FINAL TERMS

Warrants issued pursuant to these Final Terms are securities to be listed under Listing Rule 19.

Final Terms dated 14 November 2012
Series No.: AWP0080
Tranche No.: 2

HSBC Bank plc

Warrant and Certificate Programme (the Programme)
Further Issue of 5,000,000 Warrants linked to the ordinary A shares of China Shenhua Energy Company Limited to be consolidated and form a single series with the existing issue of 50,000,000 Warrants linked to the ordinary A shares of China Shenhua Energy Company Limited

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 3 September 2008 which are incorporated by reference into the Base Prospectus dated 17 January 2012 and are attached hereto. This document constitutes the Final Terms of the Warrants described herein and must be read in conjecftion with the Base Prospectus dated 17 January 2012 and the supplemental Prospectuses dated 12 March 2012, 28 June 2012, 7 August 2012 and 26 September 2012, each of which has been approved by and filed with the United Kingdom Financial Services Authority, which constitutes 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 as so supplemented. Full information on the Issuer and the offer of the Warrants is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus and the supplemental Prospectus are available for viewing at HSBC Bank plc, 8 Canada Square, London E14 5HQ and http://www.hsbc.com/1/2/investor-relations/fixed-income and copies may be obtained from HSBC Bank plc, 8 Canada Square, London E14 5HQ.

The Warrants reflect the risks of a direct investment in the A-share market of the People's Republic of China ("**PRC**") by a Qualified Foreign Institutional Investor ("**QFII**") which may be evidenced by investments by the Issuer or an affiliate of the Issuer that is registered as a QFII or any successor to such affiliate (each such affiliate, a "**QFII Affiliate**"). The effect of such risks on the Warrants will always be calculated in the sole and absolute discretion of the Calculation Agent. Certain of the risks are outlined in these Final Terms, though these are not exhaustive. Investors should conduct their own investigation of the risks involved in a direct investment in PRC equity by a QFII and investment in Renminbi and form their own view based on such investigations. In certain circumstances, the Warrantholders' entire investment may be at risk and the Warrants may become valueless.

A QFII is required to disclose to the regulators and other authorities or institutions the shareholding information of PRC equities held by itself and by the investors behind it in accordance with the relevant laws and regulations in the PRC. The Issuer may therefore request any investor to provide to it and pass to the QFII such information as required by the relevant laws, regulations and regulatory requirements.

Each Warrantholder represents and agrees, as a condition of acquiring or holding such Warrants: (i) that the Issuer is authorised to provide information regarding the Warrantholder and the Warrants to the QFII investing in the Reference Assets ("**HSBC QFII**") for onward transmission to the regulators or any other authorities or institutions in the PRC in accordance with applicable PRC laws and regulations; and (ii) that such Warrantholder will provide the Issuer with such additional information that the Issuer and/or the HSBC QFII deems necessary or appropriate in order to comply with any laws and regulations in the PRC from time to time.

The Issuer accepts responsibility for the information set out in Annex I hereto (which forms part of these Final Terms) concerning the ordinary A shares of China Shenhua Energy Company Limited (the "**Share Information**") which is derived from publicly available information and is intended as a summary only of the information from which it is derived. The Issuer confirms that the Share Information has been accurately reproduced from information available from the information source specified herein and that, so far as the Issuer is aware and is able to ascertain from Share Information available from such source, no facts have been omitted which would render the reproduced Share Information inaccurate or misleading. The Issuer accepts responsibility for having correctly extracted the Share Information from such publicly available information.

The Warrants offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, they may be offered and sold (i) in the United States, pursuant to Rule 144A under the Securities Act ("**Rule 144A**"), only to "qualified institutional buyers" (as defined in Rule 144A); or (ii) outside the United States, in accordance with Regulation S under the Securities Act ("**Regulation S**"), in each case to investors that have executed and delivered to the Issuer a letter of representations substantially in the form attached as the Exhibit hereto and in compliance with any applicable securities laws. Prospective investors in the United States are hereby notified that, with respect to any sales of Warrants in the United States, the Manager will be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. Investors should also be aware that the Warrants may not be re-offered, re-sold, pledged or otherwise transferred within the United States (within the meaning of Regulation S) except in a transaction that is exempt from the registration requirements of the Securities Act and in compliance with any applicable state securities laws. See "Transfer Restrictions".

The Share Information is of limited scope. In deciding whether or not to purchase Warrants, investors should conduct their own investigations of China Shenhua Energy Company Limited and form their own view of the merits of China Shenhua Energy Company Limited based upon such investigations and not in reliance upon the Share Information.

Important Notices

THE WARRANTS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE STATE SECURITIES LAW OF ANY STATE OF THE UNITED STATES OR THE LAWS OF ANY OTHER JURISDICTION. THE WARRANTS MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S.PERSONS (AS DEFINED IN REGULATION S OF THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. SEE "TRANSFER RESTRICTIONS".

THE WARRANTS ARE BEING OFFERED (A) IN RELIANCE ON RULE 144A ("RULE 144A") UNDER THE SECURITIES ACT IN EACH CASE TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A; EACH A "QIB"), AND (B) IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") TO NON-U.S. PERSONS

IN OFFSHORE TRANSACTIONS. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE WARRANTS PURSUANT TO CLAUSE (A) ABOVE WILL BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

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

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with resales of the 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.

The Hongkong and Shanghai Banking Corporation Limited

14 November 2012

The Warrants issued under these Final Terms are to be consolidated and form a single series with 50,000,000 Warrants linked to ordinary shares of China Shenhua Energy Company Limited (the "**Original Issue**") issued on 16 February 2009 (ISIN: GB00B4Y68B85; SEDOL: B4Y68B8).

1.	Issuer:	HSBC Bank plc.	
2.	Principal Warrant Agent:	HSBC Bank plc.	
3.	Calculation Agent:	HSBC Bank plc.	
4.	Warrant Agent:	HSBC Bank plc.	
5.	(i) Series number:	AWP0080.	
	(ii) Tranche number: (If fungible with an existing Series, details of that Series, including the date on which the Warrants become fungible).	2	
	(iii) Whether issue is of Warrants or Certificates:	Warrants (if the issue is of Certificates, all references in this Final Terms and in the Prospectus to Warrants shall be deemed to be "Certificates" for the purposes of this issue).	
6.	Currency or currencies:	US Dollars.	A.12.4.1.5
7.	Aggregate Number of Warrants in the:		
	(i) Series:	55,000,000	
	(ii) Tranche:	5,000,000	
8.	Issue Date:	The Issue Date of the Original issue is 16 February 2009. The Issue Date of the further issue of the Warrants issued under these Final Terms is 14 November 2012.	A.12.4.1.9 A.12.4.2.1
9.	Issue Price:	USD3.29 per Warrant.	
10.	Strike Price:	USD 0.000001.	
11.	Listing of Warrants:	The Original Isuse was admitted to trading on the Regulated Market of the London Stock Exchange on or around 24 April 2009. Application has been made for the Warrants to be admitted to the Official List of the UK Listing Authority and admitted to trading on the Regulated Market of the London Stock Exchange	A.12.4.1.4
12.	Date of Board approval for the issuance of Warrants obtained:	Not applicable.	
13.	Type of Warrants:	Registered form. Low Exercise Price Options.	A.12.4.1.4

14.	Series represented by:		Global Warrant.	
15.	Style of Warrants:		The Warrants are American Style Call Warrants. Condition 3(a) is applicable.	
16.	(i)	Expiry Date:	11 February 2019 (or if not an Exchange Business Day on which the CNY/USD exchange markets are open for business in Shanghai, the immediately following Exchange Business Day) on which the CNY/USD exchange markets are open for business in Shanghai).	A.12.4.1.11
	(ii)	Exercise Procedure:	Condition 4 is applicable. Automatic Exercise is not applicable.	
	(iii)	Exercise Period:	For Tranche 1: The period beginning from (and including) 16 February 2009 and ending on (and including) the Expiry Date. For Tranche 2: The period beginning from (and including) 14 November 2012 and ending on (and including) the Expiry date.	
	(iv)	Potential Exercise Date(s):	Not Applicable.	
	(v)	Knock-in Event:	Not Applicable.	
		(a) Knock-in Event:	Not Applicable.	
		(b) Knock-in Period Beginning Date (if other than as specified in the definition thereof in Condition 17):	Not Applicable.	
		(c) Knock-in Period Ending Date (if other than as specified in the definition thereof in Condition 17):	Not Applicable.	
		(d) Knock-in Price:	Not Applicable.	
		(e) Knock-in Valuation Time (if other than as specified in the definition thereof in Condition 17);	Not Applicable.	
	(vi)	Knock-out Event:	Not Applicable.	
		(a) Knock-out Event:	Not Applicable.	

		(b) Knock-out Period Beginning Date (if other than as specified in the definition thereof in Condition 17):	Not Applicable.	
		(c) Knock-out Period Ending Date (if other than as specified in the definition thereof in Condition 17):	Not Applicable.	
		(d) Knock-out Price:	Not Applicable.	
		(e) Knock-out Valuation Time (if other than as specified in the definition thereof in Condition 17);	Not Applicable.	
17.	(i)	Minimum Exercise Number:	Not Applicable.	
	(ii)	Permitted Multiple:	Not Applicable.	
18.	Cash Settlement:		Applicable. The Warrants are Cash Settlement Warrants. Condition 3(d) (*Cash Settlement*) applies.	A12.4.1.13
	(i)	Settlement Currency:	USD.	
	(ii)	Cash Settlement Amount:	In respect of each Warrant exercised an amount in United States Dollars (**USD**) calculated in accordance with the following formula:	A12.4.1.2

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

Where:

Commission represents the fee to be retained by the Manager or any of its affiliates as separately notified to the Warrantholder, which is calculated as a percentage of the gross consideration payable for the purchase of the Warrants.

QFII means a Qualified Foreign Institutional Investor pursuant to the *Interim Measures for*

the Administration of Securities Investments by Qualified Foreign Institutional Investors in China promulgated by the China Securities Regulatory Commission and the People's Bank of China on 5 November, 2002.

Realisable Sale Price means the weighted average of the prices at which the Underlying Hedge Transaction(s) are unwound on each Averaging Date, less 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 tax such as PRC Capital Gains Tax) (together **Costs**) whether such Costs would be withheld at source or would otherwise be required to be paid, 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.

Where the amount of Costs (including, without limitation, PRC Capital Gains Tax) 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 Underlying Share either (a) for itself as beneficial owner, (b) for the QFII 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 Capital Gains Tax shall be the Fixed CGT Rate) until the applicable Tax Certainty Date.

In the event that the Issuer and/or its 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 QFII, being the holder of Securities underlying one Warrant would have been able to dispose of such Securities through the Exchange(s) on the Averaging Dates, less any costs, as determined by the Calculation Agent in its sole and absolute discretion.

In addition (and notwithstanding the

provisions relating to PRC Capital Gains Tax 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 USD (converted at the Weighted Average Exchange Rate at the time the relevant determination of the Excess Deduction is made) equal 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 USD (converted at the Weighted Average Exchange Rate at the time the relevant determination of the Deduction Shortfall is made) equal 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 Averaging Date) payable on the Settlement Date applicable to an exercise of Warrants on the Expiry Date, or (where the Tax Certainty Date falls after the Latest Final Averaging 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.

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 equal 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.

Latest Final Averaging Date means the final Averaging Date in respect of the latest Exercise Date, or if none, an Exercise Date that is deemed to fall on the Expiry Date.

PRC Capital Gains Tax means, unless and until definitively stated by any applicable PRC tax authorities (as determined by the Calculation Agent in its sole and absolute discretion), 10% (such rate, the **Fixed CGT Rate**) of the excess (if any) of (a) the Realisable Sale Price (without deduction of Costs) over (b) (Relevant Reference Price / 1 + Commission), 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.

PRC means the People's Republic of China.

Relevant Reference Price means the CNY 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 Averaging Date. **Underlying Hedge Transaction** means any holding (whether direct or synthetic) by the Issuer, or any affiliate of Securities and/or financial instruments (of any kind) which the Issuer consider necessary for the purposes of hedging, funding or otherwise performing the Issuer's obligations in respect of one Warrant. *Whilst it is the intention of the Issuer where possible to purchase Securities for such purposes, the Issuer is at no time obliged to hold Securities, nor any other positions, for such purposes.* **Weighted Average Exchange Rate** means the weighted average of the rates of exchange for the conversion of Renminbi (**CNY**) into USD, expressed as a number of CNY per one USD, less any costs incurred or would have been incurred by the Issuer and/or its 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. **Warrantholders should note that if the PRC taxing authorities clarify the PRC Capital Gains Tax rate after the Cash Settlement Amount has been paid and such rate properly applied is different from the Fixed CGT Rate, either the Issuer or the Warrantholder (as the case may be) will have an obligation to pay the Excess Deduction or Deduction Shortfall (as the case may be).**
(iii)	Cash Settlement	The fifth calendar day (other than a Saturday or Sunday) following the final Averaging

	Payment Date:	Date or if such day is not an Exchange Business Day on which the CNY/USD exchange markets are open for business in Shanghai, then the immediately following Exchange Business Day on which the CNY/USD exchange markets are open for business in Shanghai. .
19.	Physical Settlement:	Not Applicable.
(a)	Strike Price Payment Date:	Not Applicable.
(b)	Settlement Date:	Not Applicable.
20.	Index Warrant or Index Basket Warrant:	Not Applicable.
(i)	Index/Indices:	Not Applicable.
(ii)	Basket:	Not Applicable.
(iii)	Index Sponsor(s):	Not Applicable.
(iv)	Exchange(s):	Not Applicable.
(v)	Related Exchange(s):	Not Applicable.
(vi)	Valuation Time:	Not Applicable.
(vii)	Valuation Date:	Not Applicable.
(viii)	Averaging Dates:	Not Applicable.
(ix)	Relevant Price:	Not Applicable.
(x)	Settlement Price:	Not Applicable.
(xi)	Additional Disruption Event:	Not Applicable.
(xii)	Other Information	Not Applicable.
21.	Security Warrant or Security Basket Warrant:	Applicable. The Warrants are Security Warrants.
(i)	Securities:	Ordinary A shares of 1 CNY of China Shenhua Energy Company Limited and "Security" means any one of them.
(ii)	Basket:	Not Applicable.
(iii)	Exchange(s):	Shanghai Stock Exchange (or any successor exchange or quotation system).

	(iv) Related Exchange:	All Exchanges.
	(v) Relevant Company/Companies:	Not Applicable.
	(vi) Valuation Time:	Not Applicable.
	(vii) Valuation Date:	Exercise Date.
	(viii) Averaging Dates:	Applicable. Each of the 20 consecutive Scheduled Trading Days immediately following the Exercise Date, subject to adjustment.
	(ix) Relevant Price:	Not Applicable.
	(x) Settlement Price:	Not Applicable.
	(xi) Clearance System:	Euroclear and Clearstream, Luxembourg.
	(xii) Additional Disruption Event:	The following Additional Disruption Events apply: Change in Law, Hedging Disruption, Increased Cost of Hedging, Currency Event.
22.	Averaging Date Market Disruption:	Postponement.
23.	Business Day:	London, New York City and Shanghai
24.	Determination Date:	Not applicable.
25.	Selling Restrictions:	In addition to selling restrictions listed in "Purchase and Sale of the Warrants" contained in the Base Prospectus dated 17 January 2012: The Warrants may not be offered or sold in the PRC (excluding Hong Kong, Macau and Taiwan) directly or indirectly or offered or sold to any Domestic Investor, or to any person using funds to purchase the Warrants sourced from any Domestic Investor, where “Domestic Investor” means: 1. PRC Citizens resident in the PRC (excluding Hong Kong, Macau and Taiwan); 2. PRC Citizens resident outside the PRC who are not permanent residents of another country or permanent residents of Hong Kong, Macau or Taiwan; 3. legal entities registered in the PRC (excluding Hong Kong, Macau and Taiwan).

A.12.4.1.10

PRC Citizens means any person holding a resident identification card of the PRC (excluding Hong Kong, Macau and Taiwan).

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Warrants described herein pursuant to HSBC Bank plc's Warrant and Certificate Programme.

TRANSFER RESTRICTIONS

A.12.4.1.10

Each prospective purchaser of Warrants, by accepting delivery of these Final Terms and the accompanying Base Prospectus, will be deemed to have represented and agreed with respect to such Warrants as follows:

"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, AT THE OPTION OF THE ISSUER, (X) BE VOID OR (Y) GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY WARRANTS HELD BY SUCH TRANSFEREE."

In addition, 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 these Final Terms and the accompanying Base Prospectus, will be deemed to have represented and agreed with respect to such Warrants as follows:

(a) such 144A Offeree acknowledges that these Final Terms and the accompanying Base Prospectus is personal to such 144A Offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Warrants other than pursuant to Rule 144A or 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 and other persons meeting the requirements of Rule 144A or Regulation S is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited; and

(b) such 144A Offeree agrees to make no photocopies of these Final Terms and the accompanying Base Prospectus or any documents referred to herein.

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

(1) The purchaser (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is acquiring the Warrants for its own account or for the account of a qualified institutional buyer, and (C) such person is aware that the sale of the Warrants to it is being made in reliance on Rule 144A.

(2) The purchaser understands that the Rule 144A Warrants are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and the Warrants offered hereby have not been and will not be registered under the Securities Act and may

not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.

(3) The purchaser understands that certificates representing Restricted Warrants will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

"THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES TO BE DELIVERED UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE SECURITIES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY TO OR THROUGH THE ISSUER (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), *PROVIDED*, THAT A PURCHASER OF THE SECURITIES PURSUANT TO (1), (2) OR (3) ABOVE SHALL HAVE EXECUTED AND DELIVERED TO THE ISSUER AN INVESTOR LETTER.

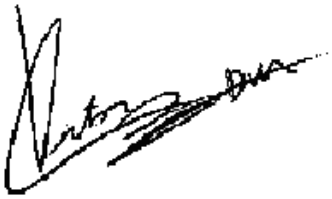
ANY EXERCISE OF THIS SECURITY WILL BE CONDITIONED ON (1) THE DELIVERY OF A DULY EXECUTED EXERCISE NOTICE BY THE HOLDER HEREOF AND (2) WITH RESPECT TO EXERCISE BY ANY U.S. PERSON, THE UNDERLYING SECURITIES BEING (A) REGISTERED UNDER THE SECURITIES ACT OR (B) SUBJECT TO AN EXEMPTION FROM REGISTRATION THEREUNDER AT THE TIME OF SUCH EXERCISE"

(4) Each purchaser of Restricted 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 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.

RESPONSIBILITY

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

CONFIRMED
HSBC BANK PLC



Victor Delgado Melgares

By: ----------
Authorised Signatory

Date: ----------

PART B - OTHER INFORMATION

26. **LISTING**

(i)	Listing	The Original Issue was admitted to trading on the Regulated Market of the London Stock Exchange on or around 24 April 2009. Application has been made to admit the Warrants to listing on the Official List of the Financial Services Authority. No assurance can be given as to whether or not, or when, such application will be granted.	A.12.6.1
(ii)	Admission to trading	The Original Issue was admitted to trading on the Regulated Market of the London Stock Exchange on or around 24 April 2009. Application has been made for the Warrants to be admitted to trading on the Regulated Market or or after the Issue Date (in respect of Tranche 2). No assurance can be given as to whether or not, or when, such application will be granted.	

27. **NOTIFICATION**

Information not required to be disclosed. A12.3.1 A12.7.5

28. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

The Issuer may pay the Manager a commission as agreed between them in respect of Warrants subscribed by it and has agreed to indemnify the Manager against certain liabilities in connection with the offer and sale of the Warrants.

Save as discussed above, on page 14 of the Base Prospectus dated 17 January 2012 under the section "Potential Conflicts of Interest", so far as the Issuer is aware, no person involved in the offer of the Warrants has an interest material to the offer.

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

Not Applicable.

30. **PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

The Warrants reflect the risks of a direct investment in PRC equity by a QFII, which may be evidenced by investments by the Issuer, any QFII Affiliates, and QFIIs generally. The effect of such risks on the Warrants will always be calculated in the sole and absolute discretion of the Calculation Agent. Investors should conduct their own investigation of the risks involved in a direct investment in PRC equity by a QFII and investment in Renminbi and form their own view based on such investigations. In certain circumstances, the Warrantholders' entire investment may be at risk and the Warrants may become valueless.

Due to the investment policies maintained by the relevant QFII, the Warrants cannot be used to facilitate any investment in any PRC Government Bond (as defined below) products, or to be used for any purpose of an excessively speculative nature.

"PRC Government Bond" means "any Renminbi denominated public government debt securities issued by the Ministry of Finance of the People's Republic of China on behalf of the central government as defined in the Interim Administrative Measures of the Custody of Government Bonds of the People's Republic of China".

Information source

Details of past and further performance and volatility of the Security are obtainable from the following display pages on Bloomberg page: A.12.4.2.2

601088 CH

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

OPERATIONAL INFORMATION

31.	ISIN Code:	GB00B4Y68B85.
32.	Common Code:	041352914.
33.	CUSIP:	Not Applicable.
34.	Valoren Number:	Not Applicable.
35.	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	None.
36.	Delivery:	Delivery against payment.
37.	Additional Warrant Agent(s) (if any):	None.
38.	Common Depositary:	HSBC Bank plc.
39.	Notices: (*Condition 10*)	Not Applicable.
40.	City in which specified office of Registrar to be maintained:	New York.

41.	Other relevant Terms and Conditions:	Annex II and Annex III.
42.	Other Final Terms:	Annex II and Annex III.
43.	ERISA Considerations:	Not Applicable.

TERMS AND CONDITIONS OF THE OFFER

44.	Offer Price:	Issue Price.
45.	Conditions to which the offer is subject:	Not applicable.
46.	Description of the application process:	Not applicable.
47.	Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	Not applicable.
48.	Details of the minimum and/or maximum amount of application:	Not applicable.
49.	Details of the method and time limits for paying up and delivering the Warrants:	Not applicable.
50.	Manner in and date on which results of the offer are to be made public:	Not applicable.
51.	Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	Not applicable.
52.	Categories of potential investors to which the Warrants are offered and whether tranche(s) have been reserved for certain countries:	Not applicable.
53.	Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	Not applicable.
54.	Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	Not applicable.
55.	Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	Not applicable.

ANNEX I

INFORMATION ABOUT THE A SHARES

A12.4.2.2
A12.7.4

The information set out in this Annex I relating to China Shenhua Energy Company Limited (the "**Underlying Company**") (Bloomberg: 601088 CH; ISIN Code: CNE100000767) 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 31 December 2007 to 28 September 2012 and 30 October 2012 to 5 November 2012. The Issuer obtained the information below from Bloomberg Financial Markets Information Service without independent verification.. So 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 accepts responsibility only for the accurate reproduction of the information contained in the Annex reproduced from such source and accordingly makes no representation, warranty, or undertaking, express or implied, as to the accuracy or completeness of the information relating to the Underlying Company.

The Issuer does not intend to provide post issuance information.

A.12.7.5

1. General

The Underlying Company is incorporated in the People's Republic of China.

The registered office of the Underlying Company is Zhouji Tower, 4th Floor, 16 Ande Road, Dongcheng Dist, Beijing, 100011, China.

The Underlying Company is an integrated coal-based energy company focusing on the coal and power businesses in China. The Underlying Company also owns and operates an integrated coal transportation network consisting of dedicated rail lines and port facilities.

2. Securities

The Securities are listed on the Shanghai Stock Exchange.

3. Historical prices

Date	PX_HIGH (CNY)	PX_LOW (CNY)	PX_LAST (CNY)
9/28/2007	32.2367	#N/A N/A	#N/A N/A
12/31/2007	92.12	36.99	#N/A N/A
3/31/2008	71	40	40
6/30/2008	51.96	37.21	37.57
9/30/2008	35.34	20.57	#N/A N/A
12/31/2008	24.65	16.83	17.54
3/31/2009	22.81	17.54	20.7
6/30/2009	29.91	21.81	29.91
9/30/2009	41.19	27.88	30.36
12/31/2009	37.99	31.69	34.82
3/31/2010	35.18	27.8	28.9
6/30/2010	29.86	21.97	21.97
9/30/2010	25.71	20.75	23.61
12/31/2010	30.04	23.8	24.71
3/31/2011	29.59	22.92	29.09
6/30/2011	31.01	27.31	30.14
9/30/2011	31.6	25.19	25.34

12/30/2011	28.44	24.05	25.33
3/30/2012	28.12	24.27	25.61
6/29/2012	27.7	22.05	22.48
9/28/2012	23.01	21.04	23.01
10/30/2012	23.02	22.6	22.79
10/31/2012	23.07	22.7	23
11/1/2012	23.5	23	23.26
11/2/2012	23.48	23.2	23.33
11/5/2012	23.68	23.3	23.37

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.

ANNEX II

The Conditions shall be supplemented and modified by the following Special Conditions. In the event of any inconsistency between the Conditions and such Special Conditions, such Special Conditions shall prevail and the Conditions shall be amended accordingly.

1. Additional Payments

In respect of each Warrant remaining unexercised on the relevant Cum-Date, the Issuer will pay as soon as practicable after each Dividend Receipt Date, an amount equal to the Dividend Amount (if any) PROVIDED THAT no Dividend Amount (or part thereof) will be payable by the Issuer unless and until the Issuer shall have first received payment of a corresponding amount of cash dividends and/or distributions in respect of the Securities under the Underlying Hedge Transaction(s).

In respect of each Warrant, a Warrantholder shall only be entitled to payment of a Dividend Amount if the Warrantholder was the holder of such Warrant on the Cum-Date, PROVIDED THAT (i) the relevant Cum-Date falls during the period from (but excluding) the Trade Date to (and including) the first Averaging Date in respect of an Exercise Date; 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 Dividend Amount in respect of that Pre-Issue Period.

"**Cum-Date**" means with respect to a dividend and/or distribution relating to the Securities, the final date and time which is notified to the holders of the Securities as the record date for payment of the dividend and/or distribution in accordance with the rules and procedures of the Exchange(s).

"**Dividend Amount**" means, with respect to each Warrant, the amount of any cash dividend and/or distribution declared, paid and received by the Issuer in respect of the Securities relating to that Warrant under the Underlying Hedge Transaction(s), converted into USD at the prevailing Underlying FX Rate(s) at the time such dividends and/or distributions are actually received by the Issuer, subject to any applicable deductions or adjustments relating to the Underlying Hedge Transaction(s) or which are made in accordance with the Conditions (including in each case but not limited to any Costs and including, without limitation, Tax on Dividends).

"**Dividend Receipt Date**" means the date on which the Issuer receives payment of the Dividend Amount under the Underlying Hedge Transaction(s).

"**Tax on Dividends**" means taxes, duties and similar charges imposed by any taxing authority of the PRC in respect of any such dividends or distributions, provided that (a) prior to such rate being clarified by the PRC taxing authority, Tax on Dividends shall be deemed to be 10% of the relevant cash dividend and (b) no additional payments in respect of any Tax on Dividends deducted pursuant to the above will be made by the Issuer, irrespective of whether the rate properly to be applied in respect of such Tax on Dividends (by reference to any clarification by applicable tax authorities) is less than, equal to, or greater than, 10% of the relevant cash dividend. **Warrantholders should note that if the PRC taxing authorities clarify the rate and such rate properly applied is less than 10%, the Issuer will not make any refund to Warrantholders with regards to any Dividend Amount already paid which were subject to the deduction of 10%.**

"**Trade Date**" means 9 February 2009 in respect of Tranche 1 and 6 November 2012 in respect of Tranche 2.

ANNEX III

TERMS AND CONDITIONS OF THE WARRANTS

The following are the terms and conditions of the Warrants which (subject to completion and minor amendment) will be applicable to each Series of Warrants, provided that the relevant Final Terms in relation to any Warrants may supplement these terms and conditions and/or may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following terms and conditions, replace the following terms and conditions for the purposes of such Warrants.

This Warrant is one of a series (each, a "**Series**") of warrants (the "**Warrants**") issued by HSBC Bank plc in its capacity as issuer (the "**Issuer**") pursuant to a warrant and certificate agency agreement dated 3 September 2007 as amended and restated on 3 September 2008 (as further modified and/or amended from time to time, the "**Warrant Agency Agreement**") made between the Issuer, HSBC Bank plc in its capacity as calculation agent (the "**Calculation Agent**", which expression shall include any successor calculation agent appointed in accordance with the Warrant Agency Agreement or, in respect of any Series of Warrants, such other calculation agent as may be specified in the relevant Final Terms (as defined below)), HSBC Bank plc as principal warrant agent (the "**Principal Warrant Agent**", which expression includes any successor or substitute principal warrant agent 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 in its capacity as authentication agent (the "**Authentication Agent**", which expression includes any successor or substitute authentication agent 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 substitute transfer agent appointed in accordance with the Warrant Agency Agreement) and HSBC Bank USA, National Association as registrar (the "**Registrar**", which expression includes any additional or successor or substitute or other warrant registrar specified in the relevant Final Terms appointed in accordance with the Warrant Agency Agreement). The Warrants also have the benefit of a warrant and certificate issuance agreement dated 3 September 2007 as amended and restated on 3 September 2008 (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 following terms and conditions (the "**Conditions**") include brief summaries of, and are subject to, certain provisions of the Warrant Agency Agreement, a copy of which will be available for inspection at the specified office of the Principal Warrant Agent. The Warrantholders (as defined in Condition 1 (*Form and Transfer*)) 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.

Each Series of Warrants may comprise one or more tranches ("**Tranches**" and each, the "**Tranche**") of Warrants. Each Tranche will be the subject of final terms hereto (each, the "**Final Terms**"), a copy of which will, in the case of a Tranche in relation to which application has been made to list on the Regulated Market (the "**Regulated Market**") of the London Stock Exchange plc (the "**London Stock Exchange**"), be lodged with the London Stock Exchange and will be available at the specified office of each of the Warrant Agents. The Warrants may also be admitted to trading on the professional securities market. In the case of a Tranche of Warrants in relation to which application has not been made to list on the London Stock Exchange or for admission to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available to a Holder (as defined in Condition 1 (*Form and Transfer*)) of such Warrants.

References in the Conditions to Warrants are to the Warrants of the relevant Series and references to the Issuer, a Warrant Agent, the Calculation Agent, any Holder or the Warrantholders are to those persons in relation to the Warrants of the relevant Series. Capitalised terms used but not defined in these Conditions will have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Warrants of the relevant Series.

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

"**Bloomberg**" means Bloomberg L.P.

"**Business Day**" means, unless otherwise specified in the relevant Final Terms, 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.

"**Call Warrant**" means a Warrant entitling, but not obligating, the Warrantholder upon exercise (i) to receive the relevant Cash Settlement Amount or (ii) to purchase the relevant Securities, in each case subject to and in accordance with these Conditions.

"**Cash Settlement**" has the meaning ascribed thereto in Condition 3 (*Rights on Exercise*).

"**Cash Settlement Amount**" has the meaning ascribed thereto in Condition 3 (*Rights on Exercise*).

"**Cash Settlement Payment Date**" has, subject to Condition 4(j) (*Automatic Exercise*) the meaning ascribed thereto in the relevant Final Terms.

"**CEA**" means the United States Commodity Exchange Act, as amended.

"**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.

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

"**Currency Business Day**" means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for the relevant currency.

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

"**Determination Date**" means a day on which the Issuer notifies the Clearing System that it has elected for Physical Settlement or Cash Settlement in accordance with Condition 4(e) (*Debit of Warrantholder's Account*), as specified in the relevant Final Terms.

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

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

"**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.

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

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

"**Minimum Exercise Number**" has the meaning ascribed thereto in Condition 5 (*Minimum Number of Warrants Exercisable*).

"**New Issuer**" has the meaning ascribed thereto in Condition 14 (*Substitution*).

"**Permitted Multiple**" has the meaning ascribed thereto in Condition 5 (*Minimum Number of Warrants Exercisable*).

"**Physical Settlement**" has the meaning ascribed thereto in Condition 3 (*Rights on Exercise*).

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

"**Securities**" means, in relation to a Series of Warrants, the equity securities, debt securities, Depositary Receipts (as defined in Condition 17 (*Additional provisions relating to equity-linked Security Warrants, equity-linked Security Basket Warrants, Index Warrants and Index Basket Warrants*)) or other securities or property to which such Warrants relate, as specified in the relevant Final Terms, as adjusted pursuant to Condition 17 (*Additional provisions relating to equity-linked Security Warrants, equity-linked Security Basket Warrants, Index Warrants and Index Basket Warrants*) 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.

"**Securities Transfer Amount**" has the meaning ascribed thereto in the relevant Final Terms.

"**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**" has the meaning ascribed thereto in Condition 3 (*Rights on Exercise*).

"**Settlement Price**" has the meaning ascribed thereto in the relevant Final Terms.

"**Strike Price**" has the meaning ascribed thereto in the relevant Final Terms.

"**Strike Price Payment Date**" has the meaning ascribed thereto in the relevant Final Terms.

"**Taxes**" has the meaning ascribed thereto in Condition 4(b)(vii).

"**Transfer Expenses**" means with respect to any Warrants, all stamp, transfer, registration and similar duties and all expenses, scrip fees, levies and registration charges payable on or in respect of or arising on, or in connection with, the purchase or transfer, delivery or other disposition by the transferor to the order of the relevant Warrantholders of any Securities.

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

1. Form and Transfer

(a) *Form*

Each Tranche of Warrants will be (unless so specified in the relevant Final Terms) either (i) in bearer form ("**Bearer Warrants**") offered in reliance on Regulation S under the Securities Act ("**Regulation S**") and be represented by a global warrant (the "**Global Warrant**") or (ii) in registered form ("**Registered Warrants**") offered in reliance on (A) Regulation S and represented by an unrestricted global registered warrant (the "**Unrestricted Global Registered Warrant**") and/or (B) Rule 144A under the Securities Act ("**Rule 144A**") and represented by a restricted global registered warrant (the "**Restricted Global Registered Warrant**", and together with the Unrestricted Global Registered Warrant, the "**Global Registered Warrants**"). The Global Warrant will be deposited on the issue date (the "**Issue Date**") specified in the relevant Final Terms with a common depositary for the relevant Clearing System(s). Warrants in definitive bearer form will be issued only if so specified in the relevant Final Terms. In the case of Registered Warrants, a certificate will be issued to each Warrantholder in respect of its registered holding. Each such certificate will be numbered serially with an identifying number which will be recorded in the register (the "**Register**") maintained by the Warrant Registrar in respect of the Registered Warrants. No single Tranche or Series of Warrants offered in reliance on Rule 144A may include Bearer Warrants. In the case of the Bearer Warrants, the person for the time being appearing in the books of the relevant Clearing System(s) as the holder of a Warrant 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 (a "**Warrantholder**" or a "**Holder**") and as the person entitled to exercise the rights represented thereby, notwithstanding any notice to the contrary, except that (i) Euroclear shall not be treated as the Holder of any Warrant held in an account with Clearstream, Luxembourg on behalf of Euroclear's accountholders and (ii) Clearstream, Luxembourg shall not be treated as the Holder of any Warrant held in an account with Euroclear on behalf of Clearstream, Luxembourg's accountholders. In the case of Registered Warrants, the person for the time being in whose name such Registered Warrant is so registered in the Register 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 (a "**Warrantholder**" or a "**Holder**").

(b) *Transfer*

All transactions in (including transfers of) Bearer Warrants, in the open market or otherwise, shall be effected only through the Clearing System(s) in which the Bearer Warrants to be transferred are held or are to be held. Title to the Bearer Warrants shall pass upon registration of the transfer in accordance with the rules and procedures for the time being of the relevant Clearing System(s). Title to Registered Warrants pass by registration in the Register.

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 U.S. persons except pursuant to an exemption from, or in a transaction 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 under the Securities Act ("**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.

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. Exercise of a Warrant offered in reliance on Regulation S will be conditional upon delivery of certain certifications as described under "Purchase and Sale of Warrants."

(c) *Regulations concerning transfer and registration of Registered Warrants*

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

(d) *Rule 144A Legend*

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

2. Status of the Warrants

The Warrants of each Series constitute direct unsubordinated, unconditional 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 (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) is applicable and the Warrants are exercisable on any Business Day during the Exercise Period, subject to Condition 3(h) (*Warrants Void on Expiry*) and prior to termination of the Warrants as provided in Conditions 6 (*Effects of European Economic and Monetary Union*) and 9 (*Force Majeure and Illegality*).

(b) *"European Style" Exercise*

If the Warrants are specified in the relevant Final Terms as being European Style Warrants, then this Condition 3(b) is applicable and the Warrants are exercisable only on the Expiry Date, or if that is not a Business Day, the next succeeding or preceding Business Day as specified in the relevant Final Terms, subject to Condition 3(h) (*Warrants Void on Expiry*) and prior to termination of the Warrants as provided in Conditions 6 (*Effects of European Economic and Monetary Union*) and 9 (*Force Majeure and Illegality*).

(c) *"Bermudan Style" Exercise*

If the Warrants are specified in the relevant Final Terms as being Bermudan Style Warrants, then this Condition 3(c) is applicable and the Warrants are exercisable on each date as specified in the 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 or preceding Business Day as specified in the relevant Final Terms, subject to Condition 3(h) (*Warrants Void on Expiry*) and prior to termination of the Warrants as provided in Conditions 6 (*Effects of European Economic and Monetary Union*) and Condition 9 (*Force Majeure and Illegality*).

(d) *Cash Settlement*

If the Warrants are specified in the relevant Final Terms as being Cash Settlement Warrants, then, subject to Condition 3(f) (*Optional Physical Settlement*) if applicable, each such Warrant, upon exercise, entitles the Holder thereof to receive from the Issuer on the Cash Settlement Payment Date (as specified in the relevant Final Terms) an amount calculated in accordance with the relevant Final Terms (the "**Cash Settlement Amount**") in the currency (the "**Settlement Currency**") specified in the relevant Final Terms ("**Cash Settlement**"). The Cash Settlement Amount will be rounded down to the nearest minimum unit of the Settlement Currency, with Warrants exercised at the same time by the same Warrantholder being aggregated for the purpose of determining the aggregate Cash Settlement Amount payable in respect of such Warrants.

(e) *Physical Settlement*

If the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants, then, subject to Condition 3(g) (*Optional Cash Settlement*) if applicable, upon the exercise of a Warrant by a Warrantholder:

(i) in the case of a Call Warrant, the Issuer will, on the Settlement Date in respect of such Warrant, procure the credit of the Securities to which such Warrant relates to the account with the relevant Clearing System specified, or as may otherwise be specified, for that purpose by the Warrantholder in the relevant Exercise Notice, following payment by the Warrantholder to or to the order of the Issuer on or before the Strike Price Payment Date of the Strike Price; and

(ii) in the case of a Put Warrant, the Issuer will, on the Settlement Date in respect of such Warrant, procure the credit of the Strike Price in respect of the Warrant so exercised to the account with the relevant Clearing System specified, or as may otherwise be specified for that purpose by the Warrantholder in the relevant Exercise Notice, following the debit of the relevant Securities to which such Warrant relates to the account of the Warrantholder with the relevant Clearing System and the credit thereof to the account of the Principal Warrant

Agent (in favour of the Issuer) as aforesaid on or before the Settlement Date in respect of such Warrant;

("**Physical Settlement**") all as more fully described in Condition 4 (*Exercise Procedure*). In each case, the number of Securities so debited and credited will be rounded down to the nearest whole number of such Securities that may be separately transferred, with Warrants exercised at the same time by the same Warrantholder being aggregated for the purpose of determining the aggregate number of Securities applicable.

(f) *Optional Physical Settlement*

If this Condition 3(f) is specified in the relevant Final Terms as being applicable, then, upon the exercise of a Warrant by a Warrantholder, the Issuer may elect Physical Settlement in accordance with Condition 3(e) (*Physical Settlement*) instead of Cash Settlement in accordance with Condition 3(d) (*Cash Settlement*). The Warrants do not confer on the Holder any right to acquire Securities and the Issuer is not obliged to purchase or hold Securities. By exercising a Warrant, the Warrantholder shall be deemed to have agreed to such form of settlement as the Issuer shall elect.

(g) *Optional Cash Settlement*

If this Condition 3(g) is specified in the relevant Final Terms as being applicable, then, upon the exercise of a Warrant by a Warrantholder, the Issuer may elect Cash Settlement in accordance with Condition 3(d) (*Cash Settlement*) instead of Physical Settlement in accordance with Condition 3(e) (*Physical Settlement*). By exercising a Warrant, the Warrantholder shall be deemed to have agreed to such form of settlement as the Issuer shall elect.

(h) *Warrants void on Expiry*

Unless automatic exercise ("**Automatic Exercise**") is specified in the relevant Final Terms as applicable, Warrants 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.

(i) *Settlement within the United States*

Notwithstanding the foregoing, with respect to any Warrants that are Physical Settlement Warrants, no cash, securities or other property shall be delivered in the United States (as this term is defined in Regulation S) in connection with the settlement of such Warrants unless the holder thereof shall have delivered any required certifications (including an Exercise Notice) and other documentation (which may include legal opinions) in conjunction with any exercise of such Warrants.

4. Exercise Procedure

(a) *Exercise*

(i) Subject to prior termination of the Warrants as provided in Condition 9 (*Force Majeure and Illegality*), if Automatic Exercise is not specified as applying in the applicable Final Terms:

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

(ii) Subject to prior termination of the Warrants as provided in Condition 9 (*Force Majeure and Illegality*), 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)(i) and in accordance with Condition 4(b) (*Exercise Notice*) shall be automatically exercised on the Expiry Date and the provisions of Condition 4(j) (*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 5 (*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;

(v) in the case of Warrants offered and sold in reliance on Regulation S, certify that (i) each person exercising such Warrants is not a U.S. person, that such Warrants are not beneficially owned by or on behalf of U.S. persons or persons within the United States, that such Warrants are not being exercised within the U.S. or by or on behalf of U.S. persons or persons within the United States, and that no cash, securities or other property have been or will be delivered within the United States or to or for the account or benefit of a U.S. person in connection with the exercise of the Warrants and authorise the production of such certification in applicable administrative or legal proceedings (the terms "United States" and "U.S. person" used in this paragraph having the meaning given to them in Regulation S); or (ii) the Warrant and the securities delivered upon exercise thereof have been registered under the Securities Act or are exempt from registration thereunder, as supported by a written opinion of counsel;

(vi) in the case of Warrants offered and sold in reliance on Rule 144A, certify that each person exercising such Warrants is a "qualified institutional buyer" (as defined in Rule 144A); and

(vii) 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 authority to the Issuer and the relevant Clearing System to deduct an amount in respect thereof from any Cash Settlement Amount due to such Warrantholder or otherwise (on, or at any time after, the Cash Settlement Payment Date) to debit a specified account of the Warrantholder at the relevant Clearing System with an amount or amounts in respect thereof, all as provided in the Warrant Agency Agreement.

In addition, if the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants or if Condition 3(f) (*Optional Physical Settlement*) is specified in the relevant Final Terms as being applicable, the Exercise Notice shall also:

(aa) irrevocably instruct the relevant Clearing System to debit on the Strike Price Payment Date a specified account of the Warrantholder with the aggregate Strike Price in respect of the Warrants being exercised (together with any applicable Taxes) and to transfer such amount to such account as shall have been specified by the Issuer to the relevant Clearing System for that purpose;

(bb) include an irrevocable undertaking to pay any applicable Taxes due by reason of the transfer (if any) of the Securities to the account at the relevant Clearing System specified, or as otherwise specified, by the Warrantholder and an authority to the Issuer and the relevant Clearing System to debit a specified account of the Warrantholder with an amount in respect thereof; and

(cc) specify the number of the Warrantholder's account with the relevant Clearing System to be credited with the relevant Securities or, as the case may be, the delivery details for such Securities.

(c) *Verification of Warrantholder*

To exercise Bearer Warrants, the Holder must duly complete an Exercise Notice and must have Warrants in the amount being exercised in its securities account with the relevant Clearing System on the Exercise Date. The relevant Clearing System will, in accordance with its normal operating procedures, verify that each person exercising 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 aggregate Strike Price (if any) in respect of the Warrants being exercised. If the Exercise Notice is, in the determination of the relevant Clearing System, improperly completed, or sufficient Warrants or sufficient funds equal to the aggregate Strike Price are not available in the specified account(s) with the relevant Clearing System on the Exercise Date, the Exercise Notice will be treated as null and void and a new duly completed Exercise Notice must be submitted if exercise of the Holder's Warrants is still desired.

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

(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 or, in the case of Physical Settlement, the Securities are 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 or the Settlement Date, as the case may be, debit the relevant account of the Warrantholder and credit the relevant account of the Principal Warrant Agent (in favour of the Issuer) with the Warrants being exercised and, if the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants or if the Issuer has elected for optional Physical Settlement in accordance with Condition 3(f) (*Optional Physical Settlement*), with the aggregate Strike Price, in the case of a Call Warrant, or the relevant number of Securities, in the case of a Put Warrant, in respect of the Warrants being exercised together in each case with any applicable Taxes. If the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants or if the Issuer has elected for optional Physical Settlement in accordance with Condition 3(f) (*Optional Physical Settlement*) and the aggregate Strike Price, in the case of a Call Warrant, or the relevant number of Securities, in the case of a Put Warrant, in respect of the Warrants being exercised together in each case with any applicable Taxes is not so credited, then the Issuer shall be under no obligation to transfer Securities or make payment of any nature to the relevant Warrantholder in respect of the Warrants being exercised, and the Exercise Notice delivered in respect of such Warrants shall thereafter be null and void for all purposes.

If Condition 3(f) (*Optional Physical Settlement*) or Condition 3(g) (*Optional Cash Settlement*) is specified in the relevant Final Terms as being applicable, the Issuer will, by the close of business (London time) on the Business Day following the relevant Determination Date, notify the relevant Clearing System, the Principal Warrant Agent and the relevant Warrantholder, if it has elected for Cash Settlement or Physical Settlement, as the case may be. Notice to the relevant Warrantholder shall be given by facsimile or telex to the number specified in the relevant Exercise Notice and any notice so sent shall be deemed received by the relevant Warrantholder.

(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 a tested telex 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.

Unless the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants (and the Issuer has not elected for optional Cash Settlement in accordance with Condition 3(g) (*Optional Cash Settlement*)) or the Issuer shall have elected for optional Physical Settlement in accordance with Condition 3(f) (*Optional Physical Settlement*), the Issuer will transfer to the Principal Warrant Agent the Cash Settlement Amount in respect of the Warrants being exercised, less any amount in respect of Taxes which the Issuer is authorised to deduct therefrom, for value on the Cash Settlement Payment Date, and the Principal Warrant Agent will cause the Warrantholder's account with the relevant Clearing System to be credited with such amount for value on the Cash Settlement Payment Date.

If, however, the Warrants are specified in the relevant Final Terms as being Physical Settlement Warrants (and the Issuer has not elected for optional Cash Settlement in accordance with Condition 3(g) (*Optional Physical Settlement*)) or if the Issuer elects for optional Physical Settlement in accordance with Condition 3(f) (*Optional Physical Settlement*), then:

(i) in the case of a Call Warrant, subject to the debit of the relevant account of the Warrantholder with the Strike Price and any applicable Taxes and the credit thereof to the relevant account of the Principal Warrant Agent (in favour of the Issuer) as aforesaid, the Issuer will, on the

relevant Settlement Date, procure the credit of the relevant Securities to the account specified, or as may otherwise be specified, in the relevant Exercise Notice; and

(ii) in the case of a Put Warrant, the Issuer will, on the Settlement Date in respect of such Warrant, procure the transfer for value to the Principal Warrant Agent of the Strike Price in respect of the Warrant being exercised, less any amount in respect of Taxes which the Issuer is authorised to deduct therefrom, and the Principal Warrant Agent will, on the relevant Settlement Date, procure the credit of the relevant Strike Price to the account specified, or as may otherwise be specified, in the relevant Exercise Notice.

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

(g) *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 not specified as 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)(i) shall become void.

(h) *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.

(i) *Fractions*

No fraction of any Securities will be transferred on exercise of any Warrant pursuant to Conditions 3(d) (*Cash Settlement*) or (e) (*Physical Settlement*), *provided that* all Warrants exercised at the same time by the same Warrantholder shall be aggregated for the purpose of determining whether any (and if so what) fraction of any Securities arises. Instead the Issuer shall make a cash refund of the corresponding fraction (rounded down to the nearest minimum unit of the Settlement Currency) of the aggregate Strike Price in respect of the relevant Warrants. Such refund shall be made by transfer by the Issuer to the account of the Principal Warrant Agent whereupon the Principal Warrant Agent shall transfer such amount to the account at the relevant Clearing System specified in the relevant Exercise Notice as the account to be credited with the relevant Cash Settlement Amount or, if none, then to the relevant Clearing System for credit by it to the account of the relevant Warrantholder with that Clearing System from which the Strike Price was originally debited.

(j) *Automatic Exercise*

This paragraph only applies if Automatic Exercise is specified as applying in the applicable Final Terms and Warrants are automatically exercised as provided in Condition 4(a)(ii).

In order to receive the Cash Settlement Amount, if the Warrants are Cash Settled Warrants, or the Securities, if the Warrants are Physical Settlement Warrants, in respect of a Warrant, the relevant Warrantholder must deliver or send by tested telex confirmed in writing a duly completed Exercise Notice to the Principal Warrant Agent on any Business Day until not later than 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located) on the day (the "**Cut-off Date**") falling 180 days after the Expiry Date.

The Exercise Notice shall include the applicable information set out in the Exercise Notice referred to in Condition 4(b) (*Exercise Notice*). The Business Day during the period from the Expiry Date until the Cut-off Date on which an Exercise Notice is delivered to the Principal Warrant Agent is referred to in this Condition 4(j) (*Automatic Exercise*) as the "**Exercise Notice Delivery Date**", provided that if the Exercise Notice is delivered to the Principal Warrant Agent at or after 10:00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located) on a Business Day, the Exercise Notice Delivery Date shall be deemed to be the next succeeding Business Day.

Subject to the relevant Warrantholder performing its obligations in respect of the relevant Warrant in accordance with these Conditions, (i) in the case of Cash Settled Warrants, the Cash Settlement Payment Date shall be the fourth Business Day following the Exercise Notice Delivery Date and (ii) in the case of Physical Settlement Warrants and subject to Condition 17(f) (*Settlement Disruption of Physical Settlement Warrants*), the fourth Clearing System Business Day following the Exercise Notice Delivery Date. In the event that a Warrantholder does not so deliver an Exercise Notice in accordance with this Condition 4(j) (*Automatic Exercise*) prior to 10.00 a.m. (local time in the place where the Clearing System through which such Warrants are exercised is located) on the Cut-off Date, the Issuer's obligations in respect of such Warrants shall be discharged and no further liability in respect thereof shall attach to the Issuer.

5. 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 Warrantholders in accordance with Condition 10 (*Notices*).

6. Effects of European Economic and Monetary Union

(a) Following the occurrence of an EMU Event (as defined below), the Calculation Agent may make such adjustment (and determine the effective date of such adjustment) as it, in its sole and absolute discretion, determines appropriate, if any, to the Strike Price (if any), the formula for the Cash

Settlement Amount, the Settlement Price, the number of Securities to which each Warrant relates, the number of securities comprised in a Security Basket Warrant, the amount, the number of or type of shares, bonds, other securities or other property which may be delivered in respect of such Warrants and/or any other adjustment and, in any case, any other variable relevant to the exercise, settlement or payment terms of the relevant Warrants which in the sole and absolute discretion of the Calculation Agent have been or may be affected by such EMU Event.

(b) Following the occurrence of an EMU Event, without prejudice to the generality of the foregoing, the Issuer shall be entitled to: (i) make such conversions between amounts denominated in the national currency units (the "**National Currency Units**") of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Communities is amended by the Treaty on European Union and the euro, and the euro and the National Currency Units, in each case, in accordance with the conversation rates and rounding rules established by the council of the European Union pursuant to the Treaty establishing the European Communities as amended by the Treaty a European Union as it, in its sole and absolute discretion, considers appropriate; (ii) make all payments in respect of the Warrants solely in euro as though references in the Warrants to the relevant National Currency Units were to euro and (iii) make such adjustments as it, in its sole and absolute discretion considers necessary to the Strike Price (if any), the formula for the Cash Settlement Amount, Settlement Price and any other amount as it determines, in its sole and absolute discretion, to be appropriate.

(c) None of the Issuer, a Warrant Agent or the Calculation Agent will be liable to any Warrantholder or other person for any commissions, cost, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection therewith.

(d) For the purposes hereof, "**EMU Event**" means the occurrence of any of the following, as determined by the Calculation Agent, acting in a commercially reasonable manner:

(i) the withdrawal from legal tender of any currency that, before the introduction of the euro, was lawful currency in one of the member state;

(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.

7. Warrant Agents and Calculation Agent

(a) *Appointment of Agents*

The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Warrant Agent or the Calculation Agent or the Authentication Agent or the 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* (i) so long as any Warrant is outstanding, the Issuer will maintain a Principal Warrant Agent and a Calculation Agent and an Authentication Agent and (ii) so long as the Warrants have been admitted to the Official List of the UK Listing Authority and admitted

to trading on the London Stock Exchange (or have been admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system), there will be a Warrant Agent with a specified office in London (or in such other place as may be required by such other listing authority, stock exchange and/or quotation system by which the Warrants have then been admitted to listing, trading and/or quotation). 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 Warrantholders in accordance with Condition 10 (*Notices*). In acting under the Warrant Agency Agreement, the Principal Warrant Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Warrantholders.

(b) *Calculation Agent*

The Calculation Agent shall not act as an agent for the Warrantholders but shall be the agent of the Issuer. All calculation functions required of the Calculation Agent under these Conditions may be delegated to any such person as the Calculation Agent, in its absolute discretion, may decide.

Neither the Issuer nor the Calculation Agent shall have any responsibility for any errors or omissions in the calculation and dissemination of any variables used in any calculation made pursuant to these Conditions or in the calculation of any Cash Settlement Amount or of any entitlement to Physical Settlement 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 Warrantholders and (subject as aforesaid) no liability to the Warrantholders (or any of them) shall attach to the Principal Warrant Agent or the Calculation Agent in connection with the exercise or non-exercise by either of them of their powers, duties and discretions for such purposes.

8. Taxes

A Warrantholder subscribing for, purchasing or exercising a Warrant shall pay all Taxes and securities transfer taxes and any other charges, if any, payable in connection with the subscription, purchase or exercise of such Warrant and the delivery of the Cash Settlement Amount and/or any Securities as a result of such exercise. The Issuer shall have the right, but not the duty, to withhold or deduct from any amounts otherwise payable to a Warrantholder such amount as is necessary for the payment of any such taxes, duties or charges or for effecting reimbursement in accordance with the next sentence.

In any case where the Issuer is obliged to pay any such tax, duty or charge referred to in the previous paragraph, the relevant Warrantholder shall promptly reimburse the Issuer therefor.

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.

9. Force Majeure and Illegality

(a) *Force Majeure*

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 (or the Issuer's or the Issuer's affiliates' obligations under any hedging or funding arrangement established in connected 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 upon or immediately after such termination adjusted to account fully for any reasonable expenses and costs incurred by the Issuer and/or its 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 10 (*Notices*).

(b) *Illegality*

In the event that any one or more of the provisions contained in these terms should be held to be invalid, illegal or unenforceable in any respect, the Issuer will endeavour in good faith to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which is not detrimental on either the Issuer or the Warrantholder, and which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

10. Notices

All notices to Warrantholders will be given as soon as practicable after the Issuer has become aware of the relevant event to which a particular notice relates, and will, save where another means of communication has been specified in the relevant Final Terms, 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 UK Listing Authority and admitted to trading on the London Stock Exchange (or which have been admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system), if copies of such notifications are forwarded in final form to the London Stock Exchange no later than the date of dispatch (or, in the case of Warrants admitted to listing, trading and/or quotation by any other listing authority, stock exchange, and/or quotation system published in any publication required by such other listing authority, stock exchange and/or quotation system). Any such notice shall be deemed to have been given on the date of such notification or, in the case of any of Warrants listed on any other listing authority, stock exchange and/or quotation system, the date of such publication or, if notified or published more than once or on different dates, on the date of the first such notification or publication.

11. 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.

12. 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.

13. Modification

The Issuer may modify the Conditions and the Warrant Agency Agreement (subject in the case of the Warrant Agency Agreement to the agreement of the other parties thereto) without the consent of the Warrantholders for purposes of curing any ambiguity or manifest error or correcting or supplementing any provision contained therein in any manner which the Issuer may deem necessary or desirable *provided that* such modification is not materially prejudicial to the interests of the Warrantholders or to correct an inconsistency between the Final Terms and the relevant termsheet relating to the Warrants. Notice of any

such modification will be given to the Warrantholders but failure to give, or non-receipt of, such notice will not affect the validity of such modification.

14. Substitution

The Issuer shall be entitled at any time and from time to time, without the consent of the Warrantholders, to the substitution of a subsidiary or holding company of the Issuer or any subsidiary of any such holding company (the "**New Issuer**") in place of the Issuer as principal debtor under the Warrants of any Series, *provided that* such Warrants are irrevocably guaranteed by the Issuer on a subordinated basis. 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 10 (*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.

15. Governing Law

(a) *Governing law*

The Warrants and all matters arising from or connected with the Warrants are governed by, and shall be construed in accordance with, English law.

(b) *English courts*

The courts of England have exclusive jurisdiction to settle any dispute arising from or connected with the Warrants.

16. 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.

17. Additional provisions relating to equity-linked Security Warrants, equity-linked Security Basket Warrants, Index Warrants and Index Basket Warrants

As used in this Condition 17 and in relation to any Series of Security Warrants or Security Basket Warrants that relate to either one or more equity securities (including any Depositary Receipts), Index Warrants or Index Basket Warrants, or such other Warrants the relevant Final Terms for which specify that this Condition 17 shall apply, the following expressions shall have the following meanings, subject as otherwise provided in the relevant Final Terms:

"**Additional Disruption Event**" has the meaning ascribed thereto in Condition 17(h) (*Additional Disruption Event*).

"**Averaging Date**" means, in respect of each Valuation Date, each date specified as such or otherwise determined as provided in the relevant Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), subject to the provisions of Condition 17(c)(B).

"**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.

"**Clearing System**" means, in relation to a Series of Warrants, such of Euroclear, Clearstream, Luxembourg or any domestic clearance system through which transfers of the Securities are customarily settled as is specified as such in the relevant Final Terms or any successor to such clearance system.

"**Clearing System Business Day**" means, in respect of a Clearing System, any day on which such Clearing System is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions.

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

"**Conversion**" means, in respect of any Securities, any irreversible conversion by the Underlying Company of such Securities into cash or other securities.

"**Delisting**" means that the Exchange announces that pursuant to the rules of such Exchange, the Securities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union).

"**Delivery Disruption Event**" means, as determined by the Calculation Agent in its sole and absolute discretion, the failure by the Issuer to deliver or to procure delivery on the relevant Settlement Date of any relevant Securities under the relevant Warrant due to illiquidity in the market for such Securities.

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

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

"**Depositary 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 Depositary Receipt(s) shall thereafter be construed as a reference to the relevant Underlying Securities and the Calculation Agent will make such adjustment as it, in its sole and absolute discretion, determines to be appropriate to the relevant Warrants and determine, in its sole and absolute discretion, the effective date of such adjustment.

"**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 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.

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

"**Early Closure**" means (a) the closure on any Exchange Business Day of the relevant Exchange (in the case of Security Warrants or Security Basket Warrants) or any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index (in the case of Index Warrants or Index Basket Warrants) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day; or (b) if the

Warrants are Multiple Exchange Index Warrants, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

"**Exchange**" means (a) with respect to a Security or an Index, each exchange or quotation system specified as such in the relevant 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 Business Day**" means (a) any Scheduled Trading Day on which each Exchange and any relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; or (b) with respect to a Multiple Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time.

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

"**Extraordinary Dividend**" means the amount per Security specified or otherwise determined as provided in the relevant Final Terms or, if no such amount is so specified or determined, any dividend or the portion of any dividend which the Calculation Agent determines in its sole and absolute discretion should be characterised as an Extraordinary Dividend.

"**Extraordinary Event**" means a Merger Event, Tender Offer, Nationalisation, Insolvency or Delisting.

"**Final Price**" means, with respect to a Security and a Valuation Date (a) the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on such Valuation Date or (b) if Averaging Dates are specified in the relevant Final Terms in respect of such Valuation Date, the arithmetic average as determined by the Calculation Agent (rounded down to the nearest unit of the relevant currency in which the Security is valued, one half of a unit being rounded upwards) of the Reference Prices on such Averaging Dates.

"**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 this Condition 17, 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 Warrants**" means a Series of Warrants relating to a single Index, as specified in the relevant Final Terms.

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

"**Initial Index Level**" means the level of the Index specified as such or otherwise determined as provided in the relevant Final Terms or, if no such level is so specified or otherwise determined, the level of such Index as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date.

"**Initial Price**" means the price per Security specified as such or otherwise determined as provided in the relevant Final Terms or, if no such price is so specified or otherwise determined, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the relevant Exchange on the Strike Date.

"**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting an Underlying Company, (A) all the Securities of that Underlying Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Securities of that Underlying Company become legally prohibited from transferring them.

"**Knock-in Determination Day**" means each Scheduled Trading Day during the Knock-in Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-in Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-in Determination Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-in Determination Day is a Disrupted Day. In that case, that eighth Scheduled Trading Day shall be deemed to be the Knock-in Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is also a Disrupted Day in accordance with the provisions of Condition 17(b)(i)(A), (B) or (C), as the case may be.

"**Knock-in Determination Period**" means the period which commences on, and includes, the Knock-in Period Beginning Date and ends on, and includes, the Knock-in Period Ending Date.

"**Knock-in Event**" means (i) the event or occurrence specified as such in the relevant Final Terms; and (ii) (unless otherwise specified in the relevant Final Terms) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Knock-in Valuation Time on any Knock-in Determination Day is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-in Price or, as the case may be, the Knock-in Level.

"**Knock-in Level**" means the level of the Index specified as such or otherwise determined in the relevant Final Terms.

"**Knock-in Period Beginning Date**" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-in Determination Day" above.

"**Knock-in Period Ending Date**" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-in Determination Day" above.

"**Knock-in Price**" means the price per Security specified as such or otherwise determined in the relevant Final Terms.

"**Knock-in Valuation Time**" means the time or period of time on any Knock-in Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-in Valuation Time, the Knock-in Valuation Time shall be the Valuation Time.

"**Knock-out Determination Day**" means each Scheduled Trading Day during the Knock-out Determination Period, unless such day is a Disrupted Day due to the occurrence of an event giving rise to a Disrupted Day prior to the Knock-out Valuation Time on such day. If such day is a Disrupted Day due to the occurrence of such an event, then the Knock-out Determination Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the occurrence of a Disrupted Day, would have been the Knock-out Determination Day is a Disrupted Day. In that case, that eighth Scheduled Trading Day shall be deemed to be the Knock-out Determination Day, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine the price of the Security or, as the case may be, the level of the Index in the same manner that it would determine a price of a Security or, as the case may be, a level of an Index on a deemed Valuation Date that is a Disrupted Day in accordance with the provisions of Condition 17(b)(i)(A), (B) or (C), as the case may be.

"**Knock-out Determination Period**" means the period which commences on, and includes, the Knock-out Period Beginning Date and ends on, and includes, the Knock-out Period Ending Date.

"**Knock-out Event**" means that (i) the event or occurrence specified as such in the relevant Final Terms; and (ii) (unless otherwise specified in the relevant Final Terms) that the price of the Security or, as the case may be, the level of the Index, determined by the Calculation Agent as of the Knock-out Valuation Time on any Knock-out Determination Day is, as specified in the relevant Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Knock-out Price or, as the case may be, Knock-out Level.

"**Knock-out Level**" means the level of the Index specified as such or otherwise determined in the relevant Final Terms.

"**Knock-out Period Beginning Date**" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-out Determination Day" above.

"**Knock-out Period Ending Date**" means the date specified as such in the relevant Final Terms or, if such date is not a Scheduled Trading Day, the next following relevant Scheduled Trading Day, subject to the provisions of "Knock-out Determination Day" above.

"**Knock-out Price**" means the price per Security specified as such or otherwise determined in the relevant Final Terms.

"**Knock-out Valuation Time**" means the time or period of time on any Knock-out Determination Day specified as such in the relevant Final Terms or in the event that the relevant Final Terms do not specify a Knock-out Valuation Time, the Knock-out Valuation Time shall be the Valuation Time.

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

(A) the occurrence or existence, in respect of any Component Security, of (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded, OR (cc) an Early Closure; AND (2) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; or

(B) the occurrence or existence, in respect of futures or options contracts relating to the Index of: (aa) a Trading Disruption, (bb) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that (i) for the purposes of the occurrence of a Knock-in Event or a Knock-out Event begins and/or ends at the time at which the relevant price or level triggers the Knock-in Level or the Knock-out Level, as the case may be, or (ii) in all other circumstances, ends at the relevant Valuation Time in respect of the Related Exchange; or (cc) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Multiple Exchange Index at any time, if a Market Disruption Event occurs in respect of a Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

"**Merger Event**" means in respect of any relevant Securities, any (i) reclassification or change of such Securities that results in a transfer of or an irrevocable commitment to transfer all of such Securities outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Underlying Company with or into another entity or person (other than a consolidation, amalgamation or merger in which such Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Securities of the Underlying Company that results in a transfer of or an irrevocable commitment to transfer all such Securities (other than such Securities owned or controlled by such other entity or person); or (iv) consolidation, amalgamation, merger or binding share exchange of the Underlying Company or its subsidiaries with or into another entity in which the Underlying Company is the continuing entity and which does not result in a reclassification or change of all of such Securities outstanding but results in the outstanding Securities (other than Securities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Securities immediately following such event, in each case if the closing date of a Merger Event (or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent) is on or before, in the case of any Warrants which as specified in the relevant Final Terms as being Physical Settlement Warrants, the Settlement Date or, in any other case, the final Valuation Date.

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

"**Multiple Exchange Index**" means an Index identified or specified as such in the relevant Final Terms.

"**Multiple Exchange Index-Linked Warrants**" means Warrants which relate to a Multiple Exchange Index.

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

"**Potential Adjustment Event**" means (i) a subdivision, consolidation or reclassification of relevant Securities (unless resulting in a Merger Event), or a free distribution or dividend of any such Securities to existing holders whether by way of bonus, capitalisation or similar issue; or (ii) a distribution, issue or dividend to existing holders of the relevant Securities of (A) such Securities or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Underlying Company equally or proportionately with such payments to holders of such Securities or (C) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent in its sole and absolute discretion; or (iii) an Extraordinary Dividend; or (iv) a call by the Underlying Company in respect of relevant Securities that are not fully paid; or (v) a repurchase by the Underlying Company or any of its subsidiaries of relevant Securities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or (vi) in respect of the Underlying Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Underlying Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, *provided that* any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Securities; or (viii) any other event specified as such in the relevant Final Terms.

With respect to Depositary Receipts, "Potential Adjustment Event" shall also include (x) the occurrence of any of the events described in (i) to (viii) (inclusive) above in respect of the relevant Underlying Securities and (y) the making of any amendment or supplement to the terms of the Deposit Agreement.

"**Put Warrant**" means a warrant entitling, but not obligating the Warrantholder upon exercise (i) to receive the relevant Cash Settlement Amount or (ii) to sell the relevant Securities, in each case subject to and in accordance with these Conditions.

"**Reference Price**" means, in respect of a Security and an Averaging Date, the price of such Security as determined by the Calculation Agent as of the Valuation Time on the Exchange on such Averaging Date.

"**Related Exchange**" means, subject to the proviso below, in respect of a Security or an Index, each exchange or quotation system specified as such for such Security or Index in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Security or Index, as the case may be, has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Security or Index, as the case may be, as on the original Related Exchange) provided, however, that where "All Exchanges" is specified as the Related Exchange in the relevant Final Terms, "**Related Exchange**" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Security or Index, as the case may be.

"**Relevant Company**" has the meaning ascribed thereto in the relevant Final Terms.

"**Relevant Price**" has the meaning ascribed thereto in the relevant Final Terms.

"**Reuters Screen**" means, when used in connection with any designated page and any designated information, the display page so designated on the Reuters service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor for the purpose of displaying comparable information).

"**Scheduled Closing Time**" means in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"**Scheduled Trading Day**" means (a) any day on which the relevant Exchange and the relevant Related Exchange are scheduled to be open for trading for their respective regular trading sessions; or (b) with respect to a Multiple Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.

"**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 Transfer Amount**" has the meaning ascribed thereto 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).

"**Settlement Date**" means, in relation to Securities to be delivered in respect of an Exercise Date and unless otherwise specified in the relevant Final Terms, the first day on which settlement of a sale of such Securities executed on that Exercise Date customarily would take place through the relevant Clearing System *provided that* if a Settlement Disruption Event prevents delivery of such Securities on that day, then the Settlement Date shall be determined in accordance with Condition 17(f) (*Settlement Disruption of Physical Settlement Warrants*).

"**Settlement Disruption Event**" in relation to a Security means an event which the Calculation Agent, in its sole and absolute discretion, determines to be beyond the control of the Issuer or relevant obligor and to be an event as a result of which the relevant Clearing System cannot clear the transfer of such Security.

"**Successor Index**" has the meaning given in Condition 17(d)(i).

"**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Underlying Company, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

"**Trading Disruption**" means (a) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Securities on the Exchange (in the case of 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 as specified in the relevant Final Terms (or, if the Warrants are DR Linked Warrants, each of the Depositary and the issuer of the relevant Underlying Security), subject to adjustment in accordance with this Condition 17.

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

"**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur.

"**Valuation Date**" means each date specified or otherwise determined as provided in the relevant Final Terms (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day), in each case subject to this Condition 17.

"**Valuation Time**" means (a) in relation to each Security to be valued or each Index the level of which falls to be determined on any date, the time on such date specified as such in the relevant Final Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange on such date in relation to such Security or Index, as applicable. 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.

(a) *Knock-in and Knock-out Provisions*

If "Knock-in Event" is specified as applicable in the Final Terms in relation to any Warrant, then, unless otherwise specified in such Final Terms, the terms of the Warrants as to exercise and/or payment and/or delivery under the relevant Warrants subject to a Knock-in Event shall be conditional upon the occurrence of such Knock-in Event.

If "Knock-out Event "is specified as applicable in the Final Terms in relation to any Warrants, then, unless otherwise specified in such Final Terms, the terms of the Warrants as to exercise and/or payment and/or delivery under the relevant Warrants subject to a Knock-out Event shall be conditional upon the occurrence of such Knock-out Event.

(b) *Consequences of Disrupted Days*

(i) If any Valuation Date is a Disrupted Day, then:

(A) in the case of an Index Warrant or a Security Warrant, 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:

(1) in respect of an Index Warrant, the Calculation Agent shall determine in its absolute discretion that either:

(aa) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the Market Disruption Event; or

(bb) the Valuation Date shall be the first succeeding Exchange Business Day on which there is no Market Disruption Event, unless no such day has occurred by the thirtieth Scheduled Trading Day following the Scheduled Valuation Date, in which case that thirtieth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the 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 or (as the case may be) thirtieth 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 or (as the case may be) thirtieth 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 or (as the case may be) thirtieth 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 or (as the case may be) thirtieth Scheduled Trading Day); and

(2) in respect of a Security Warrant, that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day and the Calculation Agent shall determine its good faith estimate of the value for the relevant Security as of the Valuation Time on that eighth Scheduled Trading Day;

(B) in the case of an Index Basket Warrant, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, 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 eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Index notwithstanding the fact that such day is Disrupted Day relating to that Index; or

(2) the Valuation Date shall be the first succeeding Scheduled Trading Day which is not a Disrupted Day relating to that Index, unless no such day has occurred by the thirtieth Scheduled Trading Day following the Scheduled Valuation Date, in which case that thirtieth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is Disrupted Day,

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 or (as the case may be) thirtieth 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 (or as the case may be) thirtieth 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 to the relevant security or other property on that eighth (or as the case may be) thirtieth 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 (or as the case may be) thirtieth Scheduled Trading Day); and

(C) in the case of a Security Basket Warrant, the Valuation Date for each Security not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Security affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Security, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Security. In that case, (1) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Security, notwithstanding the fact that such day is a Disrupted Day, and (2) the Calculation Agent shall determine, in its sole and absolute discretion, its good faith estimate of the value for that Security as of the Valuation Time on that eighth Scheduled Trading Day.

(c) *Averaging Dates*

If Averaging Dates are specified in the relevant Final Terms, then notwithstanding any other provisions of these Conditions, the following provisions will apply to the valuation of the relevant Index or Securities:

(A) For the purpose of determining the Settlement Price in relation to a Valuation Date, the Settlement Price will be:

(1) in respect of an Index Warrant or Cash Settlement Security Warrant, the arithmetic mean of the Relevant Prices of the Index or the Securities on each Averaging Date;

(2) in respect of an Index Basket Warrant, the arithmetic mean of the amounts for the Basket determined by the Calculation Agent in its sole and absolute discretion as provided in the relevant Final Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Settlement Price is so provided, the arithmetic mean of the amounts for such basket calculated on each Averaging Date as the sum of the Relevant Prices of each Index comprised in the Basket (weighted or adjusted in relation to each Index as provided in the relevant Final Terms); and

(3) in respect of a Cash Settlement Security Basket Warrant, the arithmetic mean of the prices for the Basket determined by the Calculation Agent in its sole and absolute discretion as provided in the relevant Final Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Settlement Price is so provided, the arithmetic mean of the prices for the Basket calculated on each Averaging Date as the sum of the values calculated for the Securities of each Underlying Company as the product of (aa) the Relevant Price of such Security and (bb) the number of such Securities comprised in such basket.

(B) If any Averaging Date is a Disrupted Day, then, if the consequence specified in the relevant Final Terms in relation to "**Averaging Date Market Disruption**" is:

(1) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for purposes of determining the relevant Settlement Price provided that, if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Condition 17(b)(i) will apply for purposes of determining the relevant level, price or amount on the final Averaging Date in respect of that Valuation Date as if such final Averaging Date were a Valuation Date that was a Disrupted Day. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date;

(2) "**Postponement**", then Condition 17(b)(i) will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the Warrant. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or the relevant Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date; or

(3) "**Modified Postponement**", then:

(aa) in the case of an Index Warrant or Security 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:

(i) in respect of an Index Warrant, the Calculation Agent shall determine in its absolute discretion that either:

(x) the eighth Scheduled Trading Day shall be deemed to be the Averaging Date, (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, unless no such day has occurred by the thirtieth Scheduled Trading Day following the Scheduled Final Averaging Date, in which case that thirtieth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that thirtieth Scheduled Trading Day is already an Averaging Date),

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 17(b)(i)(A)(1); and

(ii) in respect of a Security Warrant, the eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant price for that Averaging Date in accordance with Condition 17(b)(i)(A)(2); and

(bb) in the case of an Index Basket Warrant or a Security Basket Warrant, the Averaging Date for each Index or Security not affected by the occurrence of a Disrupted Day shall be the day specified in the relevant Final Terms as an Averaging Date in relation to the relevant Valuation Date (the "**Scheduled Averaging Date**") and the Averaging Date for an Index or Security affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index or Security. If the first succeeding Valid Date in relation to such Index or Security has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the Scheduled Final Averaging Date, then:

(i) in respect of an Index Basket Warrant, the Calculation Agent shall determine in its absolute discretion that either:

(x) the eighth Scheduled Trading Day shall be deemed to be the Averaging Date, (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, unless no such day has occurred by the thirtieth Scheduled Trading Day following the Scheduled Final Averaging Date, in which case that thirtieth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that thirtieth Scheduled Trading Day is already an Averaging Date) in relation to such Index,

and, in each case, the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with Condition 17(b)(i)(B); and

(ii) in respect of a Security Basket Warrant, that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Security, and the Calculation Agent shall determine, in its sole and absolute discretion, the relevant amount for that Averaging Date in accordance with Condition 17(b)(i)(C).

If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or Settlement Date, as the case may be, or (ii) the occurrence of an Extraordinary Event or Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

(C) If (1) on or prior to any Averaging Date, in respect of an Index Warrant or Index Basket Warrant, an Index Modification, an Index Cancellation or an Index Disruption

(each as defined in Condition 17(d)(ii) occurs, or (2) on any Averaging Date in respect of an Index Warrant or Index Basket Warrant an Index Disruption Event occurs, then the Calculation Agent shall determine, in its sole and absolute discretion, the relevant Settlement Price using, in lieu of a published level of the relevant Index, the level for that Index 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 that change or failure, but using only those securities or other property that comprised that Index immediately prior to that change or failure (other than those securities or other property that have since ceased to be listed on any relevant Exchange).

(d) *Adjustments to Indices*

This Condition 17(d) 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 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 Adjustment Events

If (A) on or prior to any Valuation Date, a relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation or other routine events) (an "**Index Modification**") or permanently cancels the Index (an "**Index Cancellation**"), or (B) on any Valuation Date the Index Sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" and together with an Index Modification and an Index Cancellation, each an "**Index Adjustment Event**"), then the Issuer may take the action described in (1) or (2) below:

(1) require the Calculation Agent to determine, in its sole and absolute discretion, the Final Price using, in lieu of a published level of that Index, the level for that Index as at that Valuation Date as determined by the Calculation Agent in its sole and absolute discretion in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event; or

(2) cancel the Warrants by giving notice to Warrantholders in accordance with Condition 10 (*Notices*). If the Warrants are so cancelled the Issuer will pay an amount to each Warrantholder in respect of each Warrant held by him which amount shall be the fair market value of a Warrant taking into account the Index Adjustment Event, less the cost to the Issuer and/or any of its affiliates or agents of unwinding any underlying related hedging arrangements (including any cost of funding in respect of such hedging arrangements) plus, if already paid, the Strike Price, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Warrantholders in accordance with Condition 10 (*Notices*).

(iii) 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 the Calculation Agent will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the settlement or payment terms of the Warrants to account for such correction provided that if any amount has been paid or delivered in an amount or value which exceeds the amount that would have been payable or deliverable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable or deliverable in respect of the Warrants and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement (or, in the case of a delivery, payment of the value) of, the relevant excess payment or delivery (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Warrantholder, together with interest on that amount for the period from and including the day on which payment or delivery was originally made to (but excluding) the day of payment of reimbursement (or value) by the Warrantholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(e) *Delivery Disruption of Physical Settlement Warrants*

This Condition 17(e) is applicable only in relation to Warrants specified in the relevant Final Terms as being Physical Settlement Warrants and to Warrants in relation to which the Issuer has elected for optional Physical Settlement in accordance with Condition 3(f) (*Optional Physical Settlement*).

If the Calculation Agent determines, in its sole and absolute discretion, that a Delivery Disruption Event has occurred, it shall notify the Issuer who shall promptly notify the relevant Warrantholder(s) and the Issuer may then:

(A) determine, in its sole and absolute discretion, that the obligation to deliver the relevant Securities Transfer Amount will be terminated and the Issuer will pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the Securities Transfer Amount, in which event the entitlements of the respective Warrantholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Warrants shall be satisfied in full upon payment of such amount; or

(B) deliver on the Settlement Date such amount of the Securities Transfer Amount (if any) as it can deliver on that date and pay such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the non-delivery of the remainder of the Securities Transfer Amount, in which event the entitlements of the respective Warrantholder(s) to receive the relevant Securities Transfer Amount shall cease and the Issuer's obligations under the Warrants shall be satisfied in full upon payment of such amount.

Where this Condition 17(e) fails to be applied, insofar as the Calculation Agent determines in its sole and absolute discretion to be practical, the same shall be applied as between the Warrantholders on a pro rata basis, but subject to such rounding down (whether of the amount of a payment or of a number of Securities to be delivered) and also to such other adjustments as the Calculation Agent determines, in its sole and absolute discretion, to be appropriate to give practical effect to such provisions.

(f) *Settlement Disruption of Physical Settlement Warrants*

This Condition 17(f) is applicable only in relation to Warrants specified in the relevant Final Terms as being Physical Settlement Warrants.

The Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Settlement Disruption Event has occurred and where it determines such an event has occurred and so has prevented delivery of Securities on the original day that but for such Settlement Disruption Event would have been the Settlement Date, then the Settlement Date will be the first succeeding day on which delivery of such Securities can take place through the relevant Clearing System unless a Settlement Disruption Event prevents settlement on each of the eighth relevant Clearing System Business Days immediately following the original date (or during such other period (the "**Disruption Period**") specified in the relevant Final Terms) that, but for the Settlement Disruption Event, would have been the Settlement Date. In that case, if the Securities are debt securities, the Issuer shall use reasonable efforts to deliver such Securities promptly thereafter in a commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) outside the Clearing System and in all other cases (a) if such Securities can be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be the first day on which settlement of a sale of Securities executed on the eighth relevant Clearing System Business Day, or during such other period specified in the relevant Final Terms, customarily would take place using such other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion) of delivery (which other manner of delivery will be deemed the relevant Clearing System for the purposes of delivery of the relevant Securities), and (b) if such Securities cannot be delivered in any other commercially reasonable manner (as determined by the Calculation Agent in its sole and absolute discretion), then the Settlement Date will be postponed until delivery can be effected through the relevant Clearing System or in any other commercially reasonable manner.

For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Securities comprised in a basket, the Settlement Date for Securities not affected by the Settlement Disruption Event will be the first day on which settlement of a sale of such Securities executed on the Settlement Date customarily would take place through the relevant Clearing System.

(g) *Adjustments and Events affecting Securities*

This Condition 17(g) is applicable only in relation to Security Warrants and Security Basket Warrants.

(i) Potential Adjustment Events

The Calculation Agent shall determine, in its sole and absolute discretion, whether or not at any time a Potential Adjustment Event has occurred and where it determines such an event has occurred, the Calculation Agent will, in its sole and absolute discretion, determine, whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Securities and, if so, will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the Strike Price, the number of Securities to which each Warrant relates and to any other exercise, settlement, payment or other term of the relevant Warrants, including without limitation the amount, number or type of cash, Securities, other securities or other property which may be transferred under such Warrants and determine the effective date(s) of such adjustment(s). In 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 adjustments to be made. If the Calculation Agent determines that the relevant Warrants shall continue, it may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate, if any, to the amount, number or type of Securities, other property or securities which may be transferred under the Warrants, including, without limitation, the Strike Price, the formula for the Cash Settlement Amount set out in the relevant Final Terms and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion determine. If the Calculation Agent determines in its sole and absolute discretion that the relevant Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive Securities or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

(iii) Conversion

In respect of a Security Warrant or a Security Basket Warrant which relates to debt securities, following the occurrence of any Conversion, the Calculation Agent will, in its sole and absolute discretion, determine whether or not the Warrants will continue and, if so, determine, in its sole and absolute discretion, any adjustments to be made. If the Calculation Agent determines that the Warrants shall continue, it may make such adjustment as it, in its sole and absolute discretion, determines to be appropriate to the amount, number or type of Securities, other property or securities which may be transferred under the Warrants, including without limitation the Strike Price, the formula for the Cash Settlement Amount set out in the relevant Final Terms and/or any other adjustment and determine, in its sole and absolute discretion, the effective date(s) of such adjustment. If the Calculation Agent determines, in its sole and absolute discretion, that the Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of any Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive Securities or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) as of the date selected by the Calculation Agent in its sole and absolute discretion and the Issuer's obligations under the Warrants shall be satisfied in full upon payment of such amount as, in the opinion of the Calculation Agent (such opinion to be made by the Calculation Agent in its sole discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

(iv) Correction of Prices

In the event that any price published or announced on a given day and utilised or to be utilised for the purpose of any calculation or determination under the Warrants is subsequently corrected and the correction is published or announced by the Exchange within one Settlement Cycle after the original publication, the Calculation Agent will make such adjustment as it in its sole and absolute discretion determines to be appropriate, if any, to the settlement or payment terms of the Warrants to account for such correction *provided that* if any amount has been paid or delivered in an amount or value which exceeds the amount that

would have been payable or deliverable if the correction had been taken into account, no further amount in an amount at least equal to the excess is payable or deliverable in respect of the Warrants and the Calculation Agent determines that it is not practicable to make such an adjustment to account fully for such correction, the Issuer shall be entitled to reimbursement (or, in the case of a delivery, payment of the value) of, the relevant excess payment or delivery (or, as the case may be, the proportion thereof not accounted for by an adjustment made by the Calculation Agent) by the relevant Warrantholder, together with interest on that amount for the period from and including the day on which payment or delivery was originally made to (but excluding) the day of payment of reimbursement (or value) by the Warrantholder (all as calculated by the Calculation Agent in its sole and absolute discretion). Any such reimbursement shall be effected in such manner as the Issuer shall determine.

(h) *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 as it, in its sole and absolute discretion, determines to be appropriate, if any, to the amount, number or type of Securities, other property or securities which may be transferred under the Warrants, including, without limitation, the Strike Price, the formula for the Cash Settlement Amount set out in the relevant Final Terms and/or any other adjustment which change or adjustment shall be effective on such date selected by the Calculation Agent in its sole and absolute discretion determine. If the Calculation Agent determines in its sole and absolute discretion that the relevant Warrants shall be terminated, then the Warrants shall cease to be exercisable (or, in the case of Warrants which have been exercised, the entitlements of the respective exercising Warrantholders to receive Securities or the Cash Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the relevant Warrants shall be satisfied in full upon payment of such amount as in the opinion of the Calculation Agent (such opinion to be made in its sole and absolute discretion) is fair in the circumstances by way of compensation for the termination of the Warrants.

To the extent that the Calculation Agent determines that the Issuer shall suspend its obligations to make any payment or delivery 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 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) the Issuer or any of its affiliates will incur a materially increased cost in the Issuer performing its obligations under the Warrants or under 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 (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 affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) 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 (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s);

(iii) "**Increased Cost of Hedging**" means that the Issuer or any of its affiliates would incur a materially increased cost (as compared with circumstances existing on the Issue Date) including, without limitation, amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk or any other relevant price risk including, without limitation, any currency risk of the Issuer entering into and performing its obligations with respect to the Warrants, or (B) realise, recover or remit the proceeds of any such transaction(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer or its affiliate, as applicable, shall not be deemed an Increased Cost of Hedging; and

(iv) "**Currency Event**" means the occurrence of an event or a condition which, in the opinion of the Calculation Agent, has the effect of further restricting, prohibiting or delaying the exchange of any currency in which any Security or Index component to which the Warrants relate is denominated and together with any other currency specified as such in the relevant Final Terms, a "**Reference Currency**", for the currency specified as the Settlement Currency in the relevant Final Terms or the transfer of the Settlement Currency out of any jurisdiction specified as a "**Reference Jurisdiction**" in the relevant Final Terms, or the transfer of a Reference Currency within any Reference Jurisdiction, in each case when compared with the restrictions, prohibitions and delays existing on the Issue Date.

(i) *Other Adjustments*

Upon the occurrence of any event(s) that the Calculation Agent determines (in its discretion, but acting reasonably) affects or could potentially affect the value of the Warrants, the Calculation Agent may (in its discretion, but acting reasonably) determine whether or not the Warrants shall continue and, if so, whether to make any adjustments to the Strike Price, the number and/or type of Securities and/or Indices to which such Warrants relate, or to any exercise, settlement, payment or other terms of such Warrants including, without limitation, the amount, number or type of cash, Securities, other securities or property which may be transferred under such Warrants and determine the effective date(s) of such adjustments.

EXHIBIT

FORM OF INVESTOR LETTER OF REPRESENTATIONS

[Date]

HSBC Bank plc

The Hongkong and Shanghai Banking Corporation Limited

Ladies and Gentlemen:

The undersigned hereby acknowledges receipt of the Base Prospectus dated 3 September, 2008 (as amended and supplemented from time to time, the "**Base Prospectus**") describing a warrant and certificate programme (the "**Programme**") pursuant to which Low Exercise Price Options ("**LEPOs**" or "**Warrants**") may be issued from time to time by HSBC Bank plc, a company incorporated with limited liability in England with registered number 14259 (together with its successors and assigns, the "**Issuer**"). The terms and conditions of each issue of LEPOs shall be contained in a prospectus (the "**Prospectus**") which shall be prepared by, or on behalf of, the Issuer for the purposes of such LEPOs. Where the relevant series of LEPOs are to be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, the Prospectus shall comprise a Unitary Prospectus (including, for the avoidance of doubt, any documents incorporated by reference therein, (the "**Unitary Prospectus**")). Where the relevant series of LEPOs are to be unlisted, the Prospectus shall comprise the Base Prospectus (including, for the avoidance of doubt, any documents incorporated by reference therein), any supplements to the Base Prospectus, and Final Terms dated on or around the issue date of such LEPOs. The Prospectus for each issue of LEPOs shall be provided to the undersigned on or as soon as practicable following the relevant issue date, or if applicable, the date on which such Prospectus is approved by the relevant listing authority, stock exchange and/or quotation system, whichever is the later date. Capitalized terms used but not defined in this Investor Letter of Representations (the "**Letter**") shall have the meanings ascribed to them in the relevant Prospectus.

The undersigned also acknowledges that (i) from time to time, upon the request of the undersigned the Issuer may sell through [ ], in its capacity as manager under the Programme (together with its successors and assigns, the "**Manager**") in accordance with the terms and conditions set forth in the relevant Prospectus, one or more Series of LEPOs and (ii) the undersigned will purchase such LEPOs from the Manager, in each case solely for its own account or for one or more accounts as to which it exercises sole investment discretion and for which it has full power to make the acknowledgments, representations, warranties and agreements set forth in the Annex attached hereto.

The undersigned also acknowledges that the LEPOs will only be offered and sold (1) to "qualified institutional buyers" ("**QIBs**") (as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Act**")) or (2) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Act ("**Regulation S**") to investors that, in each case, have entered into an investor letter of representations with the Issuer, the Arranger and the Manager identical to this Letter (each such person, an "**Eligible Investor**").

Now, therefore, in view of the foregoing, in order to establish its eligibility to acquire any LEPOs that from time to time the undersigned may request the Issuer to sell through the Manager to it pursuant to a Prospectus, the undersigned hereby represents, warrants, certifies, acknowledges and agrees, to, with and for the benefit of the Issuer, the Arranger and the Manager, as of the date hereof and as of each date on which it acquires (whether through purchase, exchange or other transfer), redeems or exercises any of the LEPOs (each, a "**Representation Date**"), as to itself and as to each account for which it acquires any such LEPOs on the relevant Representation Date, in the form of the Annex attached hereto.

The undersigned hereby acknowledges that the Issuer, the Arranger and the Manager will rely upon the representations, warranties, acknowledgments and agreements of the undersigned set forth in the Annex attached hereto in connection with offering and sales, from time to time, of LEPOs to the undersigned, and, therefore, it agrees to notify the Issuer, the Arranger and the Manager in writing as soon as any of the representations, warranties, acknowledgments or agreements set forth in the Annex attached hereto ceases to be accurate and complete, and, under all circumstances, prior to any contemplated acquisition of LEPOs.

All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the undersigned shall be given to it at the address set forth next to its signature. Notices to the Issuer, the Arranger and the Manager shall be given to [ ].

This Letter may be signed in counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. This Letter may not be amended or waived, except if such an amendment or waiver is in writing and signed, in the case of an amendment, by the undersigned, the Issuer, the Arranger and the Manager, or, in the case of a waiver, by the party against whom the waiver is to be effective.

This Letter shall be governed by and construed in accordance with the laws of England and the provisions hereof shall be binding upon the successors and assigns of the undersigned. The undersigned hereby submits to the jurisdiction of the courts of England with respect to any litigation relating to this Letter.

The undersigned hereby confirms its agreement to be bound by the terms of the foregoing Letter by having it executed by one or more of its authorized officers as of the date first above written.

Very truly yours,

[INVESTOR]

By: _____
Name:
Title:

Address for Notices:

_____

Accepted and Confirmed as of the date
first above written:

HSBC Bank plc, as
Issuer and Arranger

By: _____
Name:
Title:

ANNEX

1. it has all requisite power and authority to enter into this Letter and this Letter has been duly authorized, validly executed and delivered by it and constitutes its valid and legally binding agreement; such entrance into this Letter 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. it either (i) is a "qualified institutional buyer" (as defined in Rule 144A, a "**QIB**") acquiring (whether through purchase, exchange or other transfer), redeeming or exercising LEPOs pursuant to, and in compliance with, the requirements of Rule 144A or (ii) is acquiring (whether through purchase, exchange or other transfer), redeeming or exercising LEPOs in an offshore transaction pursuant to, and in compliance with, the requirements of Regulation S;

3. with respect to purchases of any particular Series of LEPOs purchased pursuant to the provisions of Rule 144A, it will hold not less than $100,000 aggregate purchase price of the LEPOs of that particular Series; for the avoidance of doubt the foregoing minimum aggregate purchase price applies to each account for which it is acquiring any LEPOs;

4. it will provide notice of all applicable transfer restrictions to any subsequent transferees of the LEPOs;

5. it is not purchasing any LEPOs with a view toward resale, distribution or other disposition thereof in violation of the United States Securities Act of 1933, as amended (the "**Act**"). It shall not acquire any LEPOs, unless it acquires such LEPOs solely for its own account or for the account of one or more investors (each of which, in the case of LEPOs acquired pursuant to Rule 144A, must be a QIB), and in each case as to each of which it exercises at such time sole investment discretion and for each of which it has at such time full power to make the acknowledgments, representations, warranties and agreements set forth herein, based upon its own judgment and upon advice of such business, financial, investment, legal, regulatory, accounting, tax or other advisers as it deems necessary. It acknowledges that none of the Issuer, the Arranger, the 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 LEPOs or with respect to the Prospectus relating to such Series of LEPOs or has recommended or otherwise will recommend to it the investment in any LEPOs. It shall not acquire any LEPOs, unless it has not relied upon any communication (written or oral) of the Issuer, the Arranger or the 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 LEPOs, and unless it has conducted its own analysis of the business, financial, investment, legal, regulatory, accounting, tax and other implications of such an investment (it being understood that information contained in the relevant Prospectus shall not be considered investment advice or a recommendation to acquire such LEPOs);

6. it shall not acquire any LEPOs, unless it acquires such LEPOs with its own funds and not with the funds of any other person and unless, upon the acquisition by it of such LEPOs, no other person has any interest, beneficial or otherwise, in such LEPOs;

7. it understands and acknowledges that (i) none of the LEPOs have been or will be registered under the Act or state securities laws and that the offer and sale to it of the LEPOs will only be made in reliance upon the exemption from the registration requirements of the Act that is provided by Rule 144A or Regulation S of the Act and in reliance upon relevant exemptions from state securities laws and (ii) none of the LEPOs 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 LEPOs), except (x) to the Issuer or the 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 Eligible Investors at the time of the transfer;

8. (x) it understands that the LEPOs will bear legends substantially to the following effect:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE SECURITIES MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY TO OR THROUGH THE ISSUER (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), IN EACH CASE TO A PURCHASER THAT HAS EXECUTED AND DELIVERED TO THE ISSUER A LETTER OF REPRESENTATIONS SUBSTANTIALLY IN THE FORM ATTACHED AS THE EXHIBIT TO THE PROSPECTUS.

(y) In addition, each LEPO for which the Reference Asset is an equity security listed on a PRC stock exchange shall bear the following legend

ANY PLEDGE, SALE OR OTHER TRANSFER OF THIS SECURITY TO A PERSON THAT IS A “DOMESTIC INVESTOR” (MEANING (1) PRC CITIZENS RESIDENT IN THE PRC (EXCLUDING HONG KONG, MACAU AND TAIWAN), (2) PRC CITIZENS RESIDENT OUTSIDE THE PRC WHO ARE NOT PERMANENT RESIDENTS OF ANOTHER COUNTRY OR PERMANENT RESIDENTS OF HONG KONG, MACAU OR TAIWAN, OR (3) LEGAL ENTITIES REGISTERED IN THE PRC (EXCLUDING HONG KONG, MACAU AND TAIWAN)), OR TO ANY PERSON USING FUNDS TO PURCHASE THIS SECURITY SOURCED FROM A “DOMESTIC INVESTOR” SHALL, AT THE OPTION OF THE ISSUER, (X) BE VOID OR (Y) GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY SECURITIES HELD BY SUCH TRANSFEREE.

(z) In addition, each LEPO for which a constituent of the Index is an equity security listed on a PRC stock exchange shall bear the following legend

ANY PLEDGE, SALE OR OTHER TRANSFER OF THIS SECURITY TO A PERSON THAT IS A “DOMESTIC INVESTOR” (MEANING (1) PRC CITIZENS RESIDENT IN THE PRC (EXCLUDING HONG KONG, MACAU AND TAIWAN), (2) PRC CITIZENS RESIDENT OUTSIDE THE PRC WHO ARE NOT PERMANENT RESIDENTS OF ANOTHER COUNTRY OR PERMANENT RESIDENTS OF HONG KONG, MACAU OR TAIWAN, OR (3) LEGAL ENTITIES REGISTERED IN THE PRC (EXCLUDING HONG KONG, MACAU AND TAIWAN)), OR TO ANY PERSON USING FUNDS TO PURCHASE THIS SECURITY SOURCED FROM A “DOMESTIC INVESTOR” SHALL, AT THE OPTION OF THE ISSUER, (X) BE VOID OR (Y) GIVE THE ISSUER THE RIGHT TO COMPEL THE TRANSFEREE TO REDEEM ANY SECURITIES HELD BY SUCH TRANSFEREE.

9. it understands and acknowledges that the Issuer has the right, at its option, (x) to compel any legal or beneficial owner of LEPOs that has acquired such LEPOs in violation of the legend thereon or this Letter at the time it acquired such LEPOs to redeem the LEPOs held by such legal or beneficial owner

or (y) to void the transfer of any such LEPOs to such legal or beneficial owner, including by compelling a sale by such legal or beneficial owner, or selling such LEPOs on behalf of such legal or beneficial owner, to a purchaser acceptable to the Issuer;

10. it understands and acknowledges that the Issuer may receive a list of participants holding positions in the securities from one or more book-entry depositaries;

11. it (i) has provided to the Manager financial and other information concerning its investment objectives and risk tolerance that has not been rendered misleading or obsolete; (ii) understands that the investment in the LEPOs is subject to a very high degree of complex risks which may arise without warning, may at times be volatile, and that losses may occur quickly and in unanticipated magnitude and that LEPOs are highly speculative and may result in a loss of the entire investment; (iii) shall not acquire any LEPOs, unless it concludes at the time that the investment by it in such LEPOs is suitable in light of its own investment objectives, financial capabilities and expertise; and (iv) has not been solicited by the Issuer, the Arranger, the Manager or any of their affiliates to purchase any LEPOs, but rather on its own initiative has requested the Issuer to structure and sell such LEPOs to it through the Manager;

12. it shall not acquire any LEPOs, unless it has a valid business purpose for acquiring such LEPOs and unless its investment in such LEPOs is consistent with its overall investment strategy at such time;

13. it shall not acquire any LEPOs, unless it has such knowledge and experience in financial and business matters (including with respect to investments in unregistered equity securities of issuers similarly situated as the issuer of the Reference Assets underlying such LEPOs) as to enable it to evaluate the merits and risk of its investment in such LEPOs (as well as in the Reference Assets) and unless at such time it is able to bear the economic risk of investing in and holding such LEPOs;

14. it acknowledges that it shall not acquire any such LEPOs without an independent investigation by it of the Reference Assets to which the return on such LEPOs is linked and of the issuers, owners, guarantors or sponsors of such Reference Assets (each, an "**Underlying Company**") because the investment in such LEPOs may be viewed as economically equivalent to an investment in the underlying Reference Assets;

15. it has read and understands the information contained in the relevant Prospectus, as amended and supplemented at such time;

16. it acknowledges, in connection with any acquisition by it of any LEPOs, that the information, if any, about the Reference Assets to which such LEPOs will be linked that will be contained in the relevant Prospectus will not have been prepared by, or on behalf of, and will not have been verified by, or on behalf of, the Issuer, the Arranger, the Manager or any of their affiliates, and the Issuer, the Arranger and the Manager will have disclaimed any responsibility for such information, and that an independent investigation of the relevant Reference Assets and the relevant Underlying Company will be required for such purpose. In connection with any acquisition by it of any LEPOs, it will not have relied on any representations or other information purported to be given by or on behalf of the Issuer, the Arranger or the Manager, except as expressly set forth in the relevant Prospectus, as amended and supplemented at such time;

17. it acknowledges, in connection with any acquisition by it of any LEPOs, that the Issuer, the Arranger, the Manager and their affiliates will not be responsible for determining the legality or suitability of an investment by it in such LEPOs and that none of the Issuer, the Arranger, the Manager and their affiliates will be acting at any time during an offering of any LEPOs as an underwriter, distributor or other similar agent for the issuer, owner, guarantor or sponsor of the relevant Reference Assets in connection with the acquisition by the undersigned of such LEPOs;

18. it shall not acquire any LEPOs, unless it shall have all the information that it then believes is necessary or appropriate in connection with its purchase of such LEPOs (including, without limitation, all the information in respect of any underlying Reference Assets, the relevant Underlying Company and such LEPOs);

19. it is aware and acknowledges that the Issuer, the Arranger, the Manager and their affiliates may from time to time have a direct or indirect investment in, or a banking or other business relationship with, the 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; it further understands and acknowledges that none of the Issuer, the Arranger, the Manager and their affiliates has been acting at any time during an offering of such LEPOs as an underwriter, distributor or other similar agent for the Underlying Company in connection with the acquisition by the undersigned of such LEPOs or is under any 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. It is aware that from time to time, the Issuer or any of its affiliates may provide or make available to the undersigned, as well as to others, research, opinions and other information in regard to securities (including LEPOs of any particular Series), commodities, other financial assets, and market participants or events which include the Reference Assets or the Underlying Company in respect of such Series of LEPOs; it acknowledges that if such information is provided to the undersigned, it is so provided without regard to the undersigned'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 LEPOs linked to such Reference Assets 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 undersigned. 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 Assets including LEPOs of any particular Series and such transactions may have an adverse effect on the price of the Reference Assets and/or LEPOs linked to such Reference Assets; it agrees that it requested the Issuer to structure and sell LEPOs of any particular Series to it through the Manager on its own initiative without reference to any of the foregoing activities by the Issuer or any of its affiliates with the Underlying Company or Reference Assets to which such LEPOs are linked;

20. it does not have, at the time it purchases LEPOs of any Series and at the time it exercises LEPOs prior to or on their Expiry Date, any material, non-public information regarding the relevant Underlying Company;

21. it understands and acknowledges that the purpose of the acquisition of such LEPOs is to secure a profit or minimize a loss by reference to fluctuations in the price of the relevant Reference Assets, and accordingly, it agrees that it is an express term of such LEPOs that (i) the undersigned does not acquire any interest in or right to acquire any relevant Reference Assets by virtue of holding any LEPO; (ii) none of the undersigned, the Issuer or any entity acting for the Issuer is obliged to sell, purchase, hold, deliver, pledge, transfer or receive any relevant Reference Asset; (iii) the primary right of the undersigned and the primary obligation of the Issuer for any LEPOs is to receive or make the respective payments referred to in the relevant Prospectus; and (iv) it will not in any way have any rights with respect to any underlying Reference Asset including, but not limited to, voting rights;

22. (i) it is not and will not be a benefit plan investor (as defined in section 3(42) of ERISA) and (ii) if at any time it will be an employee benefit plan that is not a benefit plan investor and that is subject to any U.S. federal, state or local law that is substantially similar to section 406 of ERISA or section 4975 of the Code ("**Similar Law**"), the purchase and holding of the warrants do not and will not violate any

Similar Law. Any purported transfer of this warrant that does not comply with these requirements shall be null and void *ab initio*.

23. it is not a country, territory, individual or entity named on any publicly available list of known or suspected terrorists, terrorist organizations 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 and the undersigned has established procedures to identify clients on such lists;

24. 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;

25. it understands and acknowledges 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 and tax structure of the offering of LEPOs pursuant to the relevant 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;

26. it agrees, and it authorizes the Manager, Issuer or any of their respective affiliates, to provide, upon request of any regulatory authority in respect of any LEPO transaction, or where any such party is being compelled by law or by any governmental department or agency, or by an order of a court of competent authority to so provide, any information requested with respect to such LEPO transaction;

27. with respect to any LEPOs for which Reference Asset is an equity security or a basket of securities listed on any PRC exchange, it represents that:

    it is NOT, and the funds used to purchase such LEPOs are not sourced from, a (i) PRC Citizen resident in the PRC (excluding Hong Kong, Macau and Taiwan), or (ii) PRC Citizen resident outside the PRC who are not permanent residents of another country or permanent residents of Hong Kong, Macau or Taiwan, or (iii) legal entity registered in the PRC (excluding Hong Kong, Macau and Taiwan).

    "PRC Citizen" means any person holding a resident identification card of the PRC (excluding Hong Kong, Macau and Taiwan);

    it acknowledges that the Issuer and/or any of its affiliates may be required by any relevant PRC governmental or regulatory authorities pursuant to applicable law, regulation or lawful order to disclose information relating to, among other things, the identities of any party having a direct or indirect beneficial interest in the LEPOs, and it agrees to all such related disclosure and hereby waives any confidentiality with regard thereto;

    it will at all times comply with all applicable PRC laws and regulations, including those in relation to disclosure of interests (and any related disposal restrictions); and

28. it will indemnify and hold harmless the Issuer and its affiliates against any and all liabilities, claims and damages which may be incurred by the Issuer and its affiliates directly or indirectly as a result of it having breached any of its obligations, warranties, undertakings or representations herein or against any liability or claims directly or indirectly arising from the transfer of the LEPOs to any person or persons.