Warrants are [Index Warrants/Index Basket Warrants]]/[Not Applicable].  
 (i) Index/Indices: [MSCI [ ] Index] [FTSE [ ] Index] [TSWE [ ] Index] [Kospi [ ] Index] [Hang Seng [ ] Index]

[TOPIX [ ] Index] [S&P [ ] Index] [ ] [The Index is a Total Return Index] [Not Applicable]

- (ii) Basket: 

<u>Name of Index</u>	<u>Weight(%)</u>
[ ].....	[ ]

  
[[ ]/Not Applicable]
- (iii) Index Sponsor(s): [MSCI Inc.][The Financial Times Limited][Hang Seng Indexes Company Limited][Hang Seng Data Services Limited][Taiwan Stock Exchange Corporation][Korea Exchange][Tokyo Stock Exchange, Inc.][S&P Dow Jones Indices LLC][ ] [The definition in the Conditions applies] [Not Applicable]
- (iv) Exchange(s): [ ] [The definition in the Conditions applies] [Not Applicable]
- (v) Exchange-traded Contract[s]: [the futures contract][the options contract][on the Index traded on the Related Exchange with an expiry date (or the date which would have been the expiry date but for that day being a Disrupted Day or not being a Scheduled Trading Day) that is in the same month and year as the Expiry Date][Not Applicable]
- (vi) Valuation Time: [ ] [The definition in the Conditions applies] [Not Applicable]
- (vii) Averaging Dates: [Applicable][Not Applicable]  
[ ]
- (viii) Final Index Level: [The level of the Index determined by reference to the weighted average of the prices at which the unwinds of the Underlying Hedge Transaction[s] are achieved (or which the Calculation Agent determines would have been achievable by the Issuer and/or its designated Affiliates), as determined by the Calculation Agent in its sole and absolute discretion]  
  
[The official settlement price on [a Valuation Date][the weighted average of official settlement prices on the Averaging Dates] for settling [the Exchange-traded Contract[s]] pursuant [ ] rules [and in respect of which the following fallback may apply [ ]]  
  
[[The Reference Level of the Index] [A weighted average of the Reference Levels of Indices in the Basket, taking into account the attributable weight specified above] on [the Valuation Date] [the weighted average of the Reference Level of the Index on each Averaging Date] [the arithmetic mean of the amounts for the Basket, weighted or adjusted in relation to each Index as provided above], as determined by the Calculation Agent in its sole and absolute discretion]  
  
[as converted into the Settlement Currency by reference to the applicable FX Rate and less all Costs, all as determined by the Calculation Agent]

- [Not Applicable]
- (viii) Additional Disruption Event: [The following Additional Disruption Events apply:  
 [Change in Law]  
 [Hedging Disruption]  
 [Increased Cost of Hedging]  
 [Currency Event]  
 [Not Applicable]
- (ix) Averaging Date Market Disruption: [Omission]/[Postponement]/[Modified Postponement]/[Not Applicable]
16. Equity-Linked Warrants: [Applicable. The Warrants are [Security Warrants/Security Basket Warrants]/[Not Applicable].
- (i) Securities: [[ ] shares of [[ ] (the "**Underlying Company**"), [each Underlying Company set out under "(ii) Basket" below] and "**Security**" means any one of them.] [(ISIN: [ ])]
- [[ ] of [ ] [(the "**Underlying Company**") and "**Security**" or "**Underlying Bond**" means any one of them.] [(ISIN: [ ])]
- [Units in the Fund, where "**Fund**" means [ ], "**Unit**" means a share or notional unit of the Fund (as defined in the Fund Documents), the price of which is denominated in [ ]. [The Units represent undivided ownership interests in the portfolio of investments held by the Fund.] ["**Underlying Index**" means [ ].] [Not Applicable]
- (ii) Basket:
- | [Underlying Company] | [Name of Securities] | [Code/ISIN] | [Bloomberg Code] | [Weight (%) / Number of Securities] | [Exchange] | [Reference Currency] |
|----------------------|----------------------|-------------|------------------|-------------------------------------|------------|----------------------|
| [ ]                  | [ ]                  | [ ]         | [ ]              | [ ]                                 | [ ]        | [ ]                  |
- [Not Applicable]
- (iii) Exchange(s): [ ] [As set out under "Basket" above] [Not Applicable]
- (iv) Valuation Time: [ ] [The definition in the Conditions applies] [Not Applicable]
- (v) Additional Disruption Event: [The following Additional Disruption Events apply:  
 [Change in Law]  
 [Hedging Disruption]  
 [Increased Cost of Hedging]  
 [Insolvency Filing]  
 [Currency Event]  
 [Not Applicable]

17. Additional Payments: [Condition 18(a) (*Additional Payments*) applies] [Not Applicable]
- (i) Additional Payment Date: [ ] [such date no earlier than the third Business Day following the relevant Cash Distribution Receipt Date or Non-Cash Distribution Receipt Date (as applicable)] [each of [ ], **provided that** the last Additional Payment Date shall fall on the Cash Settlement Payment Date] [Not Applicable]
- (ii) Additional Payment Period: [ ] [[the period from (but excluding) the Trade Date to (and including) the first [Averaging Date][Valuation Date] in respect of an Exercise Date or the Expiry Date (as the case may be)][each period from (and including) one Additional Payment Date, to (but excluding) the next Additional Payment Date, **provided that** the first Additional Payment Period shall start from (but excluding) the Trade Date and the last Additional Payment Period shall end on (and including) the first [Averaging Date] [Valuation Date] in respect of an Exercise Date]
- [Not Applicable]
18. Trade Date: [ ] [in respect of Tranche [ ] and [ ] in respect of Tranche [ ]]
19. Secondary market provisions: [Not applicable] [Condition 19 applies]

**CONFIRMED**

**HSBC BANK PLC**

By: .....  
*Authorised Signatory*

Date: .....

## PART B - OTHER INFORMATION

### 1. LISTING

- (i) Listing Application [will be/has been] made to admit the Warrants to listing on the Official List of the Financial Conduct Authority pursuant to Listing Rule 19. No assurance can be given as to whether or not, or when, such application will be granted.
- (ii) Admission to trading [The Original Issue was admitted to trading on the regulated market of the London Stock Exchange plc on [ ]].
- Application [will be][has been] made for the Warrants to be admitted to trading on the regulated market of the London Stock Exchange plc with effect from [the Issue Date]/[ ]. No assurance can be given as to whether or not, or when, such application will be granted. [Application has been made to have the Warrants admitted to trading on the PORTAL System of the U.S. National Association of Securities Dealers.]

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

[ ]

Save as disclosed in the section "Potential conflicts of interest" on page [20] of the Base Prospectus [./and] in the fourth paragraph of the section "Purchase and Sale of Warrants" on page [123] of the Base Prospectus [and as disclosed above], so far as the Issuer is aware, no person involved in the offer of the Warrants has an interest material to the offer.

### 3. INFORMATION ABOUT THE UNDERLYING

Details of past and further performance and volatility of the [Security]/[Index] are obtainable from the following display pages on [Bloomberg] and such information does not form part of this document: [(Source: Bloomberg Financial Markets Information Service) [ ]]./[Additional details][Details] relating to the [Security] [Index] [and the] [issuer of the [Security] [Index]] are available on the following website [of the issuer of such underlying security] [(of the Sponsor of each Index)]:[ ] [The Issuer confirms that the information sourced from [Bloomberg Financial Markets Information Service][and][the website of the issuer of the underlying security, [ ]] has been accurately reproduced. As far as the Issuer is aware and is able to ascertain from information available from such source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### OPERATIONAL INFORMATION

4. ISIN Code: [ ] [Not Applicable]
5. Common Code: [ ] [Not Applicable]
6. CUSIP: [ ] [Not Applicable]
7. Valoren Number: [ ] [Not Applicable]
8. SEDOL: [ ] [Not Applicable]
9. Delivery: Delivery [against/free of] payment
10. Clearing System: [ ] [Euroclear] [and] [Clearstream, Luxembourg] [and] [DTC]

11. Calculation Agent/  
Principal Warrant Agent/  
Authentication Agent: [HSBC Bank plc] [  ]
12. Transfer Agent/Registrar: [HSBC Bank USA, N.A.] [  ]
13. Additional Agent(s) (if any) and  
its/their specified office(s): [  ] [Not Applicable]
14. Common Depositary: [  ] [Not Applicable]
15. Specified office of Registrar to be  
maintained: [New York] [  ]

## ANNEX

### ADDITIONAL PROVISIONS NOT REQUIRED BY THE SECURITIES NOTE RELATING TO THE UNDERLYING

[INFORMATION ABOUT THE [SECURITY]/[SECURITIES]

[The information set out in this Annex relating to [ ] (the "[Underlying Company]/[Fund]") (Bloomberg: [ ]; ISIN Code: [ ]) provides a brief discussion of the business of the [Underlying Company]/[Fund] and the split-adjusted high, low and end-of-period closing prices for each Security for each calendar quarter in the period from [ ] to [ ] [ ].] [The Issuer confirms that the information set out in this Annex relating to [ ] (the "Security") has been accurately reproduced from [information available from the website of the issuer of the underlying Security, [ ]] [and] [Bloomberg Financial Markets Information Service]. As far as the Issuer is aware and is able to ascertain from information available from such source, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

1. **[Description of the [Underlying Company]/[Fund] (Source: [Bloomberg Financial Markets Information Service]/[The website of the Issuer of the underlying Security, [ ]])**

The [Underlying Company]/[Fund] is incorporated in [ ].

[The Management Company of the Fund is [ ].] [The registered office of the [Management Company of the] [Underlying Company]/[Fund] is [ ].]

The [Underlying Company]/[Fund] [is] [ ].

2. **[Listing**

The [Security]/[Securities] [is]/[are] listed on the [ ].]

3. **[Historical prices**

[ ]

**The historical prices of a Security should not be taken as an indication of future performance, and no assurance can be given that the price of a Security will perform sufficiently from year to year to cause the holders of the Warrants to receive any return on their investment.]]**

[INFORMATION ABOUT THE UNDERLYING BOND

The information set out in this Annex I relating to [ ] (the "Underlying Company") (Bloomberg: [ ]; ISIN Code: [ ]) provides a brief discussion of the business of the Underlying Company and the split-adjusted high, low and end-of-period closing prices for each Security for each calendar quarter in the period from [ ] to [ ]. [The Issuer confirms that the information set out in this Annex relating to [ ] (the "Security") has been accurately reproduced from [information available from the website of the issuer of the underlying Security, [ ]] [and] [Bloomberg Financial Markets Information Service]. As far as the Issuer is aware and is able to ascertain from information available from such source, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

The Issuer does not intend to provide post issuance information.

1. **[Description of the Underlying Company (Source: [Bloomberg Financial Markets Information Service]/[The website of the Issuer of the underlying Security, [ ]])**

The Underlying Company is incorporated in [ ].

The registered office of the Underlying Company is [ ].

The Underlying Company [is] [ ].]

2. **[Listing**

The [Security][Securities] [is][are] listed on the [ ]]

3. **[Main Terms of the Underlying Bond**

[ ]]

4. **[Historical prices**

[ ]]

**The historical prices of a Security should not be taken as an indication of future performance, and no assurance can be given that the price of a Security will perform sufficiently from year to year to cause the holders of the Warrants to receive any return on their investment.]]**

[INFORMATION ABOUT THE [INDEX / [INDICES]]]

[The information set out in this Annex relating to [ ] (the ["Index"/["Indices"]) provides a brief description of the Index and the split-adjusted high, low and end-of-period closing level for each Index for each calendar quarter in the period from [ ] to [ ][ ].] [The Issuer confirms that the information set out in this Annex relating to [ ] (the "Index") has been accurately reproduced from [information available from the sponsor of the index, [ ], on its website [ ]] [and] [Bloomberg Financial Markets Information Service]. As far as the Issuer is aware and is able to ascertain from information available from such source, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

1. **[Description of the Index (Source: [Bloomberg Financial Markets Information Service][The website of the sponsor of the Index, [ ]]**

[The [ ] Index is a [Price Return Index][Total Return Index][ ]. [It measures [ ].][It is calculated [by][as described below] [ ].]

2. **[Further information on [the Index / the Indices] and [its][their] constituent stocks**

If investors in the Warrants would like to obtain any other information on [the][any] Index, such as, the criteria used to select the [relevant] constituent stocks, the weighting given to each stock constituting such Index, they may consider taking the following steps:

- consulting their financial advisers;
- viewing the website of [the][each] Index Sponsor which at the date of this document [is][are] [ ]. [The][Each] Index Sponsor may not always maintain a website and may change or add a new website. Intending investors should conduct their own web searches to ensure that they are viewing the most up to date version of [the][each] Index Sponsor's website. The Issuer takes no responsibility for the contents of [the][any] Index Sponsor's website and make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of [the][such] Index Sponsor's website.

3. **[Historical prices**

[ ]]

**The historical level of an Index should not be taken as an indication of future performance, and no assurance can be given that the level of an Index will perform sufficiently from year to year to cause the holders of the Warrants to receive any return on their investment.]**



4. **Index disclaimers**

Each party agrees and acknowledges that the transaction is not sponsored, endorsed, sold or promoted by [the][any] Index or [the][any] Index Sponsor, as well as certain other related agreements and acknowledgments. Each party also agrees and acknowledges that the Index Sponsor[s] do[es] not make any representations regarding the results to be obtained from using their Index or the level at which an Index may stand. Further, neither party will have any liability to the other party for an act or omission by such Index Sponsor.

[The following Index disclaimer is applicable in respect of the [ ] Index, as agreed between the Index sponsor and the Issuer: [ ].]

## PURCHASE AND SALE OF WARRANTS

*This section sets out details of the arrangements between the Issuer and the Managers as to the offer and sale of Warrants and summarises selling restrictions that apply to the offer and sale of Warrants in various jurisdictions.*

No action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of the Warrants, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Warrants, or distribution of any offering material relating to the Warrants or such securities, may be made in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligation on the Issuer.

In respect of each Tranche of Warrants, the Issuer may retain some of the Warrants which it may sell, cancel or otherwise dispose of from time to time, as the case may be, as it may determine. The Issuer is entitled, at any time before the expiry of the Warrants of any Tranche, to purchase or sell such Warrants in the open market or through private transactions.

The issue price of any Warrant specified in the relevant Final Terms is an indicative value set by the Issuer as at the date of the relevant Final Terms. The Issuer reserves the right to offer such Warrants at any other price or prices as conclusively determined by it and no Warrantholder shall have a claim against the Issuer by reason of the price offered to it or any other Warrantholder.

Additionally, the issue price of any Warrant specified in the Final Terms may include commissions or fees paid to Managers, their affiliates or distributors in connection with the placement and distribution of the Warrants, and/or such commissions or fees payable to the Issuer, the Managers or their affiliates may be deductible from the Cash Settlement Amount payable in respect of Warrants.

Unless otherwise specified in the relevant Final Terms, any offer of Warrants by the Issuer will be made subject to the terms negotiated between the Issuer and the purchaser, and any offer of Warrants by the Managers will be made subject to any individual terms of business and other arrangements in place between the Managers and the purchasers, as may be varied in relation to any particular issue.

### General

- (1) Each Manager has acknowledged that no action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of the Warrants, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required.
- (2) Each Manager has undertaken to the Issuer that it will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Warrants or has in its possession or distributes such offering material, in all cases at its own expense.
- (3) In accordance with the above, each Manager has warranted to and undertaken with the Issuer that any Warrant purchased by it which it wishes to offer for sale or resale shall not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Warrants in such jurisdiction.

### Australia

This Base Prospectus is not a disclosure document under Chapter 6D of the *Corporations Act 2001* (Cth) and has not been, and will not be, lodged with the Australian Securities and Investments Commission ("ASIC"). This Base Prospectus does not purport to include the information required of a disclosure document under Chapter 6D of the *Corporations Act 2001* (Cth). The offer of Warrants referred to in this Base Prospectus is made only to persons to whom it is lawful to offer securities in Australia without a disclosure document lodged with ASIC. This means the offer is directed only to investors who come within one of the categories set out in section 708(8) or 708(11) of the *Corporations Act 2001* (Cth) ("**Sophisticated Investors**" and "**Professional Investors**", respectively).

As no formal disclosure document (such as a prospectus) will be lodged with ASIC, the Warrants may only be offered and issued to one of the categories of Sophisticated or Professional Investors. If any

recipient of this Base Prospectus is not a Sophisticated Investor or a Professional Investor, no offer of, or invitation to apply for, the Warrants shall be deemed to be made to such recipient and no applications for the Warrants will be accepted from such recipient. Any offer to a recipient in Australia, and any agreement arising from acceptance of such offer, is personal and may only be accepted by the recipient.

If a person to whom Warrants are issued (an "**Investor**") on-sells the Warrants within 12 months from their issue, the Investor will be required to lodge a prospectus with ASIC unless either:

- (a) that sale is to another Sophisticated Investor or Professional Investor; or
- (b) the sale offer is received outside Australia.

Each Investor acknowledges the above and, by purchasing Warrants under this Base Prospectus, gives an undertaking not to sell those Warrants in any circumstances other than those described in paragraphs (a) and (b) above for 12 months after the date of issue of such Warrants.

This Base Prospectus is not, and under no circumstances is to be construed as, an advertisement or public offering of the Warrants in Australia.

This Base Prospectus is distributed to investors in Australia and any offer of Warrants is made to investors in Australia, in each case subject to the conditions set out above, on behalf of each of the institutional managers by their respective licensed affiliates, each of which holds an Australian Financial Services Licence which permits such licence-holder to distribute this Base Prospectus and offer the Warrants to investors in Australia.

The Issuer is not licensed to provide financial product advice in Australia and nothing in this Base Prospectus takes into account the investment objectives, financial situation and particular needs of any individual investors. The Issuer and Managers recommend that prospective investors read this Base Prospectus before making a decision to acquire Warrants.

#### **Dubai International Financial Centre**

The Warrants have not and may not be offered to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "**Exempt Offer**" in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority (the "**DFSA**"); and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

#### **European Economic Area**

##### *Public Offer Selling Restriction under the Prospectus Directive*

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") an offer of Warrants which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State may not be made except that with effect from and including the Relevant Implementation Date, an offer of such Warrants to the public in that Relevant Member State may be made:

- (a) **Approved prospectus**: if the Final Terms in relation to the Warrants specify that an offer of those Warrants may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Warrants which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus which is not a drawdown prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as

applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) **Qualified Investors:** at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) **Fewer than 100 offerees:** at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (d) **Other exempt offers:** at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of Warrants referred to in (b) to (d) above shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision only, the expression an "**offer of Warrants to the public**" in relation to any Warrants in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe the Warrants, as the same may be varied in that Member State by any measures implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC of 4 November 2003 (and amendments thereto, including, when implemented, the 2010 PD Amending Directive, to the extent of such implementation, in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

#### *Selling Restrictions Addressing Additional France Securities Laws*

Warrants may not be offered or sold, directly or indirectly, nor may this Base Prospectus, any relevant Final Terms or any other offering material relating to the Warrants be distributed or caused to be distributed to the public in France. An offer of Warrants to the public in France will be made only in compliance with the Prospectus Directive and the applicable laws, regulations and procedures in France and formalities required by French laws and regulations to permit the offering and sale of Warrants in France.

For the purposes of this provision only, the expression "**the public in France**" does not include (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, investing for their own account, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier* and other applicable regulations.

#### *Selling Restrictions Addressing Additional Republic of Italy Securities Laws*

The offering of the Warrants has not been registered pursuant to Italian securities legislation and, accordingly no Warrants may be offered, sold or delivered, and no copies of this Base Prospectus and any other document relating to the Warrants may be distributed, in the Republic of Italy except:

- (1) to "**qualified investors**", as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("**Decree No. 58**"), and defined in article 34-ter, paragraph 1, letter (b) of CONSOB Regulation no. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**");
- (2) that Warrants may be offered, sold or delivered, or copies of any prospectus relating to such Warrants may be distributed, in an offer to the public in the period commencing on the date of publication of such prospectus, **provided that** such prospectus has been approved in another Relevant Member State and notified to CONSOB, all in accordance with the Prospectus Directive, as implemented in Italy under Decree No. 58 and Regulation No. 11971, and ending on the date which is 12 months after the date of approval of such prospectus; and

(3) in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Warrants or distribution of copies of this Base Prospectus or any other document relating to the Warrants in the Republic of Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007, as amended and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

*Provisions relating to the secondary market in Italy*

Investors should also note that, in any subsequent distribution of the Warrants in the Republic of Italy (issued for consideration of less than EUR100,000 (or its equivalent in another currency) per Warrant), Article 100-bis of Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, where the Warrants are placed solely with "qualified investors" and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Warrants who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Warrants were purchased, unless an exemption provided for under Decree No. 58 applies.

*Selling Restrictions Addressing Additional Norway Securities Laws*

Warrants denominated in Norwegian Krone (NOK) may not be offered or sold, directly or indirectly within the Kingdom of Norway or to or for the benefit of Norwegian purchasers. Each purchaser of Warrants denominated in Norwegian Krone (NOK) will be deemed to have acknowledged, represented and agreed that such Warrants may not be resold within the Kingdom of Norway or to or for the benefit of Norwegian purchasers.

*Selling Restrictions Addressing Additional Kingdom of Spain Securities Laws*

Warrants may not be offered, sold or distributed in the Kingdom of Spain save in accordance with the requirements of Law 24/1988, of 28 July, on the Securities Market (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) (the "LMV") as amended and restated, and Royal Decree 1310/2005, of 4 November 2005, partially developing Law 24/1988, of 28 July, on the Securities Market in connection with listing of securities in secondary official markets, initial purchase offers, rights issues and the prospectus required in these cases (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), as amended and restated, and the decrees and regulations made thereunder and by institutions authorised under the LMV and Royal Decree 217/2008, of 15 February, on the legal regime applicable to investment services companies (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión y por el que se modifica parcialmente el Reglamento de la Ley 35/2003, de 4 de noviembre, de Instituciones de Inversión Colectiva, aprobado por el Real Decreto 1309/2005, de 4 de noviembre*) to provide investment services in Spain.

*Selling Restrictions Addressing Additional United Kingdom Securities Laws*

An invitation or inducement to engage in investment activity (within the meaning of section 21 of the United Kingdom Financial Services and Markets Act 2000 (as amended) ("FSMA")) may only be communicated or caused to be communicated in connection with the issue or sale of Warrants in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer.

All applicable provisions of the FSMA must be complied with in respect of anything done in connection with the Warrants in, from or otherwise involving the United Kingdom.

## Hong Kong

Warrants (except for Warrants which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) may not be offered or sold in Hong Kong by means of any document other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**") and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

No advertisement, invitation or document relating to the Warrants, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) may be issued or held in the possession of the Issuer or any Manager or any offeror nominated by the Issuer for the purpose of such issue of Warrants, whether in Hong Kong or elsewhere, other than with respect to Warrants which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

## India

In respect of Warrants for which the Reference Jurisdiction (or one of the Reference Jurisdictions) is India:

(A) By the purchase of any Warrants, on the date of purchase and on each day the Warrants are being held, each Warrantholder will be deemed to represent and warrant that its purchase of the Warrants is in full compliance with the following selling restrictions and it undertakes and agrees to the selling restrictions below:

1. The Warrants shall not be offered, sold or transferred to (i) a "person resident in India" (as such term is defined in the Income Tax Act, 1961, as may be amended or supplemented from time to time), or, (ii) a "non-resident Indian" (as such term is defined in the Income Tax Act, 1961 as may be amended or supplemented from time to time), (each, a "**Restricted Entity**");
2. The Warrants shall not be offered, sold or transferred to any person/entity whose controller is a Restricted Entity.

For the purposes of this representation, a "**controller**" means any person or group of persons (acting pursuant to any agreement or understanding (whether formal or informal, written or otherwise)) who:

- (a) is/are entitled to exercise, or control the exercise of a majority or more of the voting power of an entity, or
- (b) holds or is otherwise entitled to a majority or more of the economic interest in an entity, or
- (c) who in fact exercises control over an entity.

For the purposes of this representation, "**control**" means the ability to appoint a majority or more of the directors of an entity, or the capacity to control decision-making, directly or indirectly, in relation to the financial, investment and/or operating policies of an entity in any manner.

Notwithstanding the foregoing definition, in the case only where an entity's investments are being managed on a discretionary basis by an investment manager, such investment manager shall not be deemed to be such entity's controller for the purposes of this representation by reason only of it being able to control decision-making in relation to the entity's financial, investment and /or operating policies;

3. The Warrants shall only be purchased by a principal for its own account and not as an agent, nominee, trustee or representative of any other person and no agreement for the

issuance of a back-to-back offshore derivatives instrument ("**ODI**") (as such term is defined for the purposes of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 and notifications, circulars, rules and guidelines of the Securities and Exchange Board of India issued from time to time) (collectively referred to as the "**FPI Regulations**") can be entered into against the Warrants;

4. The Warrants shall only be offered to a "person regulated by an appropriate foreign regulatory authority" (a "**Regulated Entity**");
5. The Warrants shall not be offered to (a) an unregulated broad based fund, which is classified as a category II FPI under the terms of the FPI Regulations by virtue of their investment manager being appropriately regulated; or (b) a category III FPI under the terms of the FPI Regulations;
6. The Warrants shall not be purchased with the intent of circumventing or otherwise avoiding any requirements applicable under the FPI Regulations (including, without limitation, any restrictions applying to foreign portfolio investors (a "**Foreign Portfolio Investor**", as defined under The Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations, 2014 or "**FPI**") in relation to their issuances and/or other dealings in the Warrants with, Restricted Entities and persons/entities who are not Regulated Entities);
7. The Warrants cannot be sold, transferred, assigned or novated or otherwise disposed of and no back-to-back ODIs may be entered into and no agreement with respect to any of the foregoing may be entered into by the Warrantholder nominees, associates or affiliates (each, a "**Transfer**") with, an entity which is a Restricted Entity or an entity which is not a Regulated Entity; and
8. The Warrants shall not be offered, sold or transferred to a holder which has an opaque structure. However, as per the FPI Regulations, the holder satisfying the following criteria shall not be considered as having an opaque structure: (a) the holder is regulated in its home jurisdiction, or (b) each fund or sub-fund of the holder satisfies the broad based criteria and (c) the holder gives an undertaking to provide information regarding its beneficial owners as and when the Securities and Exchange Board of India seeks this information. For the purposes of the FPI Regulations, the term "broad based" fund is defined in Explanation 2 to Regulation 5 (A) of the FPI Regulations to mean a fund, established or incorporated outside India, which has at least twenty investors, with no investor holding more than forty-nine per cent. of the shares or units of the fund. **Provided that** if the broad based fund has an institutional investor who holds more than forty nine per cent. of the shares or units in the fund, then such institutional investor must itself be a broad based fund. Further, for ascertaining the number of investors in a fund, direct investors as well as underlying investors shall be considered. Only investors of entities which have been set up for the sole purpose of pooling funds and making investments shall be considered for the purpose of determining underlying investors.

For the purpose of sub-paragraphs (A)3. and (A)7. above and sub-paragraph (B)1. below, a "back-to-back ODI" shall not include the issue of any ODI issued by a party who has disclosed the terms and parties to such back-to-back ODI in the form and manner prescribed by the Securities and Exchange Board of India pursuant to the FPI Regulations (in particular, under Regulation 22 Sub-Regulation 3 of the FPI Regulations).

- (B) Further, by the purchase of any Warrants, each purchaser of the Warrants is deemed to have agreed and undertaken as follows (and for the avoidance of doubt, such agreements and undertakings shall survive the maturity or expiration date of such Warrants):

1. It will, in the case where it or its nominees, associates or affiliates sell, transfer, assign, novate or otherwise dispose of the Warrants to, or enter into any back-to-back ODIs or enter into an agreement with respect to any of the foregoing with any party:
  - (i) provide notice of these "Indian Selling Restrictions" to any person to whom a Transfer was made (the "**Transferee**"); and

- (ii) issue a written notice to the Issuer in such form as the Issuer may determine within two (2) Hong Kong business days after the Transfer;
2. The Issuer and its associates/affiliates are authorised to provide information in their possession regarding it, any Transferee, each of the nominees or associates/affiliates of it and/or the Transferee, the Warrants and any breach of these representations, warranties, agreements and undertakings to any Indian governmental or regulatory authorities (each, an "**Authority**") as the Issuer or its associates/affiliates reasonably deems necessary or appropriate in order to comply with regulations or requests of such Authority from time to time, including but not limited to disclosures in periodic reportings made by the Issuer or its associates/affiliates to any Authority;
3. It will and shall procure its nominees or associates/affiliates to, provide the Issuer or its associates/affiliates (as the case may be) promptly with such additional information that the Issuer or its associates/affiliates (as the case may be) reasonably deems necessary or appropriate in order to comply with regulations or requests of any Authority from time to time;
4. It acknowledges that non-compliance with, or breach, violation or contravention of, the obligations under these representations, warranties, agreements and undertakings that (including, without limitation, any restrictions with respect to a Transfer) ("**ODI Holder Obligations**") may result in non-compliance with, or breach, violation or contravention of, applicable laws, regulations, governmental orders or directions, regulatory sanctions against the Issuer and/or its associates/affiliates and cause irreparable harm to the Issuer and/or its associates/affiliates. Accordingly, it further acknowledges that, in the event of any non-compliance with, or breach, violation or contravention of the ODI Holder Obligations by it, the Issuer and/or its associates/affiliates may notify the Authority of the breach, violation or contravention and exercise any rights and take any measures available to the Issuer and/or its associates/affiliates under the terms of the Warrants including these "Indian Selling Restrictions", or any other measures to prevent, avoid, mitigate, remedy or cure such non-compliance, breach, violation or contravention, including but not limited to termination or compulsory redemption of the Warrants by the Issuer or its associates/affiliates; and
5. It will promptly notify the Issuer or its associates/affiliates should any of the representations, warranties, agreements and undertakings given by it changes or no longer holds true.

#### **Indonesia**

No registration statement with respect to this Base Prospectus and Final Terms has been and no such registration statement will be filed with the Financial Services Authority (*Otoritas Jasa Keuangan* or OJK) of the Republic of Indonesia. The Warrants, therefore, shall not be offered or sold or be the subject of an invitation for subscription or purchase, and this Base Prospectus, Final Terms or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Warrants, shall not be circulated or distributed, whether directly or indirectly, in the Republic of Indonesia or to Indonesian citizens, corporations or residents, except in a manner that will not be considered as a "**public offer**" under the prevailing law and regulations in the Republic of Indonesia.

#### **Japan**

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



## **Kingdom of Bahrain**

This Base Prospectus does not constitute an offer to: (i) the Public (as defined in Articles 142 - 146 of the Commercial Companies Law (decree Law No. 21/2001 of Bahrain)) in the Kingdom of Bahrain; or (ii) any person in the Kingdom of Bahrain who is not an "**accredited investor**".

For this purpose, an "**accredited investor**" means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000; or
- (c) government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

The Warrants have not been and will not be offered to (i) to the Public in the Kingdom of Bahrain except pursuant to the provisions of Articles 80-85 of the Central Bank of Bahrain and Financial Institutions Law; and (ii) except on a private placement basis to persons in the Kingdom of Bahrain who are accredited investors.

## **Korea**

The Warrants have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investment Services and Capital Markets Act of Korea and the decrees and regulations thereunder. The Warrants may not be offered or sold, directly or indirectly, or offered or sold for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Law of Korea and its Presidential Decree), except as otherwise permitted by the applicable Korean laws and regulations.

## **Malaysia**

No recognition by the Securities Commission of Malaysia pursuant to Section 212 of the Malaysian Capital Markets and Services Act 2007 nor approval of any other Malaysian regulatory authority has been or will be obtained in connection with the offer and sale of the Warrants in Malaysia nor will any prospectus or other offering material or document in connection with the offer and sale of the Warrants be registered or lodged with the Securities Commission of Malaysia or any other Malaysian regulatory authority. Accordingly, the Warrants are not being, and will not be deemed to be, issued, made available, offered for subscription or purchase, directly or indirectly, in Malaysia and neither this Base Prospectus nor any document or other material in connection therewith is being or will be distributed, circulated or caused to be distributed or circulated or made available, in Malaysia.

## **Mexico**

The Warrants have not been and will not be registered with the Mexican National Securities Registry (*Registro Nacional de Valores*) maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*) (the "**CNBV**"), and may not be offered or sold publicly in Mexico, except that the Warrants may be offered to institutional and qualified investors pursuant to the private placement exemption set forth in article 8 of the Mexican Securities Market Law (*Ley del Mercado de Valores*). The information contained in this Base Prospectus and in the Final Terms is exclusively the responsibility of the Issuer and has not been reviewed or authorised by the CNBV. The acquisition of the Warrants by an investor who is a resident of Mexico will be made under such investor's own responsibility.

## **New Zealand**

No prospectus, investment statement, or other disclosure document in relation to the Warrants or the Programme has been registered with, or approved by, any New Zealand regulatory authority, and it is a condition of the subscription of each prospective investor for Warrants that they are a person to whom an offer or invitation in relation to the Programme or the Warrants does not (of itself) create an obligation on

the Issuer to prepare, register and provide either an investment statement or prospectus under the Securities Act 1978 of New Zealand ("**NZ Securities Act**") on the basis that they are either:

- (a) not resident in New Zealand and were not present in New Zealand at the time they accepted the offer or invitation; or
- (b) a person whose principal business is the investment of money or a person who, in the course of and for the purpose of their business, habitually invests money within the meaning of section 3(2)(a)(ii) of the NZ Securities Act; or
- (c) a person who is required to pay (and does pay) a minimum subscription price of at least NZ\$500,000 for the Warrants or who has, in the last 18 months, paid a minimum subscription price of at least NZ\$500,000 for Warrants (or other securities of the Issuer) in a single transaction (disregarding any amount lent by the Issuer, or any associated person of the Issuer), in each case before the allotment of those Warrants; or
- (d) a person who is an "eligible person" as that term is defined in section 5(2CC) of the NZ Securities Act; or
- (e) a person who, in all the circumstances, can properly be regarded as having been selected otherwise than as a member of the public in terms of the NZ Securities Act; or
- (f) in other circumstances where there is no contravention of the NZ Securities Act (or any statutory modification or re-enactment of, or statutory substitution for, the NZ Securities Act).

In connection with the distribution of the Warrants, each prospective investor:

- (a) has not (directly or indirectly) offered or invited, and will not offer or invite, applications for the issue, sale or purchase of the Warrants in, to or from New Zealand (including an offer or invitation which is received by a person in New Zealand); and
- (b) has not distributed or published, and will not distribute or publish, this Base Prospectus or any other offering material or advertisement relating to the Warrants in New Zealand,

unless each offeree is:

- (a) not resident in New Zealand and was not present in New Zealand at the time they accepted the offer or invitation; or
- (b) a person whose principal business is the investment of money or a person who, in the course of and for the purpose of their business, habitually invests money within the meaning of section 3(2)(a)(ii) of the NZ Securities Act; or
- (c) a person who is required to pay (and does pay) a minimum subscription price of at least NZ\$500,000 for the Warrants or who has, in the last 18 months, paid a minimum subscription price of at least NZ\$500,000 for Warrants (or other securities of the Issuer) in a single transaction (disregarding any amount lent by the Issuer, or any associated person of the Issuer), in each case before the allotment of those Warrants; or
- (d) a person who is an "eligible person" as that term is defined in section 5(2CC) of the NZ Securities Act; or
- (e) a person who, in all the circumstances, can properly be regarded as having been selected otherwise than as a member of the public in terms of the NZ Securities Act; or
- (f) in other circumstances where there is no contravention of the NZ Securities Act (or any statutory modification or re-enactment of, or statutory substitution for, the NZ Securities Act).

## **People's Republic of China**

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

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

"**PRC Citizens**" means any person holding a "Resident Identification Card" or other equivalent government issued identification of the PRC.

In respect of Warrants other than PRC-Linked Warrants, the Warrants may not be offered or sold, directly or indirectly, in the PRC, except as permitted by the securities laws of the PRC.

In respect of Warrants other than PRC-Linked Warrants, this Base Prospectus or any information obtained by reference herein relating to the Warrants does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC. This Base Prospectus, any information contained herein or the Warrants have not been, or will not be, submitted to, approved by, verified by or registered with any relevant governmental authorities in the PRC and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Warrants in the PRC. The Issuer does not represent that this Base Prospectus may be lawfully distributed, or that any Warrants may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any Warrants or distribution of this Base Prospectus in the PRC.

In respect of Warrants other than PRC-Linked Warrants, the Warrants may only be invested in by the PRC investors that are authorised to engage in investing in the Warrants of the type being offered or sold. Investors are responsible for obtaining all relevant government approvals, verifications, licenses or registrations (if any) from all relevant PRC governmental authorities, including, but not limited to, the State Administration of Foreign Exchange and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, any relevant foreign exchange regulations and/ or overseas investment regulations.

## **Philippines**

The Warrants being offered or sold herein have not been registered with the Philippine Securities and Exchange Commission under the Securities Regulation Code of the Philippines ("**SRC**"). Any offer or sale thereof in the Philippines is prohibited unless the Warrants have first been registered in accordance with the registration requirements of the SRC or such offer or sale qualifies as an exempt transaction.

Each of the following restrictions must be observed by Warranholders in relation to sales, transfers or disposals of all or any part of its legal or beneficial interests in the Warrants or offers to do so:

- (a) To the extent that the Warrants are offered, sold or distributed in the Philippines, the Warranholder, by purchasing the Warrants, agrees for the benefit of the Issuer that the Warrants may not be subsequently offered, sold, pledged or otherwise transferred except in compliance with Philippine laws and regulations (in addition to the laws of other jurisdictions, as applicable) and may be offered, sold or distributed only to "Qualified Buyers" as defined under Subsection 10.1(l) of the SRC.
- (b) No Warranholder shall sell, transfer or otherwise dispose of all or part of its legal or beneficial interests in the Warrants to another person or persons nor offer to do so, unless such sale, transfer,

disposal or offer is subject to the condition that such person(s) shall undertake to observe the restrictions set out herein.

Without limitation to paragraphs (a) and (b) above, each Warrantholder shall observe all applicable laws and regulations in the Philippines in connection with the offer, sale, transfer or other disposition of all or any part of its legal or beneficial interests in the Warrants or the distribution of any document or other material in connection therewith.

### **Russia**

The Warrants have not been and will not be offered, transferred or sold as part of their initial distribution or at any time thereafter to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation unless and to the extent otherwise permitted under Russian law.

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

### **Saudi Arabia**

No action has been or will be taken in Saudi Arabia that would permit a public offering of the Warrants. Any investor in Saudi Arabia or who is a Saudi person (a "**Saudi Investor**") who acquires any Warrants pursuant to an offering should note that the offer of Warrants is a private placement under Article 10 or Article 11 of the "Offer of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the "**KSA Regulations**"), through a person authorised by the Capital Market Authority ("**CMA**") to carry on the securities activity of arranging and following a notification to the CMA under the KSA Regulations.

The Warrants may thus not be advertised, offered or sold to any person in Saudi Arabia other than to "sophisticated investors" under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations.

The offer of the Warrants shall not therefore constitute a "public offer" pursuant to the KSA Regulations, but is subject to the following restrictions on secondary market activity pursuant to Article 17 of the KSA Regulations:

- (a) a Person (the "**transferor**") who has acquired Warrants may not offer or sell such Warrants or part thereof to any Person (referred to as a "**transferee**") unless: (i) the transfer is made through an entity licensed by the CMA; (ii)(A) the price to be paid by the transferee for such Warrants in any one transaction equals or exceeds Saudi Riyals 1 million; (B) the transferee is a sophisticated investor (as described in the KSA Regulations); or (C) the Warrants are being offered or sold in such other circumstances as the CMA may prescribe;
- (b) if the provisions of paragraph (a)(ii)(A) cannot be fulfilled because the price of the Warrants being offered or sold to the transferee has declined since the date of the original offer to sophisticated investors, the transferor may offer or sell the Warrants to the transferee if their purchase price during the period of the original offer was equal to or exceeded Saudi Riyals 1 million;
- (c) if the provisions of paragraph (b) cannot be fulfilled, the transferor may offer or sell the Warrants if he sells his entire holding of the Warrants to one transferee; and
- (d) the provisions of paragraphs (a) to (c) shall apply to all subsequent transferees of the Warrants.

### **Singapore**

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") and, accordingly, the Warrants may not be offered or sold, nor may the Warrants be the subject of an invitation for subscription

or purchase, whether directly or indirectly, nor may this document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Warrants be circulated or distributed, whether directly or indirectly, to any person in Singapore other than:

- (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (in the case of a business trust) Section 282Y of the SFA;
- (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Warrants are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Warrants pursuant to an offer made under Section 275 of the SFA except:

1. to an institutional investor (under Section 274 of the SFA), or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;
2. where no consideration is or will be given for the transfer;
3. where the transfer is by operation of law;
4. as specified in Section 276(7) of the SFA; or
5. as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

### **Switzerland**

The Warrants do not constitute participations in a collective investment scheme within the meaning of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 ("CISA"). Therefore, the Warrants are not subject to the approval of, or supervision by, the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**") and investors in the Warrants will not benefit from protection under the CISA or supervision by FINMA.

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

The Issuer reserves the right to set forth all information which may be required to be disclosed in a simplified prospectus pursuant to Article 5 CISA in a separate document referred to as "Final Terms"

and/or "Simplified Prospectus" (the "**Simplified Prospectus**") for Warrants distributed (such term including any offering and advertising) to qualified investors according to Article 10 Paras. 3 to 4 CISA ("**Qualified Investors**") or non-qualified investors within the meaning of the CISA ("**Non-Qualified Investors**").

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

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

Warrants constituting Structured Products which are not intended to be distributed to Non-Qualified Investors in or from Switzerland may only be offered or advertised, and any Final Terms, fact sheets or any other marketing material relating to such Warrants may only be distributed, offered or made available to Qualified Investors in or from Switzerland by way of private placement which is exclusively addressed to and available for such Qualified Investors. The respective Final Terms, fact sheets or any other marketing material may not be distributed, copied, published or otherwise made public or available for Non-Qualified Investors.

#### **Taiwan**

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

Warrants linked to Taiwanese Reference Assets (including those underlying a Reference Index) (for the purpose of this section, the "**Taiwan-Linked Warrants**") are not permitted to be sold to (i) a resident(s) of the People's Republic of China (excluding Hong Kong, Macau and Taiwan, for the current purpose, the "**PRC**") or an entity(ies) domiciled in the PRC ("**PRC Person**"), (ii) an entity(ies) established outside the PRC (including an entity(ies) established in Hong Kong or Macau) that is controlled by a PRC Person(s) or (iii) an entity(ies) established outside the PRC (including an entity(ies) established in Hong Kong or Macau) which is more than thirty per cent. (30 per cent.) owned, directly or indirectly, by a PRC Person(s).

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

#### **Thailand**

This Base Prospectus, Final Terms and any other documents and material in connection with the Warrants have not been registered or approved by the Securities and Exchange Commission of Thailand. This Base Prospectus, Final Terms and any other documents and material in connection with the Warrants may be provided to a person in Thailand solely upon request or intended solely for the purpose of review and consideration by the Securities and Exchange Commission of Thailand in relation to applicable approval on offshore investment in the Warrants. They are not intended to be an offer, sale or invitation for subscription or purchase of securities in Thailand and must not be circulated, distributed, offered, solicited, or made available either directly or indirectly, to public or any members of the public in Thailand. The purchase of and investment in the Warrants is subject to the conditions that all consents, approvals and filings (if any) necessary for the purchase of and investment in the Warrants by the relevant investor(s) have been obtained or made, and are in full force and effect, and all conditions of such consents have been and will be complied with; and that the purchase of and investment in the Warrants does not and will not violate or exceed any investment or foreign exchange limits (if applicable) and/or any restriction on foreign currency asset holding (if applicable) imposed on the relevant investor(s) by any applicable laws and regulations of Thailand.

### **United Arab Emirates (excluding the Dubai International Financial Centre)**

The Warrants have not and may not be offered, sold, publicly promoted or advertised in the UAE other than in compliance with any laws applicable in the UAE governing the issue, offering and sale of securities.

### **United States of America**

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

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

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

### **Vietnam**

The Warrants may not be offered or sold directly or indirectly in Vietnam or to, or for the benefit of, any resident in Vietnam (which term as used in this Base Prospectus shall have the same meaning as that defined in the 2005 Ordinance on Foreign Exchange (as amended by the 2013 Ordinance on Foreign Exchange), which include (a) any corporation or other entity incorporated under the laws of Vietnam and operating in Vietnam (including any branch of a foreign bank or any branch or management office of a foreign company, a "**Vietnamese entity**"), (b) any Vietnamese citizen residing in Vietnam or residing abroad for a period of less than 12 months, or any Vietnamese entity's representative office established in any other country together with any Vietnamese citizen (and his or her accompanying family members) working for such representative office, and (c) any foreigners residing in Vietnam for a period of 12 months or more, except for those who immigrate to Vietnam for study, medical treatment, tourism or working for diplomatic agencies, consulates or foreign organisations' representative offices in Vietnam). Unless permitted under the securities laws of Vietnam, no advertisement, invitation or document relating to the Warrants will be issued in Vietnam.

## TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

*This section sets out restrictions on transfers of the Warrants in different jurisdictions which may be applicable to a purchaser of the Warrants and a number of representations which the purchaser is deemed to make in respect of the Warrants.*

### 1. Transfer restrictions

Each purchaser of the Warrants will be subject to the transfer restrictions below under the headings "Australia", "India", "Korea", "Malaysia", "People's Republic of China", "United States", "Taiwan" and "Vietnam" together with any other transfer restrictions listed below to the extent the country heading corresponds to the Reference Jurisdiction (as specified in the relevant Final Terms) of the relevant Series of Warrants. By purchasing the Warrants, each purchaser of the Warrants shall be deemed to have agreed to (1) comply with such transfer restrictions as at the date on which it acquires (whether through purchase, exchange or other transfer), redeems, exercises or sells any of the Warrants; and (2) provide notice of all applicable transfer restrictions to any subsequent transferees of the Warrants.

#### AUSTRALIA

NO PROSPECTUS OR OTHER DISCLOSURE DOCUMENT (AS DEFINED IN THE CORPORATIONS ACT) IN RELATION TO THE PROGRAMME OR THE WARRANTS HAS BEEN, OR WILL BE, LODGED WITH ASIC OR THE ASX. THE PURCHASER IS A "**PROFESSIONAL INVESTOR**" WITHIN THE MEANING OF SECTION 708(11) OF THE CORPORATIONS ACT AND, UNLESS THE RELEVANT FINAL TERMS OTHERWISE PROVIDES, IN CONNECTION WITH THE DISTRIBUTION OF THE WARRANTS, IT:

- (A) SHALL NOT (DIRECTLY OR INDIRECTLY) OFFER OR INVITE APPLICATIONS FOR THE ISSUE, SALE OR PURCHASE OF THE WARRANTS IN, TO OR FROM AUSTRALIA (INCLUDING AN OFFER OR INVITATION WHICH IS RECEIVED BY A PERSON IN AUSTRALIA); AND
- (B) SHALL NOT DISTRIBUTE OR PUBLISH THIS BASE PROSPECTUS OR ANY OTHER OFFERING MATERIAL OR ADVERTISEMENT RELATING TO THE WARRANTS IN AUSTRALIA,

UNLESS:

- I. EACH OFFEREE, AND ANY PERSON ON WHOSE ACCOUNT OR BEHALF AN OFFEREE IS ACTING, IS A "PROFESSIONAL INVESTOR" WITHIN THE MEANING OF SECTION 708(11) OF THE CORPORATIONS ACT; AND
- II. SUCH ACTION COMPLIES WITH ALL APPLICABLE LAWS, REGULATIONS AND DIRECTIVES AND DOES NOT REQUIRE ANY DOCUMENT TO BE LODGED WITH ASIC OR ASX.

#### INDIA

In respect of Warrants linked to Indian Reference Assets (including those underlying a Reference Index):

- (I) THE WARRANTS ARE NOT BEING PURCHASED BY A "**RESTRICTED ENTITY**", MEANING THAT IT IS NOT A "PERSON RESIDENT IN INDIA" (AS SUCH TERM IS DEFINED IN THE INCOME TAX ACT, 1961, AS MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME), OR, (II), A "NON-RESIDENT INDIAN" (AS SUCH TERM IS DEFINED IN THE INCOME TAX ACT, 1961, AS MAY BE AMENDED FROM TIME TO TIME);
- (II) THE WARRANTS ARE NOT BEING PURCHASED BY A PERSON/ENTITY WHOSE CONTROLLER(S) IS/ARE A RESTRICTED ENTITY, WHERE (A) "**CONTROLLER**" MEANS ANY PERSON OR GROUP OF PERSONS (ACTING PURSUANT TO ANY AGREEMENT OR UNDERSTANDING (WHETHER FORMAL OR INFORMAL, WRITTEN OR OTHERWISE)) WHO IS/ARE ENTITLED TO EXERCISE OR CONTROL THE



EXERCISE OF A MAJORITY OR MORE OF THE VOTING POWER OF AN ENTITY OR WHO HOLDS OR IS OTHERWISE ENTITLED TO A MAJORITY OR MORE OF THE ECONOMIC INTEREST IN SUCH ENTITY OR WHO IN FACT EXERCISES CONTROL OVER SUCH ENTITY; AND (B) "**CONTROL**" MEANS THE ABILITY TO APPOINT A MAJORITY OR MORE OF THE DIRECTORS OF AN ENTITY, OR THE CAPACITY TO CONTROL DECISION-MAKING, DIRECTLY OR INDIRECTLY, IN RELATION TO THE FINANCIAL, INVESTMENT AND/OR OPERATING POLICIES OF AN ENTITY IN ANY MANNER, **PROVIDED THAT**, IN THE CASE ONLY WHERE AN ENTITY'S INVESTMENTS ARE BEING MANAGED ON A DISCRETIONARY BASIS BY AN INVESTMENT MANAGER, SUCH INVESTMENT MANAGER SHALL NOT BE DEEMED TO BE SUCH ENTITY'S CONTROLLER FOR THE PURPOSES OF THE ABOVE BY REASON ONLY OF IT BEING ABLE TO CONTROL DECISION-MAKING IN RELATION TO THE ENTITY'S FINANCIAL, INVESTMENT AND /OR OPERATING POLICIES;

- (III) THE WARRANTS ARE NOT BEING PURCHASED WITH THE INTENT OF CIRCUMVENTING OR OTHERWISE AVOIDING ANY REQUIREMENTS APPLICABLE UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (FOREIGN PORTFOLIO INVESTORS) REGULATIONS, 2014, AS MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, AND NOTIFICATIONS, CIRCULARS, RULES AND GUIDELINES OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (COLLECTIVELY REFERRED TO AS THE "**FPI REGULATIONS**") (INCLUDING, WITHOUT LIMITATION, ANY RESTRICTIONS APPLYING TO FOREIGN PORTFOLIO INVESTORS ("**FPI**") IN RELATION TO THEIR ISSUANCES AND/OR OTHER DEALINGS OF OFFSHORE DERIVATIVE INSTRUMENTS (AS SUCH TERM IS DEFINED FOR THE PURPOSES OF REGULATION 22 OF THE FPI REGULATIONS) WITH, RESTRICTED ENTITIES OR UNREGULATED ENTITIES (AS HEREINAFTER DEFINED));
- (IV) THAT THE HOLDER IS A "PERSON REGULATED BY AN APPROPRIATE FOREIGN REGULATORY AUTHORITY" (A "**REGULATED ENTITY**");
- (V) THAT THE HOLDER IS NOT (A) AN UNREGULATED BROAD BASED FUND, WHICH IS CLASSIFIED AS A CATEGORY II FPI UNDER THE TERMS OF THE FPI REGULATIONS BY VIRTUE OF THEIR INVESTMENT MANAGER BEING APPROPRIATELY REGULATED; OR (B) A CATEGORY III FPI UNDER THE TERMS OF THE FPI REGULATIONS;
- (VI) THAT THE WARRANTS ARE BEING PURCHASED BY THE HOLDER AS A PRINCIPAL FOR ITS OWN ACCOUNT AND NOT AS AN AGENT, NOMINEE, TRUSTEE OR REPRESENTATIVE OF ANY OTHER PERSON AND THE HOLDER HAS NOT ENTERED INTO ANY AGREEMENT FOR THE ISSUANCE OF A BACK-TO-BACK ODI<sup>1</sup> AGAINST THE WARRANTS;
- (VII) THAT THE WARRANTS SHALL NOT BE, DIRECTLY OR INDIRECTLY, SOLD, TRANSFERRED, ASSIGNED, NOVATED OR OTHERWISE DISPOSED OF TO NOR ANY BACK-TO-BACK ODIS<sup>2</sup> OR AGREEMENT WITH RESPECT TO ANY OF THE FOREGOING ENTERED INTO WITH AN ENTITY WHICH IS A RESTRICTED ENTITY OR AN ENTITY WHICH IS NOT A REGULATED ENTITY (AN "**UNREGULATED ENTITY**");

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<sup>1</sup> For the purposes of this paragraph VI, a "back-to-back ODI" shall not include the issue of any ODI to be issued by a holder who has disclosed the terms and parties to such back-to-back ODI in the form and manner prescribed by the Securities and Exchange Board of India pursuant to the FPI Regulations (in particular under Regulation 22 Sub-Regulation 3 of the FPI Regulations).

<sup>2</sup> For the purposes of this paragraph VII, a "back-to-back ODI" shall not include the issue of any ODI to be issued by a holder who makes monthly or periodic disclosure of ODI transactions to the Securities and Exchange Board of India and will disclose the terms and parties to such back-to-back ODI in the form and manner prescribed by the Securities and Exchange Board of India pursuant to the FPI Regulations (in particular under Regulation 22 Sub-Regulation 3 of the FPI Regulations).

- (VIII) THAT THE WARRANTS SHALL NOT BE OFFERED, SOLD OR TRANSFERRED TO A HOLDER HAVING AN OPAQUE STRUCTURE. HOWEVER, AS PER THE FPI REGULATIONS, THE HOLDER SATISFYING THE FOLLOWING CRITERIA SHALL NOT BE CONSIDERED AS HAVING AN OPAQUE STRUCTURE: (A) THE HOLDER IS REGULATED IN ITS HOME JURISDICTION, OR (B) EACH FUND OR SUB-FUND OF THE HOLDER SATISFIES THE BROAD BASED CRITERIA AND (C) THE HOLDER GIVES AN UNDERTAKING TO PROVIDE INFORMATION REGARDING ITS BENEFICIAL OWNERS AS AND WHEN THE SECURITIES AND EXCHANGE BOARD OF INDIA SEEKS THIS INFORMATION. FOR THE PURPOSES OF THE FPI REGULATIONS, THE TERM "BROAD BASED" FUND IS DEFINED IN EXPLANATION 2 TO REGULATION 5 (A) OF THE FPI REGULATIONS TO MEAN A FUND, ESTABLISHED OR INCORPORATED OUTSIDE INDIA, WHICH HAS AT LEAST TWENTY INVESTORS, WITH NO INVESTOR HOLDING MORE THAN FORTY-NINE PER CENT. OF THE SHARES OR UNITS OF THE FUND. **PROVIDED THAT** IF THE BROAD BASED FUND HAS AN INSTITUTIONAL INVESTOR WHO HOLDS MORE THAN FORTY NINE PER CENT. OF THE SHARES OR UNITS IN THE FUND, THEN SUCH INSTITUTIONAL INVESTOR MUST ITSELF BE A BROAD BASED FUND. FURTHER, FOR ASCERTAINING THE NUMBER OF INVESTORS IN A FUND, DIRECT INVESTORS AS WELL AS UNDERLYING INVESTORS SHALL BE CONSIDERED. ONLY INVESTORS OF ENTITIES WHICH HAVE BEEN SET UP FOR THE SOLE PURPOSE OF POOLING FUNDS AND MAKING INVESTMENTS SHALL BE CONSIDERED FOR THE PURPOSE OF DETERMINING UNDERLYING INVESTORS;
- (IX) THE ISSUER AND ITS ASSOCIATES/AFFILIATES ARE AUTHORISED TO PROVIDE INFORMATION IN THEIR POSSESSION REGARDING THE HOLDER, THE PROPOSED TRANSFEREE, THE NOMINEES OR ASSOCIATES/AFFILIATES OF THE HOLDER AND/OR THE PROPOSED TRANSFEREE, THE WARRANTS AND ANY BREACH OF THESE LEGENDS TO ANY INDIAN GOVERNMENTAL OR REGULATORY AUTHORITY (EACH, AN "**AUTHORITY**") AS THE ISSUER OR ITS ASSOCIATES/AFFILIATES REASONABLY DEEMS NECESSARY OR APPROPRIATE IN ORDER TO COMPLY WITH REGULATIONS OR REQUESTS OF SUCH AUTHORITY FROM TIME TO TIME, INCLUDING BUT NOT LIMITED TO DISCLOSURES IN PERIODIC REPORTINGS MADE BY THE ISSUER OR ASSOCIATES/AFFILIATES OF THE ISSUER TO ANY AUTHORITY;
- (X) THE HOLDER WILL, AND SHALL PROCURE THAT THE NOMINEES OR ASSOCIATES/AFFILIATES OF THE HOLDER TO, AT THE SOLE OPTION OF THE ISSUER OR ITS ASSOCIATES/AFFILIATES, EITHER (A) PROVIDE THE ISSUER OR ITS ASSOCIATES/AFFILIATES PROMPTLY WITH SUCH ADDITIONAL INFORMATION THAT THE ISSUER OR ITS ASSOCIATES/AFFILIATES REASONABLY DEEMS NECESSARY OR APPROPRIATE IN ORDER TO COMPLY WITH REGULATIONS OR REQUESTS OF ANY AUTHORITY FROM TIME TO TIME (SUCH INFORMATION, THE "**ADDITIONAL INFORMATION**"), OR (B) SUBJECT TO SUCH AUTHORITY ACCEPTING SUCH DIRECT PROVISION, PROMPTLY PROVIDE SUCH ADDITIONAL INFORMATION DIRECTLY TO SUCH AUTHORITY AND PROMPTLY CONFIRM IN WRITING TO THE ISSUER THAT IT HAS DONE SO; AND
- (XI) NON-COMPLIANCE WITH, OR BREACH, VIOLATION OR CONTRAVENTION OF, THE OBLIGATIONS UNDER HEREIN (INCLUDING, WITHOUT LIMITATION, ANY RESTRICTIONS WITH RESPECT TO A TRANSFER ("**ODI HOLDER OBLIGATIONS**") MAY RESULT IN NON-COMPLIANCE WITH, OR BREACH, VIOLATION OR CONTRAVENTION OF, APPLICABLE LAWS, REGULATIONS, GOVERNMENTAL ORDERS OR DIRECTIONS, REGULATORY SANCTIONS AGAINST THE ISSUER AND/OR ITS ASSOCIATES/AFFILIATES AND CAUSE IRREPARABLE HARM TO THE ISSUER AND/OR ITS ASSOCIATES/AFFILIATES. ACCORDINGLY, THE HOLDER FURTHER ACKNOWLEDGES THAT, IN THE EVENT OF ANY NON-COMPLIANCE WITH, OR BREACH, VIOLATION OR CONTRAVENTION OF THE ODI HOLDER OBLIGATIONS BY THE HOLDER, THE ISSUER AND/OR ITS ASSOCIATES/AFFILIATES MAY NOTIFY THE AUTHORITY OF THE BREACH, VIOLATION OR CONTRAVENTION AND EXERCISE ANY RIGHTS AND TAKE ANY MEASURES AVAILABLE TO IT UNDER THE TERMS OF THE WARRANTS, OR ANY OTHER MEASURES TO PREVENT, AVOID, MITIGATE, REMEDY OR CURE SUCH NON-COMPLIANCE, BREACH,

VIOLATION OR CONTRAVENTION, INCLUDING BUT NOT LIMITED TO EARLY REDEMPTION OF THE WARRANTS BY THE ISSUER OR ITS ASSOCIATES/AFFILIATES AND COMPELLING THE TRANSFEREE TO REDEEM ANY WARRANTS HELD BY SUCH TRANSFEREE.

#### **KOREA**

ANY TRANSFER OF WARRANTS TO A KOREAN RESIDENT AS THE TERM IS DEFINED IN THE FOREIGN EXCHANGE TRANSACTION LAW OF KOREA AND ITS PRESIDENTIAL DECREE SHALL GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY WARRANTS HELD BY SUCH TRANSFEREE.

#### **MALAYSIA**

ANY PLEDGE, SALE OR OTHER TRANSFER OF WARRANTS TO A PERSON THAT IS A MALAYSIAN RESIDENT AS THE TERM IS DEFINED IN THE PROSPECTUS SHALL GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY WARRANTS HELD BY SUCH TRANSFEREE. THE FOREGOING SHALL NOT APPLY TO ANY PLEDGE, SALE OR OTHERWISE TRANSFER OF WARRANTS WHERE:

- (A) SUCH PLEDGE, SALE OR TRANSFER TO OR FOR THE BENEFIT OF A RESIDENT IS WHOLLY CONDUCTED OUTSIDE MALAYSIA; AND
- (B) THE INVESTMENT BY SUCH PERSON IN THE WARRANTS IS IN ACCORDANCE WITH THE PROVISIONS OF THE MALAYSIAN EXCHANGE CONTROL ACT 1953 AND THE NOTICES ISSUED THEREUNDER.

#### **PEOPLE'S REPUBLIC OF CHINA**

In respect of Warrants linked to PRC Reference Assets (including those underlying a Reference Index):

ANY PLEDGE, SALE OR OTHER TRANSFER OF WARRANTS TO A PERSON THAT IS A "DOMESTIC INVESTOR", OR TO ANY PERSON USING FUNDS TO PURCHASE WARRANTS SOURCED FROM A "DOMESTIC INVESTOR", AS THE TERM IS DEFINED IN THE PROSPECTUS SHALL GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY WARRANTS HELD BY SUCH TRANSFEREE.

#### **TAIWAN**

In respect of Warrants linked to Taiwanese Reference Assets (including those underlying a Reference Index):

NO OFFERS OR DISTRIBUTIONS OF THE WARRANTS AND ANY DOCUMENTS RELATING TO THE WARRANTS ARE PERMITTED IN TAIWAN.

ANY SALE OR OTHER TRANSFER OF WARRANTS TO (I) A RESIDENT(S) OF THE PRC (EXCLUDING HONG KONG AND MACAU FOR THE CURRENT PURPOSE) OR AN ENTITY(IES) DOMICILED IN THE PRC ("**PRC PERSON**"), (II) AN ENTITY(IES) ESTABLISHED OUTSIDE THE PRC (INCLUDING AN ENTITY(IES) ESTABLISHED IN HONG KONG OR MACAU) THAT IS CONTROLLED BY A PRC PERSON(S) OR (III) AN ENTITY(IES) ESTABLISHED OUTSIDE THE PRC (INCLUDING AN ENTITY(IES) ESTABLISHED IN HONG KONG OR MACAU) WHICH IS MORE THAN THIRTY PERCENT (30%) OWNED, DIRECTLY OR INDIRECTLY, BY A PRC PERSON(S) SHALL GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY WARRANTS HELD BY SUCH TRANSFEREE.

WARRANTS ARE NOT PERMITTED TO BE SOLD TO ANY HOLDER UTILISING FUNDS SOURCED FROM TAIWAN OR THE PRC FOR THE PURPOSES OF PURCHASING THE WARRANTS.

## UNITED STATES

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

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

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

Each purchaser of Warrants represented by a Restricted Global Registered Warrant or a Combined Global Registered Warrant will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S are used herein as defined therein):

- (1) That either: (a) in the case of the issue or transfer of a Warrant to or for a person who takes delivery in the form of Warrants represented by a Restricted Global Registered Warrant, (A) the purchaser is a qualified institutional buyer within the meaning of Rule 144A, (B) it is acquiring the Warrant for its own account or for the account of a qualified institutional buyer, and (C) each beneficial owner of such Warrant is aware that the sale of the Warrant to it is being made in reliance on Rule 144A, or (b) in the case of the issue or transfer of a Warrant to or for a person who takes delivery in the form of Warrants represented by a Combined Global Registered Warrant, either (A)(i) the purchaser is a qualified institutional buyer within the meaning of Rule 144A, (ii) it is acquiring the Warrant for its own account or for the account of a qualified institutional buyer, and (iii) each beneficial owner of such Warrant is aware that the sale of the Warrant to it is being made in reliance on Rule 144A, or (B) the purchaser is outside the United States, is not a U.S. person and is aware that the sale of the Warrant is being made in reliance on Regulation S.
- (2) The purchaser understands that the Restricted Global Registered Warrants and Combined Global Registered Warrants are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Warrants offered hereby have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.
- (3) The purchaser understands that certificates representing Restricted Global Registered Warrants or Combined Global Registered Warrants will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THIS WARRANT HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE STATE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. EACH PURCHASER OF THIS WARRANT IS HEREBY NOTIFIED THAT THE SELLER OF THIS WARRANT MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

THE HOLDER HEREOF, BY PURCHASING THIS WARRANT, AGREES FOR THE BENEFIT OF THE ISSUER THAT THIS WARRANT MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (A) IN THE

UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), (B) TO NON-U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 (IF AVAILABLE) OR (D) TO THE ISSUER OR ITS AFFILIATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR THE RESALE OF WARRANTS REPRESENTED HEREBY. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS WARRANT FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

EACH PURCHASER OR TRANSFEREE OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL BE DEEMED BY ITS ACQUISITION AND HOLDING OF THIS WARRANT TO HAVE REPRESENTED AND AGREED EITHER THAT (I) IT IS NOT (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), THAT IS SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DESCRIBED IN SECTION 4975(E)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") TO WHICH SECTION 4975 OF THE CODE APPLIES, (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE, "PLAN ASSETS" BY REASON OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**") OR (D) ANY EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "**SIMILAR LAW PLAN**"), OR (II) ITS PURCHASE, HOLDING AND DISPOSITION OF THIS WARRANT (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW."

- (4) Each purchaser of Restricted Global Registered Warrants or Combined Global Registered Warrants acknowledges that the Issuer, the Registrar, the Managers and their Affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Global Registered Warrants or Combined Global Registered Warrants for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (5) Each purchaser or transferee by its purchase of any Warrant (or any interest therein) will be deemed to represent, on each day from the date on which the purchaser or transferee acquires a Warrant through and including the date on which the purchaser or transferee disposes of its interest in such offered Warrant, either that (a) it is not a Plan or a Similar Law Plan, including any entity whose underlying assets include the assets of any Plan or Similar Law Plan for purposes of ERISA or any Similar Law, respectively or (b) its purchase, holding and disposition of such Warrant (or any interest therein) will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of any Similar Law. The capitalised terms in this paragraph are as defined in section headed "*Certain ERISA Considerations*" of this Base Prospectus.

## **VIETNAM**

ANY PLEDGE, SALE OR OTHER TRANSFER OF WARRANTS TO A PERSON THAT IS A VIETNAMESE RESIDENT AS THE TERM IS DEFINED IN THE PROSPECTUS AND/OR THE FINAL TERMS SHALL GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY WARRANTS HELD BY SUCH TRANSFEREE.

## 2. **Investor Representations**

Each purchaser of the Warrants, by its purchase of the Warrants, will be deemed to represent, warrant, undertake, acknowledge and agree, to, with and for the benefit of the Issuer, the Programme Arranger, each Manager and each affiliate of the Issuer to which it acquires the Warrants from, as at the date on which it acquires (whether through purchase, exchange or other transfer), redeems, exercises or sells any of the Warrants, as follows:

- 2.1 It represents and warrants that it has all requisite power and authority in connection with the purchase and holding of the Warrants, and its acquisition of and payment for any Warrants do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets.
- 2.2 It represents and warrants that it is not purchasing any Warrants with a view toward resale, distribution or other disposition thereof in violation of the Securities Act. It further agrees that none of the Warrants acquired by it or any interest therein may ever be offered, sold, pledged, assigned, delivered or otherwise transferred or exercised or redeemed by it, directly or indirectly, (including, without limitation, through a conditional contract to sell, or through a grant of an option to purchase, or through any other hedge of its long position in any of the Warrant), except (x) to the Issuer or a Manager or (y) in accordance with applicable securities laws of any state of the United States and in accordance with Rule 144A or Regulation S, as applicable, exclusively through the Issuer to persons reasonably believed by the transferor to be Eligible Investors at the time of the transfer.
- 2.3 It acknowledges and agrees that the Issuer has the right, at its option, to compel any legal or beneficial owner of Warrants that has acquired such Warrants in violation of the transfer restrictions thereon or the representations, warranties, undertakings, acknowledgements and agreements in this section (*Transfer Restrictions and Investor Representations*) at the time it acquired such Warrants to redeem the Warrants held by such legal or beneficial owner.
- 2.4 It acknowledges and agrees that the Issuer, the Programme Arranger and each Manager will rely upon the representations, warranties, undertakings, acknowledgments and agreements set out in this section (*Transfer Restrictions and Investor Representations*) in connection with offering and sales, from time to time, of Warrants.
- 2.5 It acknowledges that information contained in this Base Prospectus and the Final Terms and the termsheet relating to the Warrants shall not be considered investment advice or a recommendation to acquire such Warrants.
- 2.6 It represents and agrees that it shall not acquire any Warrants, unless:
  - (i) it acquires such Warrants solely for its own account or for the account of one or more entities each of which it exercises at such time sole investment discretion and for each of which it has at such time full power and is duly authorised to make the representations, warranties, undertakings, acknowledgements and agreements set forth in this section (*Transfer Restrictions and Investor Representations*), based upon its own judgment and upon advice of such business, financial, investment, legal, regulatory, accounting, tax or other advisers as it deems necessary;
  - (ii) apart from this Base Prospectus and any relevant Final Terms, it has not relied upon any communication (written or oral) of the Issuer, the Programme Arranger or any Manager, or any of their respective Affiliates, representatives or agents with respect to the business, financial, investment, legal, regulatory, accounting, tax or other implications of the investment in such Warrants in assessing the merits, risks and suitability of subscribing for or purchasing the Warrants, and it will only invest in the Warrants after carefully considering, with its financial, legal, regulatory, tax, accounting and other advisers, the suitability of the Warrants in light of its particular circumstances (including without limitation its own financial circumstances and investment objectives and the impact the Warrants will have on its overall investment portfolio) and the information contained in this Base Prospectus and the relevant Final Terms; and

- (iii) it has read and understand the information contained in this Base Prospectus and the Final Terms relating to the Warrants.
- 2.7 It acknowledges that the Warrants will be derivative-linked securities and that (i) Warrants are highly speculative and in some instances they could suffer a partial or complete loss of their investment; (ii) any investment return on a Warrant determined by reference to changes in the value of the Reference Asset or Reference Index, as applicable, described in the Final Terms is subject to fluctuation and may be less than would be received by investing in a conventional debt instrument; and (iii) changes in value of the Reference Asset or Reference Index, as applicable, cannot be predicted.
- 2.8 It acknowledges that there may be publicly available information relating to the Reference Assets or securities underlying Reference Indices, as applicable, which is not required to be included in this Base Prospectus including, without limitation, any offering documentation relating to such underlying securities and the financial statements and annual and interim reports of the issuer(s) of such underlying securities, and that investors are advised to read and consider such information prior to making an investment decision to invest in such Warrants.
- 2.9 It represents that the purpose of the acquisition of such Warrants is to secure a profit or minimise a loss by reference to fluctuations in the price of the relevant Reference Asset(s) or the level of the Reference Index, and accordingly, that it is an express term of such Warrants that:
- (i) it shall not acquire any interest in or right to acquire any relevant Reference Asset or the Component Security underlying the Reference Index by virtue of holding any Warrant;
  - (ii) neither the Issuer, the Programme Arranger, the Managers or any entity acting for the Issuer, Programme Arranger or Managers is obliged to sell, purchase, hold, deliver, pledge, transfer or receive any relevant Reference Asset or the Component Security underlying the Reference Index;
  - (iii) the primary right of the Warrantholder and the primary obligation of the Issuer for any Warrants is to receive or make the respective payments referred to in this Base Prospectus; and
  - (iv) it will not in any way have any rights with respect to any Reference Asset or the Component Security underlying the Reference Index, including, but not limited to, voting rights.
- 2.10 It acknowledges and agrees, in connection with any acquisition by it of any Warrant that the Issuer, the Programme Arranger, the Managers and their Affiliates will not be responsible for determining the legality or suitability of an investment by it in such Warrants and that the Issuer, the Programme Arranger, the Managers and/or their Affiliates may be acting at any time in respect of any Warrants through a separate and segregated part of its business as an underwriter, distributor or other similar agent for the issuer, owner, guarantor or sponsor of the relevant Reference Asset or Component Security underlying the Reference Index in connection with the acquisition by the investor of such Warrants.
- 2.11 It acknowledges that no representation is made by the Issuer, the Programme Arranger or any Manager as to the tax consequences for any person of acquiring, holding or disposing of any Warrants or any other transaction involving any Warrants; and that it understands and accepts the tax risks associated with the Reference Jurisdiction set out in this Base Prospectus (including, but not limited to, the risk of such jurisdiction renegotiating its double taxation treaties or the applicability of any general anti-avoidance rules); those who are in any doubt about such matters or any other tax issues relating to the Warrants should consult and rely on their own tax advisers.
- 2.12 It acknowledges and agrees that none of the Issuer, the Programme Arranger, any Manager or any of their respective Affiliates, representatives or agents is acting as a fiduciary for or an adviser to it with respect to the acquisition of any Warrants or with respect to this Base Prospectus, or has recommended or otherwise will recommend to it the investment in any Warrants.

- 2.13 It acknowledges that the Issuer, the Programme Arranger, each Manager and their Affiliates may from time to time have a direct or indirect investment in, or a banking or other business relationship with, any relevant Underlying Company, and, in the course of such, relationships, the Issuer or any of their Affiliates may come into possession of material, non-public information regarding the relevant Underlying Company.
- 2.14 It acknowledges that the Issuer, the Programme Arranger, each Manager and/or their Affiliates may be acting at any time during in respect of any Warrants through a separate and segregated part of its business as an underwriter, distributor or other similar agent for any Underlying Company independent of the acquisition by the investor of such Warrants and that they are under no obligation to inform prospective purchasers or legal or beneficial owners either of the nature of or the fact that they were in possession of such information or were so acting.
- 2.15 It acknowledges that from time to time, the Issuer or any of its Affiliates may provide or make available to the investor, as well as to others, research, opinions and other information in regard to securities (including any Warrants), commodities, other financial assets, and market participants or events which include the Reference Asset or Reference Index or any Underlying Company in respect of such Warrants. It acknowledges that if such information provided to it by the Issuer, the Programme Arranger or a Manager, it is so provided without regard to the investor's personal financial situation or other circumstances and that the provision by the Issuer or such Affiliate of such information to it, whether sent directly or made readily accessible, and whether in writing, in electronic form or the subject of a taping, broadcast or narrowcast, does not imply that an investment in the Warrants linked to such Reference Asset or Reference Index is suitable in light of its particular circumstances. It agrees that if such information is received by it, it will not be the basis of any investment decision by the investor. While all information produced by the Issuer or any of its Affiliates is based on sources believed to be reliable, it acknowledges that the Issuer and its Affiliates do not guarantee or warrant the accuracy, reliability or timeliness of such information, and further, all information and opinions are current only as of the time provided, and are subject to rapid change without prior notice. It also acknowledges that the Issuer or any of its Affiliates may execute transactions for others or for their own account in financial instruments consisting of or linked to Reference Asset or any Reference Index including Warrants linked to such Reference Asset or any Reference Index and such transactions may have an adverse effect on the price of the Reference Asset or Reference Index and/or Warrants linked to such Reference Asset or Reference Index; it agrees that it has requested the Issuer to structure and sell Warrants of any particular Series to it through the relevant Manager on its own initiative without reference to any of the foregoing activities by the Issuer or any of its Affiliates with any Underlying Company, Reference Asset or Reference Index to which such Warrants are linked.
- 2.16 It represents that it does not have any material, non-public information regarding any relevant Underlying Company at the time it purchases the Warrants and it undertakes that it will not sell or exercise the Warrants prior to or on their Expiry Date if it has any material, non-public information regarding any relevant Underlying Company at that time.
- 2.17 It represents that it is not a country, territory, individual or entity named on any publicly available list of known or suspected terrorists, terrorist organisations or other sanctioned persons or entities, or an individual or entity that resides or has a place of business in a country or territory named on such lists, issued by the U.S. government, including those lists administered by the Office of Foreign Assets Control or such list of any other relevant government body and it has established procedures to identify clients on such lists;
- 2.18 It agrees that it, its employees, representatives or other agents may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment (including those pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly known as "FATCA")) and tax structure of the offering of the Warrants pursuant to this Base Prospectus and all materials of any kind (including any opinions or other tax analyses provided) relating to such U.S. federal income tax treatment and tax structure.
- 2.19 It is not a "Foreign Shell Bank" as defined in the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT Act"), a foreign bank operating under an "Offshore Banking License" as



defined in the USA PATRIOT Act, a foreign bank operating in a non-cooperative Financial Action Task Force jurisdiction (as defined in the USA PATRIOT Act), or a foreign bank operating in an industry or jurisdiction designated as of primary money laundering concern by the U.S. Secretary of the Treasury.

- 2.20 It authorises the Issuer to provide information regarding the Warrantholder and the Warrants to any governmental or regulatory authority or court of competent authority from time to time, or if applicable, to any the Programme Arranger, any Manager or any of their respective Affiliate for onward transmission to any such governmental or regulatory authority or court of competent authority, in order to comply with the request by such governmental or regulatory authority or court of competent authority or if so required under applicable regulations in the Reference Jurisdiction, the jurisdiction of incorporation or domicile of the Issuer or other applicable jurisdictions as determined by the Issuer in its sole and absolute discretion.
- 2.21 It undertakes and agrees that it will provide the Issuer with such additional information, from time to time, that the Issuer, the Programme Arranger, the Managers and/or their respective Affiliate deems necessary or appropriate in order to comply with the request by any governmental or regulatory authority or the court of competent authority or if so required under application regulations in the Reference Jurisdictions or the jurisdictions of incorporation or domicile of the Issuer or other applicable jurisdictions as determined by the Issuer in its sole and absolute discretion.
- 2.22 It represents that it is not currently the subject of any investigation or enquiry by any governmental or regulatory authority in the Reference Jurisdictions in connection with a failure to disclose information relating to such holder or to an offshore transaction linked to underlying securities.
- 2.23 It represents and warrants that it will comply with all applicable selling restrictions set out in this Base Prospectus and the relevant Final Terms.

## INDEX AND ETF DISCLAIMERS

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

**Where a Series of Warrants relates to any Index, a statement will be included in the relevant Final Terms in or substantially in the form set out below.**

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

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

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

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

**Where a Series of Warrants relates to any exchange-traded funds ("ETFs"), a statement will be included in the relevant Final Terms in or substantially in the form set out below.**

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

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

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

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

**Where a Series of Warrants relates to any Index specified below, the corresponding statement set out below will be included in the relevant Final Terms in or substantially in the form set out below.**

#### **STATEMENTS REGARDING INDEXES SPONSORED BY MSCI INC.**

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*(Source: The Financial Times Limited)*

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*(Source: S&P Dow Jones Indices LLC)*

## INFORMATION RELATING TO FUNDS

*This section contains a summary overview of funds which invest in Saudi Arabian securities and which may be applicable in respect of an issue of Warrants which are linked to such funds.*

The Funds relating to an issuance of Equity-Linked Warrants for which the Reference Jurisdiction is Saudi Arabia may include any one of the following funds:

1. HSBC Saudi Companies Equity Fund
2. HSBC Saudi Industrial Companies Equities Fund
3. HSBC Saudi Equity Fund
4. HSBC Saudi Equity Trading Fund
5. HSBC Saudi Financial Institutions Equity Fund
6. HSBC Saudi Petrochemical Equity Opportunities Fund

Set out below is certain outline information as to the nature of each of the above-listed Funds.

Investors should note that the above list is not intended to be an exhaustive list of potential Funds to which Warrants may be linked and that Warrants linked to other Funds not listed herein may be issued under the Programme from time to time.

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Investment funds in Saudi Arabia, including the abovementioned Funds, are unincorporated funds. They are established and formally organised pursuant to a contract that is signed between the manager of the relevant Fund and the fund unit-holders, which contract must be in the form of terms and conditions as specified in the Investment Fund Regulations enacted under the CML ("**IFR**"). The terms and conditions include covenants on the part of the manager of the relevant Fund to perform or to contract for the performance of (i) the investment management of the portfolio of the relevant Fund; (ii) the custody of portfolio assets of the relevant Fund; (iii) dealing in securities or other assets of the relevant Fund; and (iv) the administration of the relevant Fund. The terms and conditions also set out the fees, commissions or other remuneration with which the manager of the relevant Fund proposes to compensate itself from investment fund assets or subscriptions for the performance of the foregoing activities or services.

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### 1. **HSBC Saudi Companies Equity Fund**

#### ***Fund objectives***

The HSBC Saudi Companies Equity Fund (the "**Fund**") aims to achieve long-term capital growth by investing in the Saudi equity stock market. All equity investments in the Fund will be in companies which conform to Islamic investment principles as guided and endorsed by the HSBC Amanah Shariah Committee.

#### ***Fund details***

Fund type	Open ended
Base currency of the Fund	Saudi Riyal
Minimum initial subscription	SAR 5,000

Fund type	Open ended
Minimum additional subscription	SAR 2,500
Regular monthly subscription	Not Applicable
Cut off time	12 noon Riyadh time Sunday and Tuesday
Valuation	Monday and Wednesday
Redemption payout	2 business days after valuation day
Unit price at inception	SAR 10
Launch date	1 May 2004

### ***Fund Manager***

HSBC Saudi Companies Equity Fund will be managed by HSBC Saudi Arabia Limited.

For further information about the past performance of the Fund and its volatility go to:

[http://www.hsbcSaudi.com/Prod\\_Services/Asset\\_Mgt/Mutual\\_Funds/Long\\_term/long\\_term\\_en.shtml](http://www.hsbcSaudi.com/Prod_Services/Asset_Mgt/Mutual_Funds/Long_term/long_term_en.shtml)

## **2. HSBC Saudi Industrial Companies Equities Fund**

### ***Fund objectives***

The HSBC Saudi Industrial Companies Equities Fund aims to provide long-term capital growth through investment in the industrial sector. All equity investments in the Fund will be in companies which conform to Islamic investment principles as guided and endorsed by the HSBC Amanah Shariah Committee.

### ***Fund details***

Fund type	Open ended
Base currency of the Fund	Saudi Riyal
Minimum initial subscription	SAR 5,000
Minimum additional subscription	SAR 2,500
Regular monthly subscription	Not Applicable
Cut off time	12 noon Riyadh time Sunday and Tuesday
Valuation	Monday and Wednesday
Redemption payout	2 business days after valuation day
Unit price at inception	SAR 10
Launch date	1 April 2005

### ***Fund Manager***

HSBC Saudi Industrial Companies Equities Fund will be managed by HSBC Saudi Arabia Limited.

For further information about the past performance of the Fund and its volatility go to:

[http://www.hsbcSaudi.com/Prod\\_Services/Asset\\_Mgt/Mutual\\_Funds/Long\\_term/long\\_term\\_en.shtml](http://www.hsbcSaudi.com/Prod_Services/Asset_Mgt/Mutual_Funds/Long_term/long_term_en.shtml)

## **3. HSBC Saudi Equity Fund**

### ***Fund objectives***

The HSBC Saudi Equity Fund aims to achieve long-term equity linked growth by investing in the Saudi stock market. The Fund invests in the shares of Saudi publicly quoted companies and money market instruments.

### ***Fund details***

Fund type	Open ended
Base currency of the Fund	Saudi Riyal
Minimum initial subscription	SAR 5,000
Minimum additional subscription	SAR 2,500
Regular monthly subscription	Not Applicable

Cut off time	12 noon Riyadh time Sunday and Tuesday
Valuation	Monday and Wednesday
Redemption payout	2 business days after valuation day
Unit price at inception	SAR 10
Launch date	12 December 1992

***Fund Manager***

HSBC Saudi Equity Fund will be managed by HSBC Saudi Arabia Limited.

For further information about the past performance of the Fund and its volatility go to:

[http://www.hsbcSaudi.com/Prod\\_Services/Asset\\_Mgt/Mutual\\_Funds/Long\\_term/long\\_term\\_en.shtml](http://www.hsbcSaudi.com/Prod_Services/Asset_Mgt/Mutual_Funds/Long_term/long_term_en.shtml)

**4. HSBC Saudi Equity Trading Fund**

***Fund objectives***

The HSBC Saudi Equity Trading Fund aims to achieve long-term equity linked growth by investing in the Saudi Arabian stock market. The Fund invests in the shares of Saudi publicly quoted companies (excluding banks) and short-term trade finance transactions.

***Fund details***

Fund type	Open ended
Base currency of the Fund	Saudi Riyal
Minimum initial subscription	SAR 5,000
Minimum additional subscription	SAR 2,500
Regular monthly subscription	Not applicable
Cut off time	12 noon Riyadh time Sunday and Tuesday
Valuation	Monday and Wednesday
Redemption payout	2 business days after valuation day
Unit price at inception	SAR 10
Launch date	01 November 1997

***Fund Manager***

HSBC Saudi Equity Trading Fund will be managed by HSBC Saudi Arabia Limited.

For further information about the past performance of the Fund and its volatility go to:

[http://www.hsbcSaudi.com/Prod\\_Services/Asset\\_Mgt/Mutual\\_Funds/Long\\_term/long\\_term\\_en.shtml](http://www.hsbcSaudi.com/Prod_Services/Asset_Mgt/Mutual_Funds/Long_term/long_term_en.shtml)

**5. HSBC Saudi Financial Institutions Equity Fund**

***Fund objectives***

To provide medium to long-term equity linked growth by investing in the shares of banking sector in the KSA.

***Fund details***

Fund type	Open ended
Base currency of the Fund	Saudi Riyal
Minimum initial subscription	SAR 5,000
Minimum additional subscription	SAR 2,500
Regular monthly subscription	Not Applicable
Cut off time	12 noon Riyadh time Sunday and Tuesday
Valuation	Monday and Wednesday
Redemption payout	2 business days after valuation day
Unit price at inception	SAR 10
Launch date	01 August 2004

### ***Fund Manager***

HSBC Saudi Financial Institutions Equity Fund will be managed by HSBC Saudi Arabia Limited.

For further information about the past performance of the Fund and its volatility go to:

[http://www.hsbcSaudi.com/Prod\\_Services/Asset\\_Mgt/Mutual\\_Funds/Long\\_term/long\\_term\\_en.shtml](http://www.hsbcSaudi.com/Prod_Services/Asset_Mgt/Mutual_Funds/Long_term/long_term_en.shtml)

### **6. HSBC Saudi Petrochemical Equity Opportunities Fund**

#### ***Fund objectives***

The HSBC Saudi Petrochemical Equity Opportunities Fund is an open-ended investment fund with the aim of achieving, over the medium to long term, capital growth by investing in a portfolio of Saudi petrochemical equities of companies listed on the Saudi Equity Market. The Fund's assets will be concentrated and actively managed in petrochemical companies aiming to achieve capital growth without a reference to a specific benchmark or weightings of petrochemical companies in the Saudi Equity Market.

#### ***Fund details***

Fund type	Open ended
Base currency of the Fund	Saudi Riyal
Minimum initial subscription	SAR 5,000
Minimum additional subscription	SAR 2,500
Regular monthly subscription	Not applicable
Cut off time	12 noon Riyadh time Sunday and Tuesday
Valuation	Monday and Wednesday
Redemption payout	2 business days following valuation day
Unit price at inception	SAR 10
Launch date	11 December 2007

### ***Fund Manager***

HSBC Saudi Petrochemical Equity Opportunities Fund will be managed by HSBC Saudi Arabia Limited.

For further information about the past performance of the Fund and its volatility go to:

[http://www.hsbcSaudi.com/Prod\\_Services/Asset\\_Mgt/Mutual\\_Funds/Long\\_term/long\\_term\\_en.shtml](http://www.hsbcSaudi.com/Prod_Services/Asset_Mgt/Mutual_Funds/Long_term/long_term_en.shtml)

## **SUMMARY OF PROVISIONS RELATING TO THE WARRANTS WHILE IN GLOBAL FORM**

*This section provides details on the different global forms of Warrant which may be issued and how they may be exchanged and transferred.*

Warrants may, subject to all applicable legal and regulatory requirements, be issued in Tranches or Series and will be Warrants offered in reliance on Regulation S and/or Rule 144A.

### **Global Registered Warrants**

In the case of Global Registered Warrants, the Issuer will deliver (a) an Unrestricted Global Registered Warrant and a Restricted Global Registered Warrant or (b) a Combined Global Registered Warrant, subject to the Warrant Issuance Agreement (as defined herein) in accordance with their respective terms and as specified in the relevant Final Terms.

In the case of a Tranche of Warrants offered and sold both pursuant to Regulation S and in reliance on Rule 144A, such Tranche of Warrants will be represented by either (a) two Global Registered Warrants (in the case of Warrants forming part of such Tranche which are sold pursuant to Regulation S, an Unrestricted Global Registered Warrant and, in the case of Warrants forming part of such Tranche which are sold in reliance on Rule 144A, a Restricted Global Registered Warrant) or (b) a Combined Global Registered Warrant.

### **Unrestricted and Restricted Global Registered Warrants**

The Unrestricted Global Registered Warrant will be deposited on or about the issue date for the relevant Tranche with HSBC Bank plc, as common depositary (the "**Common Depositary**") for, and registered in the name of HSBC Issuer Services Common Depositary Nominee (UK) Limited, as common nominee for, Euroclear and Clearstream, Luxembourg. A beneficial interest in the Unrestricted Global Registered Warrant may at all times be held only through Euroclear and/or Clearstream, Luxembourg. The Restricted Global Registered Warrant will be deposited on or about the issue date for the relevant Tranche with either (a) HSBC Bank USA, National Association as custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, DTC; or (b) the Common Depositary, and registered in the name of HSBC Issuer Services Common Depositary Nominee (UK) Limited, as common nominee for, Euroclear and Clearstream, Luxembourg. In the circumstances described below under "Exchange and Transfer of Global Registered Warrants for Definitive Registered Warrants", interests in any Unrestricted Global Registered Warrant will be exchangeable for Regulation S Definitive Registered Warrants and interests in any Restricted Global Registered Warrant will be exchangeable for U.S. Definitive Registered Warrants and Regulation S Definitive Registered Warrants. Restricted Global Registered Warrants (and any U.S. Definitive Registered Warrants issued in exchange therefor) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Warrants as are set out in the Base Prospectus under "*Transfer Restrictions and Investor Representations*".

Each Unrestricted Global Registered Warrant and each Restricted Global Registered Warrant will have an ISIN number and a common code and, where applicable, a CUSIP number.

### **Combined Global Registered Warrant**

The Combined Global Registered Warrant will be deposited on or about the issue date for the relevant Tranche with HSBC Bank plc, as common depositary for, and registered in the name of HSBC Issuer Services Common Depositary Nominee (UK) Limited, as common nominee for, Euroclear and Clearstream, Luxembourg. A beneficial interest in the Combined Global Registered Warrant may at all times be held only through Euroclear and/or Clearstream, Luxembourg. In the circumstances described below under "*Exchange and Transfer of Global Registered Warrants for Definitive Registered Warrants*", interests in any Combined Global Registered Warrant will be exchangeable for Combined Definitive Registered Warrants. Combined Global Registered Warrants (and any Combined Definitive Registered Warrants) will be subject to certain restrictions on transfer contained in a legend appearing on the face of such Warrants as are set out in the Base Prospectus under "*Transfer Restrictions and Investor Representations*".

Each Combined Global Registered Warrant will have an ISIN number and a common code and, where applicable, a CUSIP number.

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

On or prior to the 40<sup>th</sup> day after the later of the commencement of the offering of the relevant Tranche and the issue date for that Tranche, a beneficial interest in the relevant Unrestricted Global Registered Warrant may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Restricted Global Registered Warrant only upon receipt by the Registrar (as defined in the Warrant Agency Agreement) of a written certification from the transferor (in the applicable form provided in the Warrant Agency Agreement) to the effect that such transfer is being made to a person who the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other relevant jurisdiction. After such 40<sup>th</sup> day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Restricted Global Registered Warrant, as are set out in the Base Prospectus under "*Transfer Restrictions and Investor Representations*".

Beneficial interests in a Restricted Global Registered Warrant may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Unrestricted Global Registered Warrant, whether before, on or after such 40<sup>th</sup> day, only upon receipt by the Registrar of a written certification from the transferor (in the applicable form provided in the Warrant Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A under the Securities Act (if available) or to the Issuer or its Affiliates.

Any beneficial interest in either the Restricted Global Registered Warrant or the Unrestricted Global Registered Warrant relating to any Series that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Registered Warrant relating to such Series will, upon transfer, cease to be a beneficial interest in such Global Registered Warrant and become a beneficial interest in the other Global Registered Warrant and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Registered Warrant for as long as it remains such an interest.

Beneficial interests in a Combined Global Registered Warrant may be transferred to a person who wishes to take delivery of such beneficial interest through the relevant Combined Global Registered Warrant, whether before, on or after such 40<sup>th</sup> day, only upon receipt by the Registrar of a written certification from the transferor (in the applicable form provided in the Warrant Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A under the Securities Act (if available) or to the Issuer or its Affiliates.

### **Owner of Global Registered Warrants and Payments**

Subject to certain provisions of the Warrant Agency Agreement relating to directions, sanctions and consents of Holders of Warrants, so long as DTC or its nominee or Euroclear, Clearstream, Luxembourg or their common nominee, as the case may be, is the registered owner or holder of a Global Registered Warrant, DTC, Euroclear, Clearstream, Luxembourg or such common nominee, as the case may be, will be considered the sole owner or holder of the Warrants represented by such Global Registered Warrant for all purposes under the Warrant Issuance Agreement, the Warrant Agency Agreement and the Warrants. Payments on Global Registered Warrants will be made to DTC, Euroclear, Clearstream, Luxembourg or such common nominee, as the case may be, as the registered holder thereof. None of the Issuer, the Registrar, or any Warrant Agent or any designated Affiliate of any of the above or any person by whom any of the above is controlled for the purposes of the Securities Act will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Registered Warrants or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

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

In the case of Restricted Global Registered Warrants held through DTC, beneficial interests in a Restricted Global Registered Warrant will be exchangeable for warrants in definitive form bearing a Rule 144A legend ("**U.S. Definitive Registered Warrants**"): (i) if DTC notifies the Issuer that it is no longer

willing or able to properly discharge its responsibilities as depositary with respect to the relevant Restricted Global Registered Warrant or ceases to be a "clearing agency" registered under the Exchange Act, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depositary; or (ii) if the Issuer, at its option, elects to terminate the book-entry system through DTC; or (iii) the holder of the relevant Restricted Global Registered Warrant requests that such interest be exchanged for U.S. Definitive Registered Warrants (where applicable); or (iv) at the option of the Issuer, if the Issuer would suffer a material disadvantage in respect of the Warrants as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be were the Warrants in definitive form.

Beneficial interests in an Unrestricted Global Registered Warrant will be exchangeable, in whole but not in part, for warrants in definitive form without any Rule 144A legend ("**Regulation S Definitive Registered Warrants**") and, if held through Euroclear and/or Clearstream, Luxembourg, pursuant to the relevant Final Terms, beneficial interests in a Restricted Global Registered Warrant will be exchangeable for U.S. Definitive Registered Warrants: (i) if Euroclear or Clearstream, Luxembourg or any other clearing system by which the Warrants have been accepted for clearing is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or in fact does so; or (ii) if the Issuer, at its option, elects to terminate the book-entry system through Euroclear and/or Clearstream, Luxembourg; (iii) in the case of Unrestricted Global Registered Warrant, if the holder of the relevant Unrestricted Global Registered Warrant requests that such interest be exchanged for Regulation S Definitive Registered Warrants (where applicable), or in the case of Restricted Global Registered Warrant, the holder of the relevant Restricted Global Registered Warrant requests that such interest be exchanged for U.S. Definitive Registered Warrants (where applicable); or (iv) at the option of the Issuer, if the Issuer would suffer a material disadvantage in respect of the Warrants as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be suffered were the Warrants in definitive form.

Beneficial interests in a Combined Global Registered Warrant will be exchangeable, in whole but not in part, for warrants in definitive form offered in reliance on Regulation S and/or Rule 144A and represented by combined definitive registered warrants ("**Combined Definitive Registered Warrants**", and together with U.S. Definitive Registered Warrants and Regulation S Definitive Registered Warrants, "**Definitive Registered Warrants**"): (i) if Euroclear or Clearstream, Luxembourg or any other clearing system by which the Warrants have been accepted for clearing is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or in fact does so; or (ii) if the Issuer, at its option, elects to terminate the book-entry system through Euroclear and/or Clearstream, Luxembourg; (iii) the holder of the relevant Combined Global Registered Warrant requests that such interest be exchanged for Combined Definitive Registered Warrants (where applicable); or (iv) at the option of the Issuer, if the Issuer would suffer a material disadvantage in respect of the Warrants as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be suffered were the Warrants in definitive form.

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

- (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver the relevant Definitive Registered Warrant; and
- (ii) in the case of a Restricted Global Registered Warrant only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. U.S. Definitive Registered Warrants issued in exchange for a beneficial interest in a Restricted Global Registered Warrant will bear the legends applicable to transfers pursuant to Rule 144A (as set out in the Base Prospectus under "*Transfer Restrictions and Investor Representations*"); or



- (iii) in the case of a Combined Global Registered Warrant only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A or Regulation S, a certification that the transfer is being made in compliance with the provisions of Rule 144A or Regulation S, as applicable. Combined Definitive Registered Warrants issued in exchange for a beneficial interest in a Combined Global Registered Warrant will bear the legends applicable to transfers pursuant to Rule 144A and Regulation S (as set out in the Base Prospectus under "*Transfer Restrictions and Investor Representations*").

If an Unrestricted Global Registered Warrant relating to a Series or (if issued in Tranches) Tranche of Warrants of which the Restricted Global Registered Warrant forms a part has, pursuant to its terms, been exchanged in whole, but not in part, for Regulation S Definitive Registered Warrants, beneficial interests in the Restricted Global Registered Warrant may be transferred to a person who wishes to take delivery thereof in the form of a Regulation S Definitive Registered Warrant. Such Regulation S Definitive Registered Warrants shall be registered in such name(s) as DTC, Euroclear or Clearstream, Luxembourg, as applicable, shall direct in writing.

Upon (i) notification to the Registrar by (a) in the case of Restricted Global Registered Warrants held through DTC, the Custodian that the appropriate debit entry has been made in the account of the relevant participant of DTC or (b) in the case of Restricted Global Registered Warrants held through Euroclear and/or Clearstream, Luxembourg, the Common Depository, that the appropriate debit entry has been made in the account of the relevant account holder of Euroclear and/or Clearstream, Luxembourg; and (ii) receipt by the Registrar of a certificate, in the form scheduled to the Warrant Agency Agreement, given by the holder of such beneficial interest in the Restricted Global Registered Warrant and stating that the transfer of such interest has been made in compliance with the transfer restrictions applicable to the Warrants, and pursuant to and in accordance with Regulation S under the Securities Act, the Issuer shall procure that the Registrar will (against presentation of the Restricted Global Registered Warrant (a) in the case of Restricted Global Registered Warrants held through DTC, by DTC or the Custodian, or (b) in the case of Restricted Global Registered Warrants held through Euroclear and/or Clearstream, Luxembourg, by the Common Depository, in each case at the specified office of the Registrar or the Transfer Agent, all in accordance with the provisions of the Warrant Agency Agreement), decrease the aggregate principal amount of Warrants registered in the name of the holder of, and represented by, the Restricted Global Registered Warrant and shall, without charge, procure, in exchange therefor, the delivery, within five business days of the receipt by the Registrar of the Restricted Global Registered Warrant of the notification and certification referred to in paragraphs (i) and (ii) above, and registration information required to authenticate and deliver such Regulation S Definitive Registered Warrants, of an equal aggregate principal amount of duly authenticated and completed Regulation S Definitive Registered Warrants.

The holder of a Warrant may transfer such Warrant in accordance with the provisions of Condition 1 (*Form and Transfer*) of the Conditions.

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

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

With respect to the registration of transfer of any U.S. Definitive Registered Warrants, the Registrar will register the transfer of any such U.S. Definitive Registered Warrants if the transferor, in the form of transfer on such U.S. Definitive Registered Warrants, has certified to the effect that such transfer is (i) to

persons who the transferor reasonably believes to be qualified institutional buyers within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction, (ii) in accordance with Regulation S, (iii) pursuant to an exemption from Rule 144 under the Securities Act (if available) or (iv) to the Issuer or its Affiliates.

Regulation S Definitive Registered Warrants may be exchangeable for or transferable to a person wanting to take delivery thereof in the form of interests in a Restricted Global Registered Warrant, and U.S. Definitive Registered Warrants may be transferable to a person wanting to take delivery thereof in the form of interests in an Unrestricted Global Registered Warrant, in each case, upon receipt by the Registrar of a duly completed certificate in the form of Schedule 5 to the Warrant Agency Agreement and in accordance with the requirements of the Warrant Issuance Agreement.

## INDEX OF DEFINED TERMS

*This section indicates where terms used in this Base Prospectus have been defined.*

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